

64th Annual Report



2022-23



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Board of Directors



Mr. Krishna S. Patel
Chairman and 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
(upto 09 May 2022)



Mrs. Amrita Verma Chowdhury
Independent Director

Chief Financial Officer

Mr. Dipesh R Singhania

Company Secretary and Compliance Officer

Ms. Jinal J. Shah

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

Branch Offices

New Delhi
J-7, Himalaya House,
23, K. G. Marg,
New Delhi 110 001

Kolkata
Binoy Bhavan,
5th Floor, Camac Street,
Kolkata 700 016

Chennai
Smartworks Coworking
Spaces Pvt. Ltd
Bharati Vilas - No. 26 B
Jawaharlal Nehru Salai,
Ekkaduthangal, Guindy
Industrial Estate, Chennai
600032.

Plants

Karamsad
Anand Sojitra Road,
Karamsad,
Gujarat 388 325

Vishnoli
Nadiad Petlad Road,
Vishnoli,
Gujarat 388 450

Registrar and Share Transfer Agents

Link Intime India Private Limited

Dear Shareholders,

For us, financial year 2022-23 has been characterised by a return to normal with increased activity across our businesses. In the last one year, Nesco achieved consolidated revenue of ₹ 609 Crores, an increase of 59% compared to the previous year. Our net profit demonstrated a significant growth, reaching ₹ 290 Crores, which reflects an increase of 53% year-on-year.

These results are reflective of the consistent growth we have achieved throughout the financial year. We continued to maintain our focus on creating greener and safer workplaces and delivering the best products and services to our customers. We remain committed to continue building sustainable processes, impacts and resilience across our businesses. We are embracing ESG as a logical extension to our business philosophy of 'Believe and all things will be possible'. Our vision statement embodies positive impact, which is enabled by our consistent focus on corporate values and is helping us effectively address our environmental footprint, improving societal good in a transparent, responsible and accountable fashion.

We have initiated focused efforts to align the Board and Executive leadership of Nesco towards leveraging an ESG-defined multi-stakeholder value creation strategy. This year we formally evaluated and prioritized all our internal and external stakeholders and identified action areas on appropriately prioritized engagement mechanisms commensurate to their criticality. We also undertook a materiality assessment based on inputs from experts, peers benchmarking and stakeholder-facing functions. We have incorporated the evaluation of environmental and social risks into our ERM as we expand our framework to encompass ESG parameters across all of our businesses.

We are committed to empowering and enabling our decision-makers and their teams to integrate ESG with business in a consistent fashion. We have identified our impacts and priorities, and are building an ESG framework supported by an enhanced policies framework, ESG governance mechanisms and monitoring accountabilities. We have also identified key stakeholders across our value chain to improve the focus on sustainability within our spheres of influence. We have expanded our disclosures in line with the BRSR requirements of SEBI and will be expanding the width and depth of our disclosures along this progressive journey.

In closing, I want to emphasize that the Company's financial results are not only a testament to our growth but also indicative of a resilient and thriving economy. The post-pandemic era has witnessed a robust recovery, with businesses across various sectors experiencing significant growth. This performance aligns with the broader economic landscape, characterized by a buoyant market upcycle and a conducive environment for businesses to flourish.

With our current balance sheet, healthy cash flow and a diversified pipeline of businesses, Nesco Limited is well-positioned to capitalize on the current economic momentum and achieve our ambitious goals. We remain committed to providing the best services, experiences, and opportunities for our employees, customers and stakeholders as we continue to contribute to the economic and environmental sustainability of our society.

Thank you all for your continued support and trust in Nesco Limited.



Mr. Krishna S. Patel
Chairman and Managing Director

Financial Highlights



Revenue for
FY 2022-23
59%
Y-o-Y Growth



EBITDA
margin for
FY 2022-23
56%



PAT for
FY 2022-23
54%



Liquid
Resources for
FY 2022-23
38%



Return on
Net Worth
15%

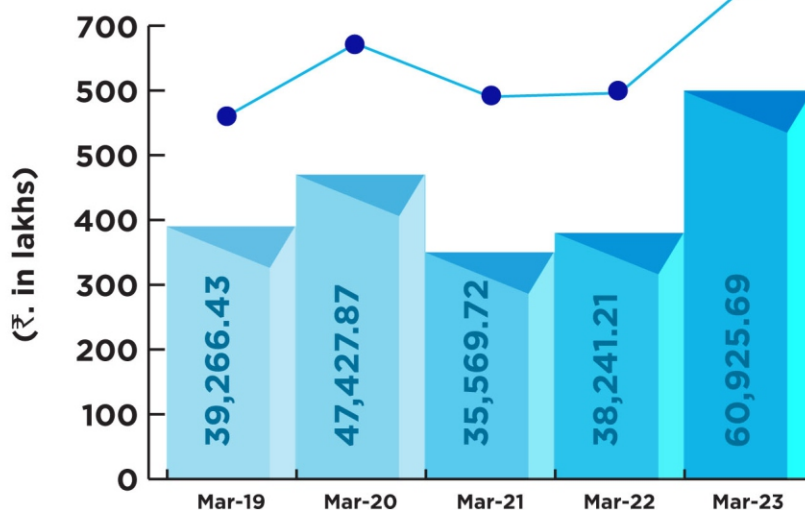


EPS
₹41.25

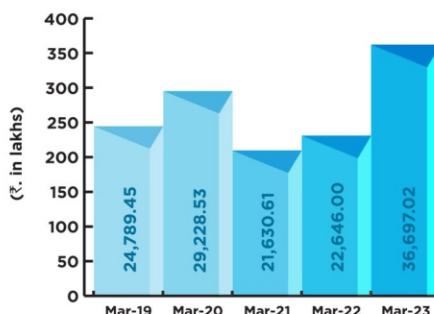


CSR
Expenditure for
FY 2022-23
₹441.08 lakhs

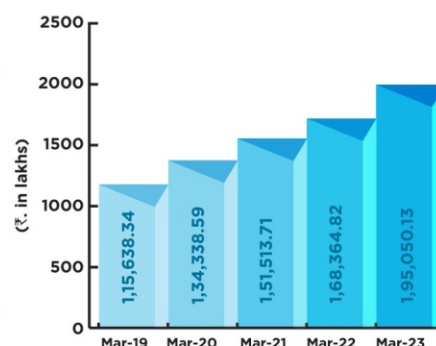
Total Revenue



Profit Before Tax



Reserves



REPORT OF BOARD OF DIRECTORS

Dear Members,

Board of Directors have pleasure in presenting 64th annual report of your Company for the financial year ended 31 March 2023.

1. Financial Results:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
Income	60,925.69	38,241.21	60,911.81	38,216.37
Profit before depreciation and tax	39,975.84	25,476.55	39,974.45	25,480.34
Depreciation	3,278.82	2,830.55	3,277.42	2,829.16
Profit Before Taxes	36,697.02	22,646.00	36,697.03	22,651.18
Tax Expenses	7,633.39	3,728.88	7,633.39	3,728.94
Net Profit after Taxes	29,063.63	18,917.12	29,063.64	18,922.24
Opening Balance of Retained Earnings	50.00	50.00	50.00	50.00
Amount available for appropriations:	29,109.02	19,011.52	29,109.03	19,016.64
Appropriations:				
1. Dividend	2,113.80	2,113.80	2,113.80	2,113.80
2. Transfer to General Reserve	26,945.22	16,847.72	26,945.23	16,852.84
Closing Balance of Retained Earnings	50.00	50.00	50.00	50.00
Earning Per Share (Basic) (in ₹)	41.25	26.85	41.25	26.86
Earning Per Share (Diluted) (in ₹)	41.25	26.85	41.25	26.86

2. Review of Operations:

Your Company achieved a consolidated turnover of ₹60,925.69 lakhs as compared to previous year consolidated turnover of ₹38,241.21 lakhs.

Consolidated profit before tax was at ₹36,697.02 lakhs as compared to ₹22,646.00 lakhs in the financial year 2021-22.

Consolidated earnings per share amounted to ₹41.25 (previous year ₹26.85). Company's reserves were ₹1,95,050.13 lakhs (previous year ₹1,68,364.82 lakhs).

3. Dividend:

In line with the Dividend Distribution Policy of the Company, your Directors are pleased to recommend a final dividend of 225% per equity share amounting to ₹4.50 per equity share of ₹ 2 each (₹3.00 per equity share in the previous year) for the financial year ended 31 March 2023. The dividend is subject to the approval of members at the ensuing Annual General Meeting (AGM) and shall be subject to deduction of income tax at source.

Dividend Distribution Policy

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) the Dividend Distribution Policy is available on the Company's website at <https://www.nesco.in/DividendDistributionPolicy.pdf>

4. Management Discussion and Analysis:

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report for the year under review, has been presented in a separate section, forming part of this report.

5. Company's Performance:

i) Nesco IT Park:

During the year, revenue from IT Park increased by 11.69% to ₹29,502.70 lakhs (previous year ₹26,415.15 lakhs).

82% of Tower 03 and 97% of Tower 04 are occupied by our clients. Hall 3 provides Incubation Centre facility; and a Child Care Centre for children of employees working in Nesco Center.

Our IT Towers accommodate world's leading multinationals such as HSBC, KPMG, PWC, MSCI, BlackRock, Here Solutions, Framestore, Priceline, WeWork, Apollo Global and several others.

During the financial year, your Company inaugurated 3 restaurants viz a) Foo, b) Smoke House Deli, c) Socials and a Food Court in Tower 04 of Nesco IT Park.

ii) Bombay Exhibition Center:

a. Guest Exhibitions and Events:

During the year, the facility was available for the period from 01 July 2022 to 31 March 2023. During the period, 01 April 2022 to 30 June 2022, the facility continued to serve the citizen as a covid care centre by MCGM. In the nine months period, 83 guest exhibitions and 10 guest events were held at our premises, which were organized by the existing and new clients. Income from the Exhibition Center for the year was ₹14,976.00 lakhs compared to ₹1,618.33 lakhs in the previous year, there was an increase in revenue by 825.40 %.

b. Nesco Events:

During the period from 01 April 2022 to 31 March 2023, 10 events were held at our premises, out of which 5 events were organized by Nesco and 5 were in strategic alliance with our clients. Income from the events during the year was ₹606.63 lakhs.

iii) Nesco Foods:

During the year, your Company commenced operations of its Food Court and Restaurants which operates as 'Restaurants and Outlets' a subdivision. The existing business i.e., 'Exhibitions and Banquets' and its flagship offering 'The Grande' is now a preferred destination for events, socials, weddings, gatherings, meetings, etc. by corporates and others in the vicinity.

Nesco Foods caters to the needs of visitors to exhibitions and conventions and employees working in Nesco IT Park. The kitchen facility is fully operational.

a. Exhibitions and Banquets (E&B):

Income for the year from the Exhibitions and Banquets section of Nesco Foods division increased by 225.55% to ₹3,695.85 lakhs as compared to ₹1,135.27 lakhs during the previous year.

Nesco Foods has focused on outdoor catering for corporate and social events and is working on retail presence through its brands situated in Food Court i.e., Indic and Daily Deli.

During the year, Nesco Foods (E&B) have catered and serviced 55 social events and 90 corporate events organized at various Halls located at Nesco premises and 70 events organized at IT Towers.

b. Restaurants and Outlets (R&O):

Income during the year from the Restaurants and Outlets section of Nesco Foods division was ₹1,166.71 lakhs.

During the year, Company inaugurated 3 Restaurants and a Food Court in Tower 04 of Nesco IT Park. We also launched two new in-house brands Dress Circle and Zuo.

iv) Indabrator:

During the year under review, income from Indabrator increased by 1.78% to ₹4,652.27 lakhs as compared to ₹4,571.12 lakhs during the previous year.

During the year, Indabrator received 59 orders out of which 37 orders were completed and dispatched.

v) Investments and Other Income:

Income from investments and other income was ₹6,311.65 lakhs (previous year ₹4,476.50 lakhs), increase by 41.00%.

6. Finance:

Your Company had no debt as on 31 March 2023. Company's liquid resources (fixed maturity plans, mutual funds, cash and bank balances) increased by 37.74% to ₹1,17,879.38 lakhs from ₹85,578.99 lakhs.

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

7. Internal Financial Controls related to Financial Statements:

Internal financial control over financial reporting have been designed to provide reasonable assurance with regards to recording and providing reliable financial information and complying with applicable accounting standards.

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.

Your Company follows 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 current system of internal financial controls is aligned with the statutory requirements. The internal financial controls are adequate and operating effectively.

Your Company periodically tracks all amendments to Indian Accounting Standards and makes changes to the underlying systems, processes and financial controls to ensure adherence to the same. Corporate account's function is actively involved in designing large process changes as well as validating changes to IT systems that have a bearing on the books of account. All resultant changes to the policy and impact on financials are disclosed after due validation with the Audit Committee.

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 all locations of the 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.

8. Corporate Social Responsibility (CSR):

Your Company has undertaken various projects during the year in the field of promotion of Education and Special Education and in promoting Health Care and Preventive Health Care. The Company is evaluating and will take up more

CSR activities in different areas. The CSR Policy of the Company is available on the website of the Company at <https://www.nesco.in/CorporateSocialResponsibilityPolicy.pdf>

Annual report on CSR activities undertaken during the financial year ended 31 March 2023 in accordance with Section 135 of the Companies Act, 2013 (Act) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is set out in “Annexure A” attached to this report.

9. 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 have been detailed in the annexure to the notice.

Mr. Manu M. Parpia, Independent Director ceased to be an Independent Director on account of expiry of his term on 09 May 2022. The Company is evaluating and undertaking appropriate steps to re-appoint and regularize the re-appointment of Mr. Manu M. Parpia as an Independent Director.

Mr. Krishna S. Patel, Chairman and Managing Director will be completing his tenure of five years on 30 June 2023. He being eligible for re-appointment, was re-appointed on 24 May 2023 by the Board of Directors on the recommendation of Nomination and Remuneration Committee. His re-appointment is subject to approval of shareholders.

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

10. 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 Independent Directors at their separate meeting reviewed the performance of Non-Independent Directors and the Board as a whole, Chairperson of the Company after taking into account the views of Executive Director and Non-executive Directors, the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The evaluation of all the Directors, 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 of this annual report.

11. 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 Independent Directors were given a brief about the Company's business processes, manufacturing activities and were also introduced to the employees of the Company.

12. Declaration by Independent Directors:

All Independent Directors have submitted requisite declarations confirming that they (i) continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and are independent; and (ii) continue to comply with the Code of Conduct laid down.