

06 July 2019

BSE Limited  
Department of Corporate Services  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001.

National Stock Exchange of India Limited  
5th Floor, Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (East).  
Mumbai, 400 051.

**Ref : 505355**

**Ref : NESCO**

**Sub : Annual Report of the Company for the financial year 2018-19**

Dear Sir,

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Notice convening the Annual General Meeting (AGM) along with the 60<sup>th</sup> Annual Report of the Company for the financial year 2018-19.

The Notice of AGM along with the Annual Report for the financial year 2018-19 is also being made available on the website of the Company.

This is for your information and record.

Thanking you

Yours faithfully,

**For Nesco Limited**



**Jinal J. Shah**  
**Company Secretary and**  
**Compliance Officer**



Encl : As above

**60<sup>th</sup>** Annual Report

**nesco**

**2018 - 19**

**01**

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*Notice*

## 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
Ms. Amrita Verma Chowdhury	Additional Independent Director <i>(w.e.f. 14 May 2019)</i>

## 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](mailto:companysecretary@nesco.in) Web: [www.nesco.in](http://www.nesco.in)  
Tel: 022 66450123 Fax: 022 66450101

## Branch Offices

**New Delhi**  
LB-18, Ansal Bhawan,  
16, K G Marg,  
New Delhi 110 001

**Kolkata**  
Benoy Bhavan,  
Camac Street,  
Kolkata 700 016

**Chennai**  
Fagun Mansion,  
26, Commander - in-  
Chief Road,  
Chennai 600 105

## Plants

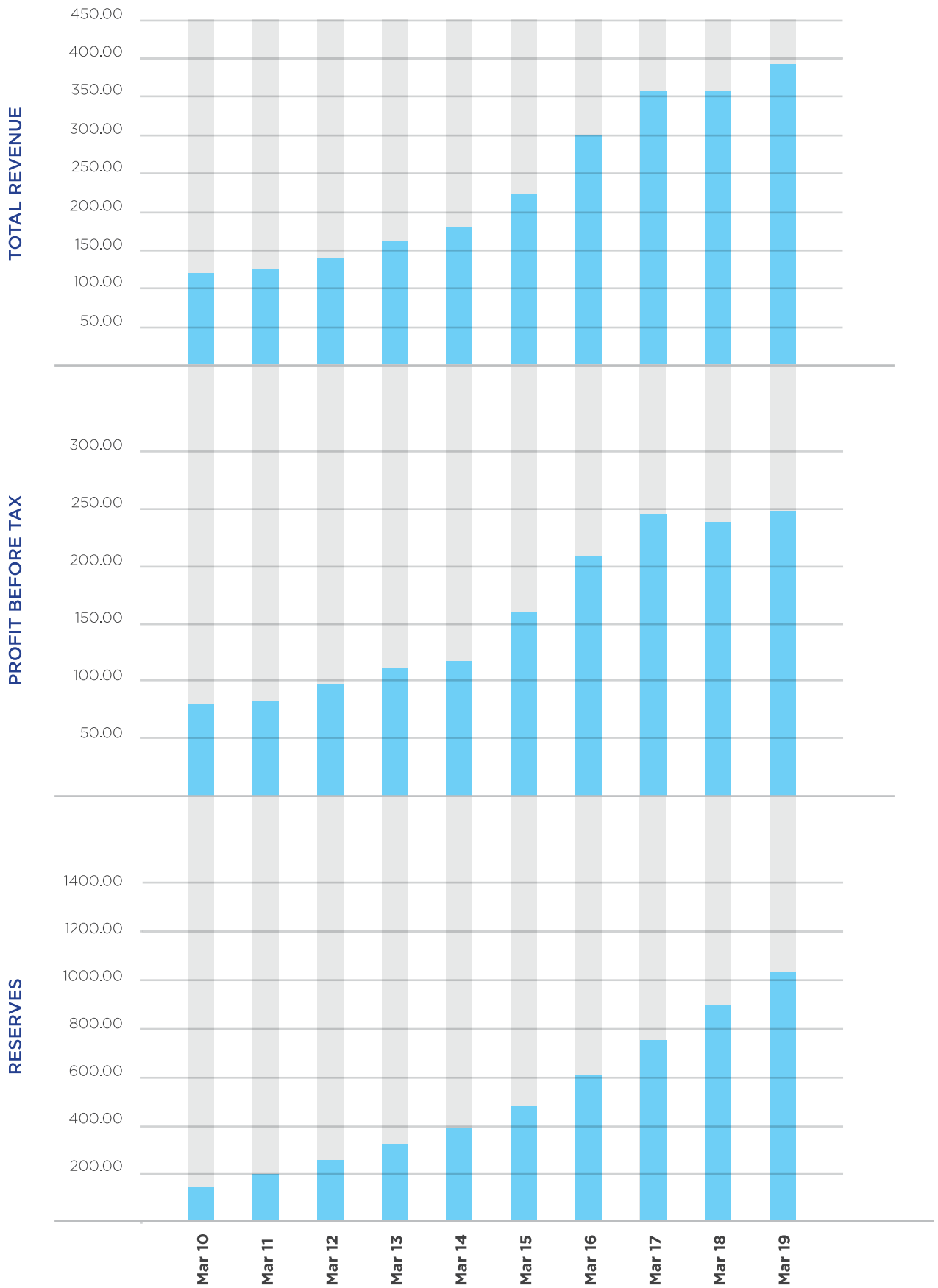
**Karamsad**  
Anand Sojitra Road,  
Karamsad,  
Gujarat 388 325

**Vishnoli**  
Nadiad Petlad Road,  
Vishnoli,  
Gujarat 388 450

## Registrar and Share Transfer Agent

Sharex Dynamic (India) Private Limited

Figures - Rs. Crores



**REPORT OF BOARD OF DIRECTORS**

Dear Members,

Your Directors have pleasure in presenting 60th annual report of your Company for the financial year ended 31 March 2019.

**1. Financial Results:**

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Income	39,266.43	35,799.50	39,206.18	34,046.58
Profit before depreciation and tax	25,976.83	24,896.08	25,956.19	24,612.33
Depreciation	1,187.38	1,102.73	1,187.38	1,102.73
Profit Before Taxes	24,789.45	23,793.35	24,766.81	23,509.60
Tax Expenses	6,746.64	5,921.48	6,750.56	5,840.33
Net Profit after Taxes	18,042.81	17,871.87	18,018.25	17,669.27
Opening Balance of Retained Earnings	50.00	4,256.45	50.00	50.00
Amount available for appropriations	18,076.85	22,768.43	18,052.81	18,359.38
<b>Appropriations:</b>				
1. Dividend	1,620.60	1,550.12	1,620.60	1,550.12
2. Tax on Dividend	333.12	315.57	333.12	315.57
3. Transfer to General Reserve	16,073.13	20,852.74	16,048.46	16,443.69
Closing Balance of Retained Earnings	50.00	50.00	50.00	50.00
Earning Per Share (Basic) (in ₹)	25.61	25.36	25.57	25.08
Earning Per Share (Diluted) (in ₹)	25.61	25.36	25.57	25.08

**2. Review of Operations:**

Your Company achieved a consolidated turnover of ₹ 39,266.43 lakhs as compared to previous year consolidated turnover of ₹ 35,799.50 lakhs.

Consolidated profit before tax was higher at ₹ 24,789.45 lakhs as compared to ₹ 23,793.35 lakhs in the year 2017-18.

Consolidated earnings per share amounted to ₹ 25.61 (previous year ₹ 25.36). Company's reserves were ₹ 1,15,638.34 lakhs (previous year ₹ 99,704.63 lakhs).

**3. Dividend:**

Your Directors are pleased to recommend a dividend of 125% per equity share amounting to ₹ 2.50 per equity share of ₹ 2 each (previous year dividend of 115% per equity share i.e., ₹ 2.30 per equity share of ₹ 2 each) for the year ended 31 March 2019 for 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).

#### 4. Management Discussion and Analysis:

##### COMPANY OVERVIEW

Nesco Limited is a diversified Company in four business segments. Nesco IT Park provides space to some of the world's leading companies. Its Bombay Exhibition Centre is the largest Exhibition Centre in the private sector. Nesco's Foods division on the days of exhibitions prepares and serves over 20,000 meals per day. Nesco's Indabrator division is a leading manufacturer of surface preparation equipment with facilities in Gujarat.

##### Business Segments and Operational Highlights

The Company has four business verticals:

##### i) **Nesco IT Park:**

During the year, revenue from IT Park was ₹ 13,696.98 lakhs (previous year ₹ 14,544.33 lakhs).

An amount of ₹ 49,414.05 lakhs has been spent so far for construction of Tower 4 which is now completed. The building is Platinum rated for Core & Shell under the LEED India rating system by the Indian Green Building Council. Towers 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:**

a. Guest Exhibitions and Events: During the year 118 guest exhibitions and conventions were held in our Centre, out of which 19 were by new organizers. Some of our new clients include MIDC, Thai Trade Center, Jain International Trade Organization and Stylus Arts.

Income for the year was ₹ 15,597.13 lakhs compared to ₹ 12,970.34 lakhs in the previous year.

Bombay Exhibition Centre continues to bring more visitors to Mumbai than any other venue and is spread over six air-conditioned halls. Plans for further expansion are being finalized.

b. Nesco Events: During the year two events were organized by the Company.

##### Rangilo Re:

Rangilo Re, started in 2017 has become one of the top 5 Navratri destinations of Mumbai. Rangilo Re showcases varied dances from the various parts of Gujarat and the best of Gujarati cuisine in one stupendous setting. This event is organized in an indoor air-conditioned hall to celebrate Navratri festival on a scale and size unparalleled in the city of Mumbai.

##### Paddy Fields:

Paddy Fields is an unique initiative, the only folk and fusion revival festival in India. It is an exclusive event that recognizes and celebrates the beauty of folk music and proposes to recreate that magic through talented artists from across rural and urban India. Started in 2016, the festival distinguishes itself by making popular artists come out of their comfort zone and make music with the strands of folk tradition for lovers of this genre.

c. Nesco Exhibitions: A new division – Nesco Exhibitions - will organize its own exhibitions.

During the financial year 2019-20, Company will organize exhibitions including India Auto Show; Machine Tools, Manufacturing and Technology Expo; Hobby & Lifestyle; Edutech India; etc. Nesco's own exhibitions and events will increase the hall occupancy.

##### iii) a. **Nesco Foods:**

Income for the year was ₹ 3,357.57 lakhs. 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.

**b. Nesco Hospitality Private Limited:**

Nesco Hospitality Private Limited, a wholly owned subsidiary of your Company, earned revenue of ₹ 60.24 lakhs during the current year, profit before tax was ₹ 20.64 lakhs. Your Company has decided to merge Nesco Hospitality Private Limited with Nesco Limited subject to members approval.

**iv) Indabrator:**

In the year under review, Indabrator income was higher by 23.33% at ₹ 3,253.65 lakhs (previous year ₹ 2,638.13 lakhs). Indabrator has recently won several large contracts. It is expanding capacity of its Abrasive plant at Karamsad. Your Company is also planning to enter into some new product lines.

**v) Investments:**

Income from investments and other income was ₹ 3,305.47 lakhs (previous year ₹ 3,606.48 lakhs).

**Internal Audit Systems:**

- a. 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 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.
- b. During the year, the Company has commenced implementation of integrated SAP S4 HANA software System covering all the segments of the Company. The modules being implemented includes Manufacturing Module (MM), Finance & Costing (FICO), Business Solution Module and Office Solution module. This will help in further strengthening of Internal Financial Control System. The implementation process will be completed in second quarter of financial year 2019-20.

**5. Finance:**

Your Company had no debt as on 31 March 2019. Company's liquid resources (fixed maturity plans, mutual funds, cash & bank balances) increased by 5.63% to ₹ 53,403.80 lakhs from ₹ 50,557.22 lakhs.

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

**6. Corporate Social Responsibility:**

Your Company has undertaken various projects in the field of Education, Healthcare and Sanitation. The Company has completed construction of a 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 set out in "Annexure A" attached to this report.

**7. 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.

The shareholders have approved the appointment or re-appointment of the following Directors with requisite majority by way of postal ballot, the results of which were declared on 30 March 2019:

- a. Continuation of the directorship of Mrs. Sudha S. Patel and Mr. K. S. Srinivasa Murthy, Non-executive Directors of the Company with effect from 01 April 2019 in compliance with Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



- b. Reappointment of Mr. K. S. Srinivasa Murty, Mr. Mahendra K. Chouhan and Mr. Jai S. Diwanji, Non-executive, Independent Directors of the Company for a second term of five years from 01 April 2019 to 31 March 2024.

Ms. Alka V. Adatia who was appointed as an Additional, Non-executive, Independent Director on the Board of Nesco Limited with effect from 28 March 2019 has resigned from the directorship of the Company with effect from 10 May 2019.

Ms. Amrita Verma Chowdhury was appointed as an Additional, Non-executive, Independent Director on the Board of Nesco Limited with effect from 14 May 2019. It is proposed to appoint her as an Independent Director for a period of five years subject to approval of the shareholders in the ensuing Annual General Meeting.

Mr. Krishna S. Patel, Managing Director, Mr. Dipesh R. Singhania, 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.

#### **8. 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, 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.

#### **9. 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.

#### **10. 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.

#### **11. 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 which forms part of this Annual Report.

During the year five 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 was held on 14 February 2019.

#### **12. 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 Act has been disclosed in Corporate Governance report, which forms part of this Annual Report.

#### **13. 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 2019, 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 2019 and of the profit and loss of the Company for the financial year ended 31 March 2019;
- 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 in place and that such systems were adequate and operating effectively.

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

The Board of Directors in their meeting held on 24 May 2019, on the basis of recommendations of the Audit Committee and in accordance with the provisions of Section 139(1) of the Companies Act, 2013, have appointed M/s Manubhai & Shah LLP, to act as the Statutory Auditors of your Company for a second term of five years i.e., till the conclusion of the 65th 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 Auditors Report for the financial year 2018-19, 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 2018-19 is annexed herewith as "Annexure B." The Secretarial Auditors Report does not contain any qualification, reservation or adverse remark.

#### **15. 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 this annual report. There are no guarantees issued by the Company.

#### **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 placed 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. Conservation of energy, technology absorption, foreign exchange earnings and outgo:**

Your Company is continuously striving to conserve energy in all its business activities. During the year under review, Company has installed several equipments, which is reducing power consumption by over 20%.

Tower 04 of Nesco IT Park which is under construction is planned and constructed as a Green Building with LED lightings, energy efficient designs, use of latest power saving techniques and equipments, sustainable site selection, etc. which will further lead to energy conservation.

The Company’s foreign exchange earning during the year was ₹ 18.63 lakhs and outgo during the year was ₹ 2.89 lakhs.

**23. Subsidiary Company:**

Nesco Hospitality Private Limited, a wholly owned subsidiary of your Company operated Food Courts in the Nesco Complex.

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. It has been decided to merge Nesco Hospitality Private Limited with Nesco Limited.

**24. Related Party Transactions:**

During the financial year 2018-19, 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.

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. In the preparation of the financial statements, figures of previous year have been reclassified or regrouped wherever necessary to bring it in line with the Indian Accounting Standard (Ind AS).

**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  
24 May 2019

**Report on Corporate Social Responsibility Activities**

Nesco's Corporate Social Responsibility (CSR) policy is aimed at demonstrating care for the community through its focus on education & skill development and health & wellness. The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013.

Composition of CSR Committee:

Mr. Sumant J. Patel	Chairman
Mr. Mahendra K. Chouhan	Member
Mr. Jai S. Diwanji	Member
Mr. Krishna S. Patel	Member

**Average Net Profit of the Company for Last Three Financial Years:**

Average Net Profit: ₹ 22,984.89 lakhs

**Prescribed CSR Expenditure (two percent of the amount as in item above)**

The Company is required to spend ₹ 459.70 lakhs towards CSR.

**Details of CSR spend for financial year 2018-19**

i) Total amount spent for the financial year: ₹ 462.18 lakhs

ii) Amount unspent, if any: NIL

Manner in which the amount spent during the financial year is detailed below:

(₹ in lakhs)

CSR projects / activities	Sector in which the Project is covered	Location where Project is undertaken (Local Area / District)	Amount outlay Project or program wise	Amount spent on the projects or programs		Cumulative Expenditure up to the Reporting period	Amount spent: Direct or through Implementing agency
				Direct Expenditure	Over Heads		
Access to higher education: Construction of a new school building for 11th and 12th standard and development of smart classes	Promoting Education	Karamsad, Gujarat	187.16	185.32	1.84	187.16	Through Implementing Agency – Karamsad Kelavani Mandal and Shree Santram Samaj Seva Trust
Promoting special education: Development of smart classes	Promoting Education	Tarapur, Gujarat	14.53	14.53	--	14.53	Through Implementing Agency – Tarapur Kelavani Mandal
Contribution towards various educational programs	Promoting Education	Mumbai, Maharashtra	250.00	250.00	--	250.00	Through Implementing Agency – Aga Khan Education Services
Contribution for a Dialysis Centre and towards corpus fund for treatment of cancer patients	Promoting Health Care	Karamsad, Gujarat and Mumbai, Maharashtra	10.49	10.49	--	10.49	Through Implementing Agency – Charutar Arogya Mandal
		<b>Total</b>	<b>462.18</b>	<b>460.34</b>	<b>1.84</b>	<b>462.18</b>	

Sumant J. Patel  
Chairman, CSR Committee  
DIN: 00186976

Krishna S. Patel  
Managing Director  
DIN: 001519572

Mumbai  
24 May 2019

**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Nesco Limited  
Nesco Complex,  
Western Express Highway,  
Goregaon (East), Mumbai - 400063

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Nesco Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the M/s. Nesco Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit period)**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit period)** and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit period)**
- (vi) Other laws as per the representation made by the Company are as follows;
- Factories Act, 1948
  - Industrial Disputes Act, 1947
  - Industrial Relations Act, 1962
  - Payment of Wages Act, 1936
  - Payment of Gratuity Act, 1972
  - Employees Compensation Act, 1923
  - Industries (Development & Regulation) Act, 1951
  - Employees Provident Fund and Miscellaneous Provisions Act, 1952
  - Employees State Insurance Act, 1948
  - Environment Protection Act, 1986
  - Indian Contracts Act, 1872
  - Indian Stamp Act, 1899
  - Income Tax Act, 1961 and Indirect Tax Laws
  - Environment (Protection) Act, 1986
  - Water (Prevention and control of pollution) Act, 1974
  - Applicable Municipal / Panchayat Laws

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board (SS – 1) and general meetings (SS – 2) are complied.
- (ii) The provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (LODR);

During the period under review and as per the explanations/representation made by the management, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, laws and regulations to the Company.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors during the period under review were carried out in compliance with the provisions of the Act and the revised regulation of LODR.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Provisions are made for sharing and handling unpublished price sensitive information for legitimate purposes.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instance of :

- (i) Public/Right/Preference issue of shares / debentures / sweat equity, etc.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations.

We further report that during the audit period, the special resolutions for continuation of Directorship of Non-executive Directors who has attained 75 years of age and Re-appointment of Independent Directors for second term of 5 years were passed by Postal Ballot. The Company has complied with the necessary provisions of LODR in this regard.

**Further, our report of even dated to be read along with the following clarifications:**

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis of my opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws and regulations and happening.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Mumbai  
20 May 2019

For ND & Associates

Neeta H. Desai  
Practicing Company Secretary  
COP No. 4741



**Extract of Annual Return**

As on the financial year ended 31 March 2019 (till date of the meeting)  
[Pursuant to Section 92 (3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**FORM NO. MGT-9**
**I. Registration and Other Details:**

1. CIN : L17100MH1946PLC004886
2. Registration Date : 15 April 1946
3. Name of the Company : NESCO LIMITED
4. Category / Sub-Category of the Company : Company Limited by Shares / Indian Non-Government Company
5. Address of the registered office and contact details : Nesco Center,  
Western Express Highway,  
Goregaon (East), Mumbai – 400 063.  
Tel: 022 66450123, Fax : 022 66450101  
Email: companysecretary@nesco.in,  
Website: www.nesco.in
6. Whether listed company Yes / No : Yes
7. Name, Address and Contact details of Registrar and Transfer Agent, if any : Sharex Dynamic (India) Private Limited  
C - 101, 247 Park, LBS Marg, Vikhroli (West),  
Mumbai – 400083.  
Tel: 022 28515606 / 28515644  
Fax: +91 22 28512885  
Email: support@sharexindia.com  
Website: www.sharexindia.com

**II. Principal Business Activities of The Company:**

Sr. No.	Name and Description of Main Products/ Services	NIC/NPCS Code of the Products/ Services	% of total turnover of the Company
1	IT Park (to build private IT park and to provide space on license basis)	99531223 Office Buildings	34.88%
2	Exhibition and Convention Centre (provide space to trade fairs, exhibitions, conventions and conferences)	99531222 for Exhibition Centre	39.72%
3	Manufacture of machinery, equipment and capital goods (in the surface preparation and allied segments)	99611881 for machinery for metallurgy and parts of thereof 99611889 for other special purpose machinery n.e.c.	8.29%
4	Foods (To carry on business of Kitchens, Food Courts, Food Kiosks, Mass Catering, etc.)	9961129 for food products n.e.c.	8.69%
5	Investments (Invest funds in Mutual Funds and securities)	---	8.42%

**III. Particulars of Holding, Subsidiary and Associate Companies –**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associates	% of shares held	Applicable Section
1	Nesco Hospitality Private Limited	U55204MH2014PTC260414	Wholly Owned Subsidiary	100	2(87)

**IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding: As per “Annexure F”****ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the holding during the year
		No. of Shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Chandler & Price India Pvt. Ltd.	1,94,38,327	27.588	---	1,94,49,842	27.604	---	0.016
2	S. J. Patel	90,07,335	12.784	---	90,07,335	12.784	---	0.000
3	Patel Consultancy Services Private Limited	52,58,000	7.462	---	52,58,000	7.462	---	0.000
4	Sudhaben Sumant Patel	45,74,720	6.493	---	45,74,720	6.493	---	0.000
5	Engineering Global Pte Limited	44,72,000	6.347	---	44,72,000	6.347	---	0.000
6	S J Patel (HUF)	31,63,640	4.490	---	31,63,640	4.490	---	0.000
7	Krishna Sumant Patel	21,25,400	3.016	---	21,25,400	3.016	---	0.000

**iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the Year			% of total Shares of the Company
		No. of Shares at the beginning /end of the Year	% of the Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	No. of shares	
1	Chandler & Price India Pvt. Ltd.							
	At the beginning of the year	1,94,38,327	27.588	01-04-2018				
				19-10-2018	1,269	Buy	1,94,39,596	27.590
				30-11-2018	10,246	Buy	1,94,49,842	27.604
	At the end of the year			31-03-2019			1,94,49,842	27.604

iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name	Shareholding			Cumulative Shareholding during the year			
		No. of Shares at the beginning /end of the Year	% of the Shares of the Company	Date	Increase/ (Decrease) in shareholding	Reason	No. of shares	% of total Shares of the Company
<b>1</b>	<b>Franklin India Smaller Companies Fund</b>							
	At the beginning of the year	27,92,522	3.963	01-04-2018				
				28-09-2018	10,000	Buy	28,02,522	3.977
				05-10-2018	10,000	Buy	28,12,522	3.992
				12-10-2018	226	Buy	28,12,748	3.992
				19-10-2018	1,769	Buy	28,14,517	3.994
				07-12-2018	10,000	Buy	28,24,517	4.009
				28-12-2018	146	Buy	28,24,663	4.009
	At the end of the year			31-03-2019			28,24,663	4.009
<b>2</b>	<b>Investor Education and Protection Fund</b>							
	At the beginning of the year	7,41,075	1.052	01-04-2018				
				19-10-2018	47,800	Buy	7,88,875	1.120
	At the end of the year			31-03-2019			7,88,875	1.120
<b>3</b>	<b>Catamaran Advisors LLP</b>							
	At the beginning of the year	9,22,735	1.310	01-04-2018				
				04-05-2018	-68,795	Sold	8,53,940	1.212
				18-05-2018	-1,02,275	Sold	7,51,665	1.067
				28-12-2018	1,215	Buy	7,52,880	1.069
				31-12-2018	1,000	Buy	7,53,880	1.070
				04-01-2019	3,357	Buy	7,57,237	1.075
				15-02-2019	413	Buy	7,57,650	1.075
				29-03-2019	796	Buy	7,58,446	1.076
	At the end of the year			31-03-2019			7,58,446	1.076
<b>4</b>	<b>The New India Assurance Company Limited</b>							
	At the beginning of the year	5,07,597	0.720	01-04-2018				
						No Change		
	At the end of the year			31-03-2019			5,07,597	0.720
<b>5</b>	<b>Sextant Autour Du Monde</b>							
	At the beginning of the year	6,04,470	0.858	01-04-2018				
				20-07-2018	-41,115	Sold	5,63,355	0.800
				27-07-2018	-58,885	Sold	5,04,470	0.716
				03-08-2018	-30,000	Sold	4,74,470	0.673
				07-09-2018	-6,927	Sold	4,67,543	0.664
				14-09-2018	-1,118	Sold	4,66,425	0.662
				21-12-2018	-7,451	Sold	4,58,974	0.651
				28-12-2018	-20,549	Sold	4,38,425	0.622
				08-03-2019	-650	Sold	4,37,775	0.621

				15-03-2019	-4,589	Sold	4,33,186	0.615
				22-03-2019	-29,761	Sold	4,03,425	0.573
				29-03-2019	-11,387	Sold	3,92,038	0.556
	At the end of the year			31-03-2019			3,92,038	0.556
<b>6</b>	<b>Sharad Kanayalal Shah</b>							
	At the beginning of the year	3,07,600	0.437	01-04-2018				
				31-08-2018	14,400	Buy	3,22,000	0.457
				28-09-2018	500	Buy	3,22,500	0.458
				12-10-2018	1,010	Buy	3,23,510	0.459
	At the end of the year			31-03-2019			3,23,510	0.459
<b>7</b>	<b>Vanaja Sundar Iyer</b>							
	At the beginning of the year	2,14,517	0.304	01-04-2018				
				18-05-2018	6,453	Buy	2,20,970	0.314
				25-05-2018	79,030	Buy	3,00,000	0.426
	At the end of the year			31-03-2019			3,00,000	0.426
<b>8</b>	<b>Hafeez Sorab Contractor</b>							
	At the beginning of the year	2,40,000	0.341	01-04-2018				
				31-08-2018	20,000	Buy	2,60,000	0.369
	At the end of the year			31-03-2019			2,60,000	0.369
<b>9</b>	<b>Emerging Markets Core Equity Portfolio</b>							
	At the beginning of the year	2,18,663	0.310	01-04-2018				
				04-05-2018	1,691	Buy	2,20,354	0.313
				11-05-2018	2,884	Buy	2,23,238	0.317
				18-05-2018	3,015	Buy	2,26,253	0.321
				25-05-2018	3,186	Buy	2,29,439	0.326
				01-06-2018	2,749	Buy	2,32,188	0.330
				15-06-2018	1,537	Buy	2,33,725	0.332
				22-06-2018	1,480	Buy	2,35,205	0.334
				13-07-2018	2,997	Buy	2,38,202	0.338
				20-07-2018	1,971	Buy	2,40,173	0.341
				03-08-2018	1,643	Buy	2,41,816	0.343
				10-08-2018	1,775	Buy	2,43,591	0.346
				17-08-2018	1,601	Buy	2,45,192	0.348
				12-10-2018	1,189	Buy	2,46,381	0.350
				04-01-2019	-1,877	Sold	2,44,504	0.347
	At the end of the year			31-03-2019			2,44,504	0.347
<b>10</b>	<b>Union Small Cap Fund</b>							
	At the beginning of the year	-	-	01-04-2018				
				04-05-2018	87,802	Buy	87,802	0.125
				11-05-2018	13,992	Buy	1,01,794	0.144
				18-05-2018	14,166	Buy	1,15,960	0.165
				25-05-2018	20,133	Buy	1,36,093	0.193
				01-06-2018	19,871	Buy	1,55,964	0.221
				27-07-2018	18,404	Buy	1,74,368	0.247

				24-08-2018	15,500	Buy	1,89,868	0.269
				31-08-2018	16,700	Buy	2,06,568	0.293
				26-10-2018	14,515	Buy	2,21,083	0.314
				04-01-2019	-10,922	Sold	2,10,161	0.298
	At the end of the year			31-03-2019			2,10,161	0.298
<b>11</b>	<b>SBI Small and Mid Cap Fund</b>							
	At the beginning of the year	3,90,000	0.554	01-04-2018				
				31-08-2018	-60,316	Sold	3,29,684	0.468
				07-09-2018	-8,537	Sold	3,21,147	0.456
				14-09-2018	-1,188	Sold	3,19,959	0.454
				19-10-2018	-3,19,959	Sold	0	0.000
	At the end of the year			31-03-2019			0	0.000

**Note-**

Increase/Decrease in shareholding during the year is based on the weekly beneficial position received from Depositories, changes in respect of top ten shareholders were below 2% of the total Paid up Capital of the Company.

**V. Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholder's Name	Shareholding			Cumulative Shareholding during the year			% of total Shares of the Company
		No. of Shares at the beginning /end of the Year	% of the Shares of the Company	Date	Increase/ (Decrease) in shareholding	Reason	No. of shares	
	<b>Directors</b>							
<b>1</b>	<b>S J Patel</b>							
	At the beginning of the year	90,07,335	12.784	01-04-2018				
						No Change		
	At the end of the year			31-03-2019			90,07,335	12.784
<b>2</b>	<b>Sudhaben Sumant Patel</b>							
	At the beginning of the year	45,74,720	6.493	01-04-2018				
						No Change		
	At the end of the year			31-03-2019			45,74,720	6.493
<b>3</b>	<b>Krishna Sumant Patel</b>							
	At the beginning of the year	21,25,400	3.016	01-04-2018				
						No Change		
	At the end of the year			31-03-2019			21,25,400	3.016
<b>4</b>	<b>Mahendra K. Chouhan</b>							
	At the beginning of the year	2,100	0.003	01-04-2018				
						No Change		
	At the end of the year			31-03-2019			2,100	0.003
<b>5</b>	<b>Manu M. Parpia</b>							
	At the beginning of the year	20,000	0.028	01-04-2018				
						No Change		
	At the end of the year			31-03-2019			20,000	0.028

<b>6</b>	<b>Jai S. Diwanji</b>							
	At the beginning of the year	-	-	01-04-2018				
				19-10-2018	2,500	Buy	2,500	0.004
	At the end of the year			31-03-2019			2,500	0.004
<b>7</b>	<b>K. S. Srinivasa Murty</b>							
	At the beginning of the year	-	-	01-04-2018				
	At the end of the year			31-03-2019			-	-
<b>8</b>	<b>Ms. Alka V. Adatia</b>							
	At the beginning of the year	-	-	01-04-2018				
	At the end of the year			31-03-2019			-	-
<b>Key Managerial Personnel</b>								
<b>1</b>	<b>Dipesh R. Singhania</b>							
	At the beginning of the year	-	-	01-04-2018				
	At the end of the year			31-03-2019			-	-
<b>2</b>	<b>Jinal J. Shah</b>							
	At the beginning of the year	-	-	01-04-2018				
	At the end of the year			31-03-2019			-	-

**VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment: Company has no debt.**

**VII. Remuneration of Directors and Key Managerial Personnel**

**A. Remuneration to Executive Chairman (EC) and Managing Director (MD):**

(Amount in ₹)

Sr. No.	Particulars of remuneration	Mr. Sumant J. Patel (EC)	Mr. Krishna S. Patel (MD)	Total Amount
1	Gross Salary			
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act 1961	96,00,000	99,00,000	<b>1,95,00,000</b>
	b) Value of Perquisite u/s 17 (2) Income Tax Act, 1961	---	---	---
	c) Profits in lieu of Salary Under Section 17 (3) Income Tax Act, 1961	---	---	----
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission	3,50,00,000	1,50,00,000	<b>5,00,00,000</b>
	- As % of Profits	1.37	0.59	
	- Others Specify	---	---	---
5	Other allowances	---	---	---
6	Provident Fund	---	11,88,000	<b>11,88,000</b>
	<b>Total</b>	<b>4,46,00,000</b>	<b>2,60,88,000</b>	<b>7,06,88,000</b>

Note - Remuneration paid to Executive Chairman and Managing Director is within the ceiling provided under Section 196 of the Companies Act, 2013.

**B. Remuneration to other directors:**

(Amount in ₹)

Particulars of Remuneration	Name of the Directors					Total Amount
	Independent Directors				Non-Executive Director	
	Mr. Mahendra Chouhan	Mr. K.S. Srinivasa Murty	Mr. Jai S. Diwanji	Mr. Manu M. Parpia	Mrs. Sudha S. Patel	
Fees for Attending Board and Committee Meetings	1,75,000	65,000	2,50,000	1,60,000	1,40,000	<b>7,90,000</b>
· Commission	Nil	Nil	Nil	Nil	Nil	<b>Nil</b>
· Others	Nil	Nil	Nil	Nil	Nil	<b>Nil</b>
<b>Total</b>	<b>1,75,000</b>	<b>65,000</b>	<b>2,50,000</b>	<b>1,60,000</b>	<b>1,40,000</b>	<b>7,90,000</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

(Amount in ₹)

Sr. No.	Particulars of remuneration	Key Managerial Personnel		Total Amount
		CFO	Company Secretary	
1	Gross Salary			
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act 1961	75,26,400	8,15,148	<b>83,41,548</b>
	b) Value of Perquisite u/s 17 (2) Income Tax Act, 1961	---	---	---
	c) Profits in lieu of Salary Under Section 17 (3) Income Tax Act, 1961	---	---	---
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission - As % of Profits	---	---	---
	- Others Specify			
5	Provident Fund	3,02,400	31,680	<b>3,34,080</b>
	<b>Total</b>	<b>78,28,800</b>	<b>8,46,828</b>	<b>86,75,628</b>

**VIII. Penalties / Punishment/ Compounding Of Offences : NIL**

**ANNEXURE D****PARTICULARS OF EMPLOYEES**

- a. **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

<b>Executive Director</b>	<b>Ratio to median remuneration</b>
Mr. Sumant J. Patel	108.09
Mr. Krishna S. Patel	63.23

<b>Non- executive Directors</b>	<b>Ratio to median remuneration</b>
NIL	NIL

- b. **The percentage increase in remuneration of each director, chief financial officer, company secretary in the financial year:**

<b>Name</b>	<b>% increase</b>
Mr. Sumant J. Patel, Executive Chairman	2.76
Mr. Krishna S. Patel, Managing Director	15.54
Mr. Dipesh R. Singhania, Chief Financial Officer	--
Ms. Jinal J. Shah, Company Secretary	13.60

- c. **The percentage increase in the median remuneration of employees in the financial year: 7.73%**
- d. **The number of permanent employees on the rolls of the Company: 159 (excluding Key Managerial Personnel)**
- e. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase was around 6%, after accounting for promotions and other event based compensation revisions.

Increase in the managerial remuneration for the year was 5.76%.

- f. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and Senior Management is as per the Remuneration Policy of your Company.

- g. **There were no employees in respect of remuneration not less than limits prescribed under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014.**



**FORM NO. AOC - 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length.**

Nesco Limited has not entered into any contract or arrangements or transactions with its related parties which are not at arm's length during financial year 2018-19.

**2. Details of contracts or arrangements or transactions at arm's length basis.**

Nesco Limited has entered into following contracts or arrangements with its related parties during financial year 2018-19.

Sr. No.	Particulars	Details	Details
1	Name of the related party	Shri. Sumant J. Patel	Nesco Hospitality Private Limited
2	Nature and Relationship	Executive Chairman	Subsidiary Company
3	Nature of contracts/ arrangement/ transactions and salient features of the contracts/ arrangement/ transactions	Nesco Limited entered into leave and license agreement with Shri. Sumant J. Patel for a land situated at Karamsad, Gujarat at an annual license fees of ₹ 19,50,000/- per annum.	Nesco Limited acquired 100 equity shares of ₹ 10/- each of Nesco Hospitality Private Limited
4	Duration of the contract	For a period of five year with effect from 09 May 2018	Not applicable
5	Date of approval by the Board	14 February 2019	14 February 2019
6	Amount paid as advances, if any	NIL	Not Applicable

## SHARE HOLDING PATTERN

## ANNEXURE F

Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2018				No. of Shares held at the end of the year 31-03-2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1). INDIAN</b>									
(a). individual	1,88,71,095	-	1,88,71,095	26.783	1,88,71,095	-	1,88,71,095	26.783	-
(b). Central Govt.	-	-	-	-	-	-	-	-	-
(c). State Govt(s).	-	-	-	-	-	-	-	-	-
(d). Bodies Corp.	2,46,96,327	-	2,46,96,327	35.050	2,47,07,842	-	2,47,07,842	35.066	0.016
(e). FIINS / BANKS.	-	-	-	-	-	-	-	-	-
(f). Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>4,35,67,422</b>	<b>-</b>	<b>4,35,67,422</b>	<b>61.833</b>	<b>4,35,78,937</b>	<b>-</b>	<b>4,35,78,937</b>	<b>61.849</b>	<b>0.016</b>
<b>(2). FOREIGN</b>									
(a). Individual NRI / For Ind	-	-	-	-	-	-	-	-	-
(b). Other Individual	-	-	-	-	-	-	-	-	-
(c). Bodies Corporates	44,72,000	-	44,72,000	6.347	44,72,000	-	44,72,000	6.347	-
(d). Banks / FII	-	-	-	-	-	-	-	-	-
(e). Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(f). Any Other Specify	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>44,72,000</b>	<b>-</b>	<b>44,72,000</b>	<b>6.347</b>	<b>44,72,000</b>	<b>-</b>	<b>44,72,000</b>	<b>6.347</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>4,80,39,422</b>	<b>-</b>	<b>4,80,39,422</b>	<b>68.180</b>	<b>4,80,39,422</b>	<b>-</b>	<b>4,80,50,937</b>	<b>68.196</b>	<b>0.016</b>
<b>(B) PUBLIC SHAREHOLDING</b>									
<b>(1) INSTITUTIONS</b>									
(a). Mutual Funds	32,34,822	-	32,34,822	4.591	34,17,988	-	34,17,988	4.851	0.260
(b). Banks / FI	31,942	200	32,142	0.046	43,931	200	44,131	0.063	0.017
(c). Central Govt.	7,41,075	-	7,41,075	1.052	7,88,875	-	7,88,875	1.120	0.068
(d). State Govt.	-	-	-	-	-	-	-	-	-
(e). Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f). Insurance Companies	5,07,597	-	5,07,597	0.720	5,07,597	-	5,07,597	0.720	-
(g). FIs	15,86,765	-	15,86,765	2.252	17,35,396	-	17,35,396	2.463	0.211
(h). Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i). Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>61,02,201</b>	<b>200</b>	<b>61,02,401</b>	<b>8.661</b>	<b>64,93,787</b>	<b>200</b>	<b>64,93,987</b>	<b>9.217</b>	<b>0.556</b>

Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year 01-04-2018				No. of Shares held at the end of the year 31-03-2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) NON-INSTITUTIONS</b>									
(a). Bodies Corporate									
(i). Indian	19,79,900	6200	19,86,100	2.819	17,10,413	3,900	17,14,313	2.433	-0.386
(ii). Overseas	-	-	-	-	-	-	-	-	-
(b). Individuals									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	72,09,099	15,77,530	87,86,629	12.470	76,08,602	11,94,620	88,03,222	12.494	0.024
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	41,93,192	7,47,600	49,40,792	7.012	41,29,213	6,01,200	47,30,413	6.713	-0.299
(c). Other (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	5,18,872	-	5,18,872	0.736	5,91,719	-	5,91,719	0.840	0.104
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	85,494	-	85,494	0.121	69,019	-	69,019	0.098	-0.023
Trusts	250	-	250	-	6,350	-	6,350	0.009	0.009
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>1,39,86,807</b>	<b>23,31,330</b>	<b>1,63,18,137</b>	<b>23.159</b>	<b>1,41,15,316</b>	<b>17,99,720</b>	<b>1,59,15,036</b>	<b>22.587</b>	<b>-0.572</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>2,00,89,008</b>	<b>23,31,530</b>	<b>2,24,20,538</b>	<b>31.820</b>	<b>2,06,09,103</b>	<b>17,99,920</b>	<b>2,24,09,023</b>	<b>31.804</b>	<b>-0.016</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>6,81,28,430</b>	<b>23,31,530</b>	<b>7,04,59,960</b>	<b>100.00</b>	<b>6,86,60,040</b>	<b>17,99,920</b>	<b>7,04,59,960</b>	<b>100.00</b>	<b>-</b>

## REPORT ON CORPORATE GOVERNANCE

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

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

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.

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

### 2. Board of Directors:

The composition and strength of the Board is reviewed periodically for ensuring compliance with the statutory requirements. The present strength of the Board of Directors is eight members. The Board comprises of the Executive Chairman, Managing Director and six other Non-executive Directors, out of which five are Independent Directors.

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

Details of composition of the Board and summary of other Directorships and Committee Memberships of each of the Directors as on 31 March 2019 are as follows:

Name of the Directors	Executive / Non Executive / Independent / Alternate	No. of other Directorship	Membership held in Committees	Chairmanship held in Committee of Directors
		*	#	##
Mr. Sumant J. Patel	Promoter / Executive Chairman	---	---	---
Mr. Mahendra K. Chouhan	Non-Executive and Independent	02	03	02
Mr. Jai S. Diwanji	Non-Executive and Independent	02	04	---
Mr. K. S. Srinivasa Murty	Non-Executive and Independent	---	02	---
Mr. Manu M. Parpia	Non-Executive and Independent	03	04	---
Mrs. Sudha S. Patel	Promoter / Non-Executive	---	01	01
Mr. Krishna S. Patel	Promoter / Executive / Managing Director	---	02	---
Ms. Alka V. Adatia <sup>§</sup>	Non-Executive and Independent	---	---	---

\* This excludes directorship held in Nesco Limited, private companies, foreign companies, companies formed under section 8 of the Companies Act, 2013 and directorship held as an alternate director.

# Committees includes membership in Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies including Nesco Limited.

## Disclosure includes Chairmanship in Committees of Directors of Nesco Limited.

§ Ms. Alka V. Adatia was appointed as an additional director w.e.f. 28 March 2019.

### The Details of Directors, their inter-se relationship, directorships held in other listed companies and shareholding in the Company

Name of the Directors	Relationship with each other	Directorships held in other listed entities	No. of shares held in the Company by Non-Executive Directors
Mr. Sumant J. Patel	Father of Mr. Krishna S. Patel, Husband of Mrs. Sudha S. Patel	--	Not Applicable
Mr. Mahendra K. Chouhan	*	--	2,100
Mr. Jai S. Diwanji	*	Independent Director of Manugraph India Limited and Elecon Engineering Company Limited	2,500
Mr. K. S. Srinivasa Murty	*	--	NIL
Mr. Manu M. Parpia	*	Independent Director of Quick Heal Technologies Limited and 3D PLM Software Solutions Limited	20,000
Mrs. Sudha S. Patel	Wife of Mr. Sumant J. Patel, Mother of Mr. Krishna S. Patel	--	45,74,720
Mr. Krishna S. Patel	Son of Mr. Sumant J. Patel and Mrs. Sudha S. Patel	--	Not Applicable
Ms. Alka V. Adatia <sup>§</sup>	*	--	NIL

\* No inter-se relationship with any of the Director of the Company.

§ Ms. Alka V. Adatia was appointed as an additional director w.e.f. 28 March 2019.

### 3. Familiarization Programme:

All the Non-executive Independent Directors are associated with the Company for several years, except Ms. Alka Adatia who was appointed with effect from 28 March 2019. Besides regular presentations are made to all Non-executive Independent Directors, an update and details of Company's operations, including new activities undertaken and the proposed activities is also provided to the Independent Directors.

Brief details of the Familiarization Programmes for Independent Directors are put up on the Company's website at [www.nesco.in](http://www.nesco.in).

### 4. Mechanism for evaluating Board Members:

One of the key functions of the Board is to monitor and review the Board evaluation framework. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvements.

Each Board member is requested to evaluate the effectiveness of Board dynamics and relationships, information flow, decision making of Directors, relationship to stakeholders, Company performance, Company strategy, and the effectiveness of the whole Board and its various Committees.

Independent Directors have three key roles i.e. governance, control and guidance. The performance indicators on which the Independent Directors are evaluated include:

- Ability to contribute to and monitor our corporate governance practice
- Ability to contribute by introducing international best practices to address top-management issues
- Active participation in long-term strategic planning
- Commitment to the fulfillment of Directors' obligations and fiduciary responsibilities, which include participation in Board and Committee meetings.

## 5. Number of Board Meetings and Attendance Record of Directors:

Meetings of the Board are scheduled well in advance. The Board meets at least once in a quarter to review business of the Company and to consider financial results. Each time, a detailed agenda is prepared in consultation with the Executive Chairman & Managing Director.

During the financial year, five meetings of the Board of Directors of the Company were held on 16 May 2018, 08 August 2018, 28 September 2018, 13 November 2018 and on 14 February 2019.

The details of attendance of each Director at the Board meetings held during the year and at the last Annual General Meeting is as under:

Name of Directors	Number of board meetings during the year		Attendance at the last AGM held on 08 August 2018
	Held	Attended	
Mr. Sumant J. Patel	5	5	Yes
Mr. Mahendra K. Chouhan	5	4	Yes
Mr. Jai S. Diwanji	5	5	Yes
Mr. K. S. Srinivasa Murty	5	2*	No
Mr. Manu M. Parpia	5	5	No
Mrs. Sudha S. Patel	5	4	Yes
Mr. Krishna S. Patel	5	5	Yes
Ms. Alka V. Adatia <sup>§</sup>	5	0	Not Applicable

\* Includes meetings attended over video conference.

§ Ms. Alka Adatia was appointed as an additional director w.e.f. 28 March 2019.

## 6. Committees of the Board:

The Board has constituted six committees i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Sexual Harassment Committee.

### **Audit Committee**

#### Composition:

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

During the year, Committee met four times on 16 May 2018, 08 August 2018, 13 November 2018 and 14 February 2019. The attendance of each director at the meeting was as follows:

Sr. no.	Name of the Member	Nature of membership	No. of meetings held during the year 2018-19	No. of meetings attended during the year 2018-19
a.	Mr. Mahendra K. Chouhan	Chairman	4	3
b.	Mr. K. S. Srinivasa Murty	Member	4	1*
c.	Mr. Jai S. Diwanji	Member	4	4
d.	Mr. Manu M. Parpia	Member	4	4
e.	Mr. Krishna S. Patel	Member	4	4

\* Meeting attended over video conference.

Ms. Jinal J. Shah acts as the Secretary to the Committee.

### Scope of Audit Committee:

The terms of reference of the Audit Committee are as under:

- a. Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending appointment, remuneration and terms of appointment of auditors of the listed entity;
- c. Reviewing with the management the annual financial statements and auditors report before submission to the Board, focusing primarily on:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report as per Section 134(3)(c) of the Companies Act, 2013;
  - Changes if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimate based on exercise of judgment by management;
  - Significant changes or adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
- d. Reviewing with the management quarterly, half yearly unaudited financial results before submission to the Board for approval.
- e. Evaluating the internal financial controls and risk management policies system of the Company.
- f. Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems.
- g. Reviewing the adequacy of internal audit functions, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- h. Discussion with internal auditors of any significant findings and follow up thereon;
- i. Reviewing the findings, if any, of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.
- j. Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- k. Reviewing the functioning of the whistle blower mechanism;
- l. To look into the reasons for substantial defaults, if any, in the payment to the shareholders (in case of non –payment of declared dividends) and creditors.
- m. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- n. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- o. The Audit Committee also reviews:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the statutory Auditors;
  - Internal audit reports relating to internal control weaknesses; and

- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- p. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).
- q. Approval or any subsequent modification of transactions of the company with related parties;
- r. Reviewing and scrutinizing the inter-corporate loans and investments;
- s. Appointing registered valuers and defining the terms and conditions for conducting the valuation of undertakings/ assets/net-worth/liabilities of the Company, wherever it is necessary. Reviewing the valuation report and follow-up thereon;
- t. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower;
- u. Any other matter referred to by the Board of Directors.

The Chairman of the Audit Committee briefs the Board about the significant discussions held at the Audit Committee Meetings.

### **Nomination and Remuneration Committee**

#### Composition:

The composition of the Nomination and Remuneration Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

During the year, Committee met two times on 16 May 2018 and 14 February 2019. The attendance of each director at the meeting was as follows:

<b>Sr. no.</b>	<b>Name of the Member</b>	<b>Nature of Membership</b>	<b>No. of meetings held during the year 2018-19</b>	<b>No. of meetings attended during the year 2018-19</b>
a.	Mr. Jai S. Diwanji	Chairperson	2	2
b.	Mr. Mahendra K. Chouhan	Member	2	2
c.	Mrs. Sudha S. Patel	Member	2	2

#### Scope of Nomination and Remuneration Committee:

The broad terms of reference to the Nomination and Remuneration Committee includes the following:

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- b. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c. Devising a policy on diversity of board of directors;
- d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
- e. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- f. Recommend to the board, all remuneration, in whatever form, payable to senior management;
- g. Any other matter as the Board may decide from time to time.



### Remuneration Policy:

Remuneration policy of the Company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees to achieve results.

Company pays remuneration by way of salary, perquisites and allowances (fixed components) and commission (variable components) to its Executive Chairman and Managing Director. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the members of the Company. Nomination and Remuneration Committee decides on the commission payable to the Executive Chairman and Managing Director as a percentage of profits for the financial year and within the ceiling limits prescribed under the Act based on the performance of the Company as well as of the Executive Chairman and Managing Director.

### Details of Remuneration of the Directors of the Company for the financial year 2018-19 are as follows:

(₹ in lakhs)

Name of Directors	Designation	Sitting fees	Salary	Perquisites and allowance	Commission	Provident Fund	Total
Mr. Sumant J. Patel	Executive Chairman	---	96.00	---	350.00	---	446.00
Mr. Mahendra K. Chouhan	Director	1.75	---	---	---	---	1.75
Mr. Jai S. Diwanji	Director	2.50	---	---	---	---	2.50
Mr. K. S. Srinivasa Murty	Director	0.65	---	---	---	---	0.65
Mr. Manu M. Parpia	Director	1.60	---	---	---	---	1.60
Mrs. Sudha S. Patel	Director	1.40	---	---	---	---	1.40
Mr. Krishna S. Patel	Managing Director	---	99.00	---	150.00	11.88	260.88
	<b>Total</b>	<b>7.90</b>	<b>195.00</b>	<b>---</b>	<b>500.00</b>	<b>11.88</b>	<b>714.78</b>

### Stakeholders Relationship Committee

#### Composition:

The composition of the Stakeholders Relationship Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

During the year, Committee met four times on 16 May 2018, 08 August 2018, 13 November 2018 and 14 February 2019. The attendance of each director at the meeting was as follows:

Sr. No.	Name of the Member	Nature of Membership	No. of meetings held during the year 2018-19	No. of meetings attended during the year 2018-19
a.	Mrs. Sudha S. Patel	Chairperson	4	4
b.	Mr. K. S. Srinivasa Murty	Member	4	1*
c.	Mr. Jai S. Diwanji	Member	4	4
d.	Mr. Krishna S. Patel	Member	4	4

\* Meeting attended over video conference.

#### Scope of Stakeholders Relationship Committee:

The Committee administers the following activities:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Reviewing measures taken for effective exercise of voting rights by shareholders.
- Reviewing adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

- d. Reviewing various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- e. Reviewing matters relating to unclaimed equity shares and dividend transferred to Investor Education and Protection Fund (IEPF) pursuant to IEPF rules.

#### Details of complaints received and redressed during the year 2018-2019:

Sr. no.	Nature of Complaints	Pending as on 01.04.2018	Received	Redressed	Pending as on 31.03.2019
1	Non-Receipt of Bonus share certificates	NIL	0	0	NIL
2	Non-Receipt of Annual Report	NIL	4	4	NIL
3	Non-Receipt of Dividend	NIL	1	1	NIL
4	Non-Receipt of share certificate after transfer	NIL	2	1	1 #
5	Non-Receipt of share certificate after sub-division	NIL	6	6	NIL
6	Others	NIL	2	2	NIL

# The Compliant pending as on 31 March 2019 was received on 30 March 2019 and was resolved on 08 April 2019.

The Company is in constant touch with Sharex Dynamic (India) Pvt. Ltd., the registrar and share transfer agent of the Company, and reviews periodically the outstanding complaints, if any.

At present there are no pending cases wherein adverse claims are made against the Company.

#### **Corporate Social Responsibility Committee**

##### Composition:

The composition of the Corporate Social Responsibility Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

During the year Committee met three times on 16 May 2018, 08 August 2018 and 14 February 2019. The attendance of each director at the meeting was as follows:

Sr. no.	Name of the Member	Nature of Membership	No. of meetings held during the year 2018-19	No. of meetings attended during the year 2018-19
a.	Mr. Sumant J. Patel	Chairman	3	3
b.	Mr. Krishna S. Patel	Member	3	3
c.	Mr. Mahendra K. Chouhan	Member	3	3
d.	Mr. Jai S. Diwanji	Member	3	3

##### Scope of Corporate Social Responsibility Committee:

The Committee administers the following activities:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company.
- Recommend the amount of expenditure to be incurred on the activities referred to in Corporate Social Responsibility Policy; and
- Monitor implementation and adherence to the Corporate Social Responsibility Policy of the Company from time to time.
- Such other activities as the Board of Directors may determine from time to time.

The details of CSR initiatives forms parts of the Directors Report in the Annual Report. The CSR policy of the Company has been uploaded on the Company's website at [www.nesco.in](http://www.nesco.in).

### **Risk Management Committee**

Your Company has constituted a Risk Management Committee to monitor and review the Risk Management Policy and plans of the Company.

#### Composition:

The Committee comprises of Mr. Jai S. Diwanji - Independent Director as Chairman, Mr. Mahendra K. Chouhan - Independent Director, Mr. Krishna S Patel - Managing Director and Mr. Dipesh R. Singhanian - Chief Financial Officer as members.

#### Scope of Risk Management Committee

The terms of reference of the Risk Management Committee includes the following:

- a. Framing a risk management policy;
- b. To create a standard, structured and efficient approach to identify, assess and mitigate risks.
- c. Reviewing and monitoring risk management plan and other functions including risk pertaining to cyber security;
- d. Ensure adequacy of risk management practices in the Company.

### **7. Independent Directors Meeting:**

During the year under review, a meeting of the Independent Directors of the Company was held on 14 February 2019 in accordance with provisions of Schedule IV (Code of Independent Directors), without the attendance of non-independent directors and members of management inter-alia to discuss:

- To review the performance of non-independent directors and the Board as a whole.
- To review the performance of the Chairman of the Company, taking into account the views of executive directors and non-executive directors.
- To assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **8. General Body Meetings**

#### **Details of location, time and date of last three annual general meetings of the Company:**

Year	AGM	Location	Date	Time	No. of special resolutions set out at AGM
2015-16	57th	Nesco Complex, Western Express Highway, Goregaon East, Mumbai – 400063.	10 August 2016	3.30 P.M.	NIL
2016-17	58th	Nesco Complex, Western Express Highway, Goregaon East, Mumbai – 400063.	14 August 2017	3.30 P.M.	2
2017-18	59th	Nesco Center, Western Express Highway, Goregaon East, Mumbai – 400063	08 August 2018	3.30 P.M.	1

One special resolution with respect to amalgamation of Nesco Hospitality Private Limited with Nesco Limited is proposed to be passed through Postal Ballot as on the date of this report.

**Postal Ballot:**

During the year, pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendments(s) or re-enactment(s) thereof made thereunder), the Company passed the following resolutions through postal ballot in March 2019. A brief detail of the voting results of the above-mentioned postal ballot is as follows:

Resolution	Type of Resolution	No. of votes polled	Votes cast in favour		Votes cast against	
			No. of votes	%	No. of votes	%
Continuation of Directorship of Mrs. Sudha S. Patel as a Non-Executive Director.	Special	38,19,829	38,19,600	99.99	229	0.01
Continuation of Directorship of Mr. K. S. Srinivasa Murty as a Non-Executive Independent Director.	Special	5,18,70,766	5,15,89,493	99.46	2,81,273	0.54
Re-appointment of Mr. K. S. Srinivasa Murty as a Non-Executive Independent Director for a second term of five years.	Special	5,18,70,766	5,15,89,493	99.46	2,81,273	0.54
Re-appointment of Mr. Mahendra K. Chouhan as a Non-Executive Independent Director for a second term of five years.	Special	5,18,70,766	5,15,99,054	99.48	2,71,712	0.52
Re-appointment of Mr. Jai S. Diwanji as a Non-Executive Independent Director for a second term of five years.	Special	5,17,44,616	5,13,15,000	99.17	4,29,616	0.83

Ms. Neeta H. Desai of M/s. ND & Associates, Practicing Company Secretary, was appointed as the Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

**Procedure for Postal Ballot:**

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its members.

The Company had engaged the services of Link Intime India Private Limited (LIPL) for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting. The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members /list of beneficiaries as on cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with the depository participants/ Company's Registrar and Share Transfer Agents. The Company also publishes a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Companies Act, 2013 and the rules issued thereunder.

Voting rights reckoned on the paid-up value of shares of the Company registered in the names of the shareholders as on the cut-off date. Members desiring to vote through physical ballot are requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before the close of the business hours on the last date of e-voting.

The Scrutinizer submits her report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman/ Authorized officials of the Company. The results are displayed on the website of the Company at [www.nesco.in](http://www.nesco.in), besides being communicated to the Stock Exchanges.

**9. Means of Communication:**

The Company regularly intimates about the Quarterly, Half-yearly and Annual financial results to the Stock Exchanges as soon as these are taken on record / approved.

Quarterly, Half-yearly and Annual financial results of the Company are published in leading English and vernacular Marathi language newspapers, viz., Business Standard and Lakshwadeep Marathi.

The Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of Listing Regulations and other rules and regulations issued by the SEBI.

Any presentations made to the Institutional Investors or to the Analysts are intimated to the stock exchanges and is disclosed on the website of the Company under the Investors section.

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' tab on the Company's website gives information on various announcements, submissions or disclosures made by the Company to the stock exchanges from time to time.

The results are also displayed on the website of the Company - [www.nesco.in](http://www.nesco.in).

The Company has designated the following email-id exclusively for investors for all their queries: [companysecretary@nesco.in](mailto:companysecretary@nesco.in).

**10. Compliance Officer:**

Ms. Jinal J. Shah, Company Secretary of the Company, is designated as Compliance Officer of the Company.

**11. Secretarial Audit:**

Pursuant to Section 204 of the Companies Act, 2013 and Rules thereunder, the Board of Directors of the Company appointed M/s. ND & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of records and documents of the Company. The Report on Secretarial Audit is annexed and forms part of Directors Report as "Annexure B".

**12. Secretarial Compliance Report**

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 08 February 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial Compliance Audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars or guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR - 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

The Company has engaged the services of Ms. Neeta H. Desai (CP No. 4741), Practicing Company Secretary and Secretarial Auditor of the Company for providing this certification.

**13. Code of Practices and procedures for fair disclosures of unpublished price sensitive information:**

As per the requirements of Regulation 8 (1) of Securities and Exchange of Board India (Prohibition of Insider Trading) Regulation, 2015, the Company has formulated Code of fair disclosures of unpublished price sensitive information and has uploaded the same on the official website of the Company. The Company's Code of Conduct to regulate, monitor and report trading by employees and other connected persons is already in place.

**14. CEO/CFO Certification:**

The Managing Director and Chief Financial Officer have certified to the Board of Directors, compliance in respect of all matters pursuant to Regulation 17(8) of the Listing Regulation. The certificate is annexed and forms part of this Annual Report as "Annexure G."

**15. Other Disclosures:**

**a. Related Party Transactions**

All the transactions entered into by the Company with the related parties, during the financial year 2018-19, were in the ordinary course of business and on arm's length basis. The details of the Related Party Transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

Also, the related party transactions undertaken by the Company were in Compliance with the provisions of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 23 of the Listing Regulations.

The Company has a process for monitoring the related party transactions. The Audit Committee, during the financial year 2018-19, has approved related party transactions in line with the Policy of dealing with Related Party Transactions

and other applicable 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) thereof for the time being in force.)

The policy on Related Party Transactions has been uploaded on the website of the Company at [www.nesco.in](http://www.nesco.in).

There were no materially significant transactions with related parties during the financial year which have potential conflict with the interest of the Company. Suitable disclosures as required by Indian Accounting Standard 24 (Ind AS 24) have been made in the notes to the Financial Statements.

**b. Subsidiary Company**

The Company does not have any material unlisted subsidiary Company in terms of Regulation 16 of the Listing Regulations. However, Nesco Hospitality Private Limited is a wholly owned subsidiary of Nesco Limited.

A synopsis of the minutes of the Board meetings of the subsidiary company are placed at the board meeting on periodical basis. The Audit Committee reviews the financial statements of the unlisted subsidiary of the Company.

The management of the unlisted subsidiary periodically brings to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by unlisted subsidiary, if any.

The Policy for determining material subsidiary has been uploaded and can be accessed on the Company's website at [www.nesco.in](http://www.nesco.in).

**c. Vigil Mechanism/Whistle Blower Policy**

The Company has a vigil mechanism to deal with fraud and mismanagement, if any. The policy is on the website of the Company.

**d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

**e. Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations**

The Company has not raised funds through preferential allotment or qualified institutional placement.

**f. Certificate from Practicing Company Secretary**

Certificate as required under Part C of Schedule V of Listing Regulations, received from Ms. Neeta H. Desai (CP No. 4741), Practicing Company Secretary, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India or Ministry of Corporate Affairs was placed before the Board of Directors at their meeting held on 24 May 2019. The Certificate is enclosed as "Annexure H" to the Directors Report.

**g. Recommendations of Committees of the Board**

There were no instances during the financial year 2018-19, wherein the Board had not accepted recommendations made by any committee of the Board.

**h. Total fees paid to Statutory Auditors of the Company.**

Total fees of ₹ 21.69 lakhs (Rupees Twenty One Lakhs Sixty-nine Thousand only) for financial year 2018-19, for all services, was paid by the Company and its subsidiary, on a consolidated basis, to the statutory auditors.

**i. Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2018-19 are as under:

- Number of complaints filed during the financial year: NIL
- Number of complaints disposed of during the financial year: NIL
- Number of complaints pending as on end of the financial year: NIL

**j. Code of Conduct**

Your Company has framed its own Code of Conduct for the members of the Board of Directors and senior management personnel of the Company. The same is available on the Company's website at [www.nesco.in](http://www.nesco.in).

- k.** There are no penalties or strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authorities for non-compliance by the Company or on any other matter related to capital markets, during last three years.

For and on behalf of the Board of Directors

Sumant J. Patel  
Executive Chairman  
DIN : 00186976

Mumbai  
24 May 2019

## SHAREHOLDERS INFORMATION

### 1. General Shareholders information

1	Annual General Meeting	The 60th annual general meeting will be held on Monday, 05 August 2019 at 3.30 p.m. at Tower 4, Nesco IT Park, Nesco Center, Western Express Highway, Goregaon (East), Mumbai – 400 063.
2.	Schedule for declaration of Financial Results during the F Y 2019-20	Financial Year: 01 April 2019 to 31 March 2020  First quarterly results: On or before 2nd week of August 2019  Second quarterly results: On or before 2nd week of November 2019  Third quarterly results: On or before 2nd week of February 2020  Annual accounts 2019-20: Last week of May 2020
3.	Date of Book Closure	30 July 2019 to 05 August 2019 (both days inclusive)
4.	Listing on Stock Exchange	The Company's equity shares are listed on:  BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.  The National Stock Exchange of India Ltd. 5th Floor, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051.
5.	Stock Code	BSE 505355 NSE NESCO
6.	Demat ISIN in NSDL and CDSL for Equity Shares	INE 317F01035
7.	Payment of Dividend  Final Dividend for financial year 2018-19 of ₹ 2.50/- per equity share recommended by the Board of Directors at its meeting held on 24 May 2019	On or after 14 August 2019  (Subject to approval of the shareholders)

The Company hereby confirms that the Company has paid annual listing fees to both the Exchanges and there is no outstanding payment towards the exchanges as on date.



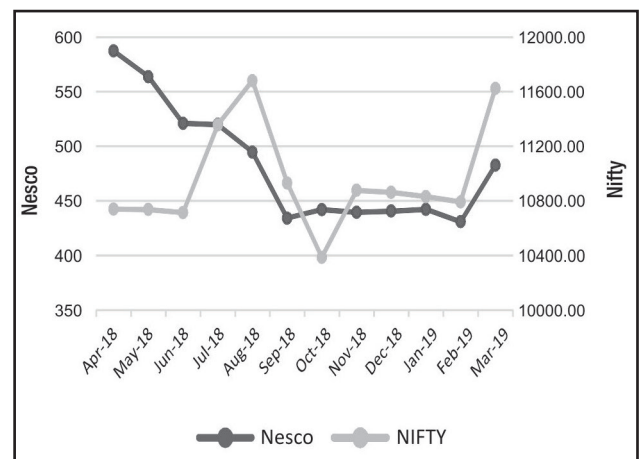
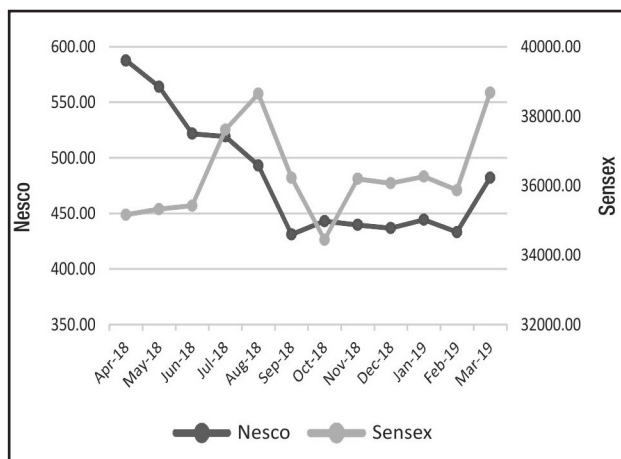
## 2. Stock Market Data

Monthly high and low prices of equity shares of the Company quoted at BSE Limited and National Stock Exchange of India Limited during the financial year 2018-19.

BSE			NSE		
Month	High	Low	Month	High	Low
April 2018	605.00	542.00	April 2018	605.90	542.00
May 2018	594.05	543.30	May 2018	592.50	545.00
June 2018	568.00	508.70	June 2018	569.40	513.05
July 2018	550.00	484.50	July 2018	528.55	485.00
August 2018	544.40	433.15	August 2018	563.00	430.10
September 2018	501.85	427.00	September 2018	505.00	430.05
October 2018	469.00	405.00	October 2018	470.00	403.55
November 2018	472.00	431.45	November 2018	474.00	430.80
December 2018	471.00	427.50	December 2018	460.00	428.00
January 2019	489.10	431.60	January 2019	485.00	435.25
February 2019	453.00	420.00	February 2019	452.00	423.10
March 2019	494.00	430.05	March 2019	495.75	427.80

### Stock Performance in comparison to broad-based Indices:

The Chart below shows the comparison of the Company's share price movement on BSE Sensex and NSE Nifty for the financial year ended 31 March 2019 (based on month end closing):



## 3. Share Transfer System

M/s. Sharex Dynamic (India) Private Limited is the Registrar and Share Transfer Agent (RTA) of the Company. The requests for transfer of shares held in physical form are processed and the share certificates are returned within the period stipulated under Companies Act, 2013 and the Listing Regulations, provided that the documents received are in order and complete in all respects.

#### 4. Share Transfer Details

The number of shares transferred during the year under review is given below:

Sr. no.	Particulars	Equity
a.	Number of transfers	91
b.	Average no. of transfer per month	8
c.	Number of shares transferred	1,38,550

#### 5. Demat / Remat of Shares

Details of shares dematerialized /rematerialized during the year under review are given below:

Sr. No.	Particulars	Nos.
a.	Number of demat requests	223
b.	Number of shares demated	4,84,530
c.	Number of remat requests	NIL
d.	Number of share remated	NIL

#### 6. Categories of Shareholding as on 31 March 2019

Sr. No.	Category	Number of shares held	% of share holding
<b>A</b>	<b>Promoters holding</b>		
1.	Indian	4,35,78,937	61.849
2.	Foreign /	44,72,000	6.347
	<b>Sub-total (A)</b>	<b>4,80,50,937</b>	<b>68.196</b>
<b>B</b>	<b>Non-promoters holding</b>		
<b>1.</b>	<b>Institutional investors</b>		
a.	Mutual funds	34,17,988	4.851
b.	Banks, financial institution, insurance companies (central / state govt. institution / non-government institution)	13,40,603	1.903
c.	FII (s)	17,35,396	2.463
	<b>Sub-total (B1)</b>	<b>64,93,987</b>	<b>9.217</b>
<b>2.</b>	<b>Others</b>		
a.	Private Bodies Corporate	17,14,313	2.433
b.	Indian public	1,35,33,635	19.207
c.	NRIS / OCBS	5,91,719	0.840
d.	Trusts	6350	0.009
e.	Any other – Foreign companies	0	0.000
	- Clearing members	69,019	0.098
	<b>Sub-total (B2)</b>	<b>1,59,15,036</b>	<b>22.587</b>
	<b>Sub-total (B=B1+B2)</b>	<b>2,24,09,023</b>	<b>31.804</b>
	<b>Grand total (A+B)</b>	<b>7,04,59,960</b>	<b>100.000</b>

**Distribution of shareholding as on 31 March 2019 is as follows**

SHARE	NO OF HOLDERS	(%) OF HOLDERS	TOTAL SHARES	% OF SHARES
UPTO TO 100	13,554	57.757	5,54,047	0.786
101 TO 200	2,622	11.173	4,26,050	0.605
201 TO 500	3,302	14.071	11,61,774	1.649
501 TO 1000	1,648	7.023	12,96,326	1.840
1001 TO 5000	1,797	7.658	41,07,531	5.830
5001 TO 10000	312	1.330	22,12,547	3.140
10001 TO 100000	210	0.895	51,43,826	7.300
100001 TO ABOVE	22	0.093	5,55,57,859	78.850
<b>TOTAL</b>	<b>23,467</b>	<b>100.000</b>	<b>7,04,59,960</b>	<b>100.000</b>

**7. Unclaimed / unpaid dividends**

Final dividend for the financial year ended 31 March 2012 and subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below. Members who have not encashed their dividend warrants for these years are requested to seek issue of duplicate warrants on or before the due dates mentioned therein, by writing to the Company's Registrar and Share Transfer Agent M/s. Sharex Dynamic (India) Private Limited.

Sr. No.	For the Financial year ended	Date of declaration	Due for transfer to IEPF
1	31.03.2012	08.08.2012	14.09.2019
2	31.03.2013	08.08.2013	14.09.2020
3	31.03.2014	20.08.2014	26.09.2021
4	31.03.2015	03.08.2015	09.09.2022
5	31.03.2016	17.03.2016	21.04.2023
6	31.03.2017	14.08.2017	20.09.2024
7	31.03.2018	08.08.2018	14.09.2025

**8. Outstanding Instruments and their impact on equity:**

The Company does not have any outstanding GDRs/ ADRs/ Warrants/Convertible Instruments as on 31 March 2019.

**9. Commodity price risk or foreign exchange risk and hedging activities;**

The Company does not have any exposure hedged through commodity derivatives.

**10. Credit Ratings and any revisions thereto for debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad:**

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended 31 March 2019. Obtaining credit rating is not applicable to our Company during the year under review.

**11. Plant Locations**

The Company's plants are located at Karamsad and Vishnoli in Gujarat.

## 12. Investors Correspondence

### **Secretarial Department**

Nesco Limited  
Nesco Center, Western Express Highway,  
Goregaon (East), Mumbai 400063.  
Tel: 022 66450123, Email: [companysecretary@nesco.in](mailto:companysecretary@nesco.in),  
Website: [www.nesco.in](http://www.nesco.in)

### **Nodal Officer**

Ms. Jinal J. Shah  
Nesco Limited  
Nesco Center, Western Express Highway,  
Goregaon (East), Mumbai 400063.  
Tel: 022 66450123, Email: [companysecretary@nesco.in](mailto:companysecretary@nesco.in),  
Website: [www.nesco.in](http://www.nesco.in)

### **Registrar & Share Transfer Agent**

Sharex Dynamic (India) Pvt. Ltd.  
C-101, 247 Park,  
LBS Marg, Vikhroli (West),  
Mumbai – 400083.  
Tel: 022 28515606 / 28515644  
Fax : +91 22 28512885  
Email: [support@sharexindia.com](mailto:support@sharexindia.com)  
Website: [www.sharexindia.com](http://www.sharexindia.com)

For and on behalf of the Board of Directors

Sumant J. Patel  
Executive Chairman  
DIN : 00186976

Mumbai,  
24 May 2019

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**MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION**

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To  
The Board of Directors  
Nesco Limited  
Mumbai

Dear Members of the Board,

We, Krishna S. Patel, Managing Director and Dipesh R. Singhania, Chief Financial Officer of Nesco Limited, to the best of our knowledge and belief, state that;

- (a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes, if any, in the internal control over financial reporting during the year.
  - (ii) Significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Mumbai  
24 May 2019

Krishna S. Patel  
Managing Director  
DIN: 01519572

Dipesh R. Singhania  
Chief Financial Officer

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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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**TO THE MEMBERS OF NESCO LIMITED**

We, Manubhai & Shah LLP, Chartered Accountants, the Statutory Auditors of Nesco Limited ('the Company'), have examined the compliance of conditions of Corporate Governance by the Company for the year ended 31 March 2019 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

**Management's Responsibility**

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

**Auditor's Responsibility**

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March 2019.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Manubhai & Shah LLP  
Chartered Accountants  
ICAI FRN: 106041W / W100136

Ashish Shah  
Partner  
M. No.: 103750

Mumbai  
24 May 2019

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
{Pursuant to Regulation 34(3) and Schedule V Para C Clause (10) (i) of  
The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015}

To,  
The Members  
Nesco Limited  
Nesco Complex,  
Western Express Highway,  
Goregaon East, Mumbai – 400 063.

We have examined the relevant registers, records, forms, returns and disclosure received from the Directors of Nesco Limited having CIN L17100MH1946PLC004886 and having registered office at Nesco Complex, Western Express Highway, Goregaon East, Mumbai – 400 063 (hereinafter referred to as 'the Company') produced before us by the Company for the purpose of issuing this certificate in accordance with Regulation 34(3) read with Schedule V Para C sub Clause (10)(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

In our opinion and to the best of our knowledge and according to the verifications including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and explanation furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31 March 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or such other statutory Authority.

<b>Sr. No.</b>	<b>Name of The Director</b>	<b>DIN</b>	<b>Date of appointment in the Company</b>
1.	Sumant Jethabhai Patel	00186976	01/04/2008
2.	Sudha Sumant Patel	00187055	16/07/2001
3.	Mahendra Kumar Chouhan	00187253	19/04/2005
4.	Krishna Sumant Patel	01519572	30/06/2008
5.	Srinivasa Murty Sessa Kuruganti	00499663	30/07/2007
6.	Jai Shishir Diwanji	00910410	03/11/2012
7.	Manu Parpia Mahmud	00118333	10/05/2017
8.	Alka Vinod Adatia	06984860	28/03/2019

Ensuring the eligibility for the appointment or continuity of every Director on the Board of above referred Company is the responsibility of the management of the Company. Our responsibility is to express an opinion as stated above based on our verification. This certificate is neither an assurance as to the future viability of the Company or effectiveness with which the management has conducted the affairs of the Company.

Mumbai  
20 May 2019

For ND & Associates

Neeta H. Desai  
Practicing Company Secretary  
COP No. 4741

**BUSINESS RESPONSIBILITY REPORT (BRR)****SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1. **Corporate Identity Number (CIN)** L17100MH1946PLC004886
2. **Name of the Company** Nesco Limited
3. **Registered address** Nesco Center, Western Express Highway, Goregaon East, Mumbai – 400 063.
4. **Website** www.nesco.in
5. **E-mail ID** companysecretary@nesco.in
6. **Financial Year Reported** 01 April 2018 to 31 March 2019
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

<b>NPCS Product Code</b>	<b>Description</b>
99531222	Exhibition halls
99531223	Office buildings
99611299	Other food products n. e. c.
99611881	Machinery for metallurgy and parts thereof
99611889	Other special purpose machinery n. e. c.

**8. Key Products and Services**

<b>Business</b>	<b>Products/Services</b>
<b>Manufacturing</b>	
Indabrator	<ul style="list-style-type: none"> <li>• Shot blasting, Shot peering and other surface preparation equipment and systems.</li> <li>• Spares and Abrasives for shot blasting, peening, etc</li> </ul>
<b>Facility Development and Management</b>	
IT Park	<ul style="list-style-type: none"> <li>• Space and related infrastructure at Nesco IT Park</li> </ul>
Nesco Foods	<ul style="list-style-type: none"> <li>• Provide food catering services</li> </ul>
Bombay Exhibition Centre	<ul style="list-style-type: none"> <li>• Space and related infrastructure for exhibitions, conventions and conferences</li> </ul>

**9. Total number of locations where business activity is undertaken by the Company**

Our business activity is spread across India. The locations of activity by business are:

<b>Manufacturing</b> • Indabrator	1. Karamsad, Gujarat 2. Vishnoli, Gujarat
<b>Facility Development and Management</b> • IT Park • Nesco Foods • Bombay Exhibition Centre	1. Mumbai
<b>Corporate Office</b>	1. Mumbai
<b>Branch Offices</b>	1. New Delhi 2. Kolkata 3. Chennai 4. Karamsad 5. Vishnoli



**10. Markets Served by the Company**

Business	Markets Served	Sectors
Indabrator Division	Domestic and International	Automotive Industry, Railway Workshops, Heavy Engineering, Forging Industry, Foundries and several other industries

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

- Paid up Capital (INR):** 1,409.20 lakhs
- Total Turnover (INR):** 39,266.43 lakhs
- Total profit after taxes (INR):** 18,042.81 lakhs
- Total Spending on CSR (as % of PAT)(INR):** 462.18 lakhs (2.56% of PAT)

**5. List of activities in which expenditure in 4 above has been incurred:**

The core focus areas of our CSR Initiatives are Education and Health. The CSR activities in F Y 2018-19 were focused on these two areas. They included support to set up a new English Medium High School; expansion of existing English medium school; contribution towards improvement of Health and towards Cancer Cure and promotion of Education.

**SECTION C: OTHER DETAILS**
**1. Does the Company have any Subsidiary Company/ Companies?**

Nesco Hospitality Private Limited is a wholly owned subsidiary of Nesco Limited.

**2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company?**

Our Subsidiary Company participates in the BR initiatives of Nesco Limited.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR Initiatives of the Company? If yes, then indicate the percentage of such entity/entities?**

We encourage our suppliers to follow our policies with respect to Environment, Health and Safety and Human Rights.

**SECTION D: BR INFORMATION**
**1. Details of Director/Directors responsible for BR policy/policies**

DIN Number	Name	Designation
00186976	Mr. Sumant J. Patel	Executive Chairman
01519572	Mr. Krishna S. Patel	Managing Director
00187253	Mr. Mahendra K. Chouhan	Independent Director
00910410	Mr. Jai S. Diwanji	Independent Director

**Details of the BR Head**

Name : Mr. Dipesh R. Singhania  
 Designation : Chief Financial Officer and Head Legal  
 Telephone No : +91 022 66450123  
 E-mail Id : companysecretary@nesco.in

## 2. Principle-wise (as per NVGs) BR Policy/policies – National Voluntary Guidelines.

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has it been formulated in consultation with relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? Is yes, is it signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?*	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal & external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

\* The policies are as per the ISO Standards and Indian Green Building Council.

\*\* We have internal as well as external policies related to business responsibility. The link of the external policies is available at <http://www.nesco.in/Policies.html>.

## 3. Governance Related to BR

### a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company.

The Board of Directors, either directly or through its Committees, assesses various initiatives forming part of the BR performance of the Company annually.

### b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes Business Responsibility Report (BRR) every year as a part of the annual report. It will be available on the Company's website at [www.nesco.in](http://www.nesco.in).

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1 Ethics, Transparency and Accountability

#### 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

We have a Code of Conduct which governs the Directors and senior management of the Company in carrying out their responsibilities towards the Company and stakeholders. The Code has been formulated so as to promote the highest degree of personal and professional integrity, honesty and values. It is applicable to:

- Members of the Board of Directors.
- Senior management, Key Management Personnel and Functional Heads ("Manager").

The principles of ethics, bribery and corruption are covered in the Code of Conduct. All Directors and senior management members are required to confirm compliance with the Code of Conduct Annually.

We have guidelines for bribery, corruption and ethical business conduct which apply to the suppliers, vendors, contractors and implementing agencies.

**2. Stakeholder complaints received in the past financial year and percentage satisfactorily resolved by the management?**

We monitor stakeholder complaints through various formal and informal mechanisms. The complaints received and resolved are listed below:

Stakeholder Group	Complaints Received (Nos)	Complaints Resolved (Nos)	Complaints pending (as on 31 March 2019)
Investors	15	14	1
Suppliers	Nil	Nil	Nil
Local Communities	Nil	Nil	Nil
Customers	433	424	9

The complaints remaining pending as on 31 March 2019 are under review.

**Principle 2 Provide goods and services that are safe and contribute to sustainability throughout their life cycle**

**1. Products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

- a) Nesco IT building 3 in Nesco IT Park is a Platinum LEED Certified Green Building. Nesco IT building 4, whose construction is completed, is also designed to be a Platinum LEED Certified Green Building. The building has green activities that achieved outcomes of energy efficient design, water use reduction, sustainable site selection and development, responsible materials selection and waste management, and enhanced indoor environmental quality. Nesco IT building 3 has led to a 20-30% reduction in the electricity and water requirement. The Green building also provides wellness of the occupants because of the enhanced indoor air quality and thermal comfort.
- b) We have rain water harvesting at Nesco IT building 3 and at Nesco IT building 4. The rain water collected is going to recharge the ground water and help in maintaining the Green Belt.
- c) About 100 Kilo Litres of Water is recycled through MBBR process for reusing it.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**Reduction during Use - Nesco IT Park building 3**

There is almost 20 – 30% reduction in energy use and water use for the offices because of the Green Building features.

**Reduction during Sourcing**

More than 95% of materials for facilities management and for manufacturing division are sourced locally which helps reduce the emissions from inbound transportation of input materials.

**3. Procedures for sustainable sourcing (including transportation)**

We have a Procurement Policy for both our businesses. One of the criteria for selection of suppliers is distance from the site. It allows us to reduce the pollution and traffic from transportation.

**4. Sourcing of goods and services from local producers**

**Manufacturing Division**

Materials from the top 5 suppliers in terms of volume were sourced from suppliers within a radius of 100 km from the manufacturing plants.

**Facilities Management and Development**

All food products for the exhibitions and IT Park are sourced locally.

**5. Mechanism to recycle products and waste**

**Manufacturing Division**

- a) 100% of the metal sheet waste generated from fabrication activity is recycled to manufacture castings and abrasives in the foundry.

- b) 100% rejects from the foundry for making steel shots and castings are remelted into the foundry in a cyclical process.

#### Facilities Management and Development

We have Composting Pit to manage the food waste generated at the Food Court at Nesco IT Park and Nesco Foods. All the food waste generated during the day is recycled. The outcome of the recycled waste is utilized as the fertilizer for maintenance of the green belt.

#### Principle 3 Promote the wellbeing of all employees

1. Total number of employees by category as on 31 March 2019
2. Total number of permanent women employees
3. Total number of employees hired on temporary/contractual/casual basis.

Category	Permanent			Retainer & others			Contract (Security, Housekeeping & others)
	Male	Female	Total	Male	Female	Total	
Facilities Development & Management	49	11	60	3	5	8	68
Karamsad Plant	5	0	5	2	0	2	7
Vishnoli Plant	95	1	96	32	0	32	128
<b>Total</b>	<b>149</b>	<b>12</b>	<b>161</b>	<b>37</b>	<b>5</b>	<b>42</b>	<b>203</b>

4. Total number of permanent employees with disabilities

Nil

5. Employee Association recognized by Management:

As an organization, we allow freedom of association and collective bargaining to our employees. We have a recognized employee association at Vishnoli Plant. At our other locations, there are informal mechanisms for employees to raise any grievances and Complaints to the Management.

6. Percentage of permanent employees members of this recognized employee association.

8 permanent employees are part of the Union which is 4.97% of the employees.

7. Number of complaints relating to Child Labour, Forced Labour, Involuntary Labour, Sexual Harassment in the last financial year and pending as on the end of the financial year.

Sr. No.	Category	No of Complaints filed during the financial year	No of Complaints pending as on end of the financial year
1	Child Labour /Forced Labour /Involuntary Labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory Employment	Nil	Nil

8. Percentage of employees given safety and skill upgradation training in financial year 2018-19.

Health, Safety, First Aid, Fire Safety			
Business	Location	Contractual	Permanent
Facilities Development and Management	Nesco IT Park	100%	100%
	Bombay Exhibition Hall	100%	100%
Manufacturing Division	Karamsad Plant	100%	100%
	Vishnoli Plant	100%	100%

Training by Topics			
IT Park and BEC	Permanent, Retainer and Others	Mock Drill on fire safety	Every six months
IT Park	Nesco IT Park office employees	Mock Drill on fire safety	Every six months
IT Park and BEC	Security Personnel	First Aid, Fire Safety	Every quarter
Karamsad and Vishnoli	Security Personnel	First Aid, Fire Safety	Every quarter
Karamsad and Vishnoli	Employees	Tool Box Talks	Daily

Quality, Management Systems and Skill Upgradation Training			
Business	Location	Contractual	Permanent
Facilities Development and Management	Nesco IT Park	100%	100%
	Bombay Exhibition Hall	100%	100%
Manufacturing Division	Karamsad Plant	100%	100%
	Vishnoli Plant	100%	100%

**Principle 4 Be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Internal and External Stakeholders**

Internal	Employees
External	Customers, NGOs, Local Communities, Police Department, Law and Order, Municipal Authorities

**2. Disadvantaged, vulnerable and marginalized stakeholders and special initiatives to engage with them.**

Our CSR Activities like helping in setting up a Dialysis Centre, contribution towards Cancer aids, contributing towards promotion of health care and promotion of remedies for various ailments, providing education to vulnerable class, setting up of English medium schools and construction of water tanks in rural areas were aimed at providing access to health care and equal education opportunities. The beneficiaries are the people of the villages who earlier had limited access to this infrastructure and to create awareness related to various diseases.

**Principle 5 Respect and Promote Human Rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

We have a policy on Human Rights which covers the employees of Nesco and our subsidiary Company Nesco Hospitality Pvt. Ltd.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Stakeholder	Complaints on Human Rights	No of Complaints filed (2018-19)	No of Complaints pending as on 31 March 2019
Mumbai		Nil	Nil
Vishnoli		Nil	Nil
Karamsad		Nil	Nil

**Principle 6 Respect, Protect, and make efforts to Restore the Environment**

**1. Policy related to Principle 6 cover for the Company and stakeholders (Group/Joint Ventures/Suppliers/Contractors/NGOs/others).**

We have a Environmental Health and Safety Policy for Indabrator in Karamsad and Vishnoli and the Facilities Management Services at Nesco Centre in Mumbai. The policy also applies to the subsidiary Company.

**2. Strategies/ initiatives to address global environmental issues such as climate change, global warming, etc**

We are cognizant of the impacts of climate change on our business in the medium and long term.

Manufacturing Division	Facilities Development and Management
We are constantly taking energy efficiency initiatives at our plants. We did a fuel switch from diesel to natural gas in our furnace.	The IT building 3 which is operational is a Platinum LEED Certified Green Building. Similarly the new IT building 4, which is under construction, is planned as a Platinum Certified Green Building.

**3. Does the Company identify and assess potential environmental risks?**

Environment and climate change related risks are part of the enterprise risk management framework and are considered under project risk, business operation risk, risk of business continuity, marketing risk and compliance risk.

At the operations level, environmental and health and safety risks are identified as a part of the ISO 14001 and OHSAS 18001 Certification.

**4. Does the Company have any project related to Clean Development Mechanism?**

No

**5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc**

We have been taking various energy efficiency initiatives at Nesco IT Park and the manufacturing plants at Karamsad and Vishnoli on an ongoing basis. In FY 2018-19, the following initiatives were taken:

- At the Bombay Exhibition Centre, we installed power factor capacitor panels. This has led to almost 10% reduction in electricity consumption.
- At the Manufacturing Plant in Vishnoli, we have installed sub meters to track the electricity consumption from each process. This has helped us to identify the areas for improvement in energy efficiency.
- We have started running the Foundry Plant in three shifts. It has enabled us to be energy efficient by reducing idling time by 15%.
- Various measures were taken for replacement and upgradation to more energy efficient machinery at the manufacturing plants for example fuel switch, change in the air pressure line etc.

**6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes. We strictly comply with the conditions laid down in the grant of consent to establish and operate by the Pollution Control Board and the Environmental Clearance.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

In financial year 2018-19, there were no show cause notices or fines from CPCB or SPCB.

**Principle 7 Engage in influencing public and regulatory policy in responsible manner****1. Is your Company a member of any trade and chamber or association? Name major ones that your business deals with:**

As a policy, Nesco does not engage in public policy formulation and lobbying. However, the Company is a member of several leading Industry Associations, including

- National Association of Software and Services Companies (NASSCOM).
- Indian Convention Promotion Bureau (ICPB).
- Indian Exhibition Industry Association (IEIA).
- Indo German Chambers of Commerce (IGCC).
- Confederation of Real Estate Developers' Associations of India and Maharashtra Chamber of Housing Industry (CREDAI – MCHI)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

We do not lobby or influence public policy formulation.

## Principle 8 Support Inclusive Growth and Equitable Development

### 1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Our Community Initiatives and projects are governed by the CSR Policy of the Company. We lay emphasis on enhancing quality of life for the community in which we live and work. Our CSR vision is embedded in trust, fairness and care. The focus areas of our CSR Initiatives are education and health. The community development initiatives taken in the reporting year are:

#### Education

- In the F Y 2016-17 Company supported the construction of an additional new building for Smt. C J Patel English Medium School (Karamsad) for Higher Secondary School Education (11 and 12 Standards). The school currently has 568 students from Karamsad and nearby villages. The construction work was completed in the year 2017-18. Currently, the school has 52 students in the 11th and 12th standard.
- In addition, balance finishing work was carried out in Sumant Jethabhai Patel English Medium School in Tarapur Village, Gujarat. New smart class system was also installed during the year. As on 31 March 2019 314 students are studying in this school.
- Company has also contributed to Aga Khan Education Service Centre for various educational programs.

#### Health

- We also supported various organization who works towards promotion of Health Care and various other ailments.
- In the year 2018-19, Company has supported formation of a Dialysis Centre in Karamsad through Charutar Arogya Mandal.

### 2. Are the programmes/projects undertaken through inhouse team/own foundation/external NGO/government structures/any other organization?

The CSR initiatives were undertaken through existing, recognized and approved institutions.

Initiative	Institutions
Construction of a New School Block at Smt. C J Patel English Medium School (Karamsad) and development of smart classes	Karamsad Kelavani Mandal – Karamsad
Sumant Jethabhai Patel English Medium School in Tarapur and development of smart classes	Tarapur Kelavani Mandal – Tarapur
Supporting various programs for providing education to vulnerable class	Aga Khan Education Services – Mumbai
Contribution towards Promotion of Health Care and other related matters	Charutar Arogya Mandal – Karamsad

### 3. Have you done any impact assessment of your initiative?

All the initiatives undertaken by Nesco were chosen with the objective of giving immediate benefits to the beneficiaries including access to latest infrastructure for education and healthcare.

### 4. Company's direct contribution to community development projects - amount in INR and the details of the projects undertaken:

Initiative	Amount Spent in 2018-19 (₹ in lakhs)
Supporting activities for improving a New School Block at Smt. C J Patel English Medium School (Karamsad)	126.73
Supporting activities for improving the learning process at Sumant Jethabhai Patel English Medium School (Karamsad)	60.43
Sumant Jethabhai Patel English Medium School (Tarapur)	14.53
Supporting various programs of Aga Khan Education Services for providing education to the vulnerable classes	250.00
Contribution to Charutar Arogya Mandal (Karamsad)	10.00
Contribution to HDFC Charity Fund for Cancer Cure	0.49

## 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The administration of all the CSR Initiatives is overseen by the CSR Committee of the Board and implemented through institutions who oversee the smooth functioning and long term impact of the infrastructure investments. The future needs are shared with us by these institutions. Depending on the needs of the institutions, the Company provides support in terms of upgradation, repair, etc.

### Principle 9 Engage with and provide value to customers and consumers in a responsible manner

#### 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Owing to the nature of the products and services we provide, immediate resolution of customer complaints is essential for the business.

	Complaints Pending as on 31 March 2019	Comments
Bombay Exhibition Centre	Nil	Complaints received from exhibitors & organizers of exhibitions were related to AC temperature, bird droppings, WiFi, power tripping etc. All complaints were resolved during the event.
Nesco IT Park	Nil	We maintain excellent quality of infrastructure, security and housekeeping. All feedback received from the occupants is taken seriously and considered.
Indabrator	9	60 - 70% of the products manufactured are non standard products customized to customer requirements. Further we provide end to end solution which includes providing product, spares and maintenance of the machinery.

#### 2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

##### Nesco IT Park and Bombay Exhibition Centre

We are not required to display any information on the product and services. However, where relevant, we share details of the key features of our service offerings for the exhibition halls and the IT Park.

##### Indabrator Division

For both standard and non standard products, we give all the product specific requirements and health and safety measures during installation and use of the product. Where relevant, Material Safety Data Sheets (MSDS) are shared.

#### 3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

We follow fair trade practices. There have been no complaints relating to anti competitive behavior or unfair trade practices by any stakeholders.

	Complaints Received (since last 5 yrs)	Complaints Received (2018-19)	Complaints Pending as on 31 March 2019
Unfair Trade Practices	Nil	Nil	Nil
Irresponsible Advertising	Nil	Nil	Nil
Anti competitive behavior	Nil	Nil	Nil

#### 4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

We have CCTV coverage in the Nesco Premises with a robust system for security management to ensure security of the exhibition halls before, during and after the exhibition.

We are in constant contact with our customers and keep receiving feedback on an ongoing basis. In FY 2018-19, we did not carry out any external Customer Satisfaction Survey. However, we were able to collect feedback from our key customers.

We have a high number of repeat customers in both our businesses.



## INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

To  
 The Members of Nesco Limited  
 Report on the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Nesco Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as 'the standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below to be the Key Audit Matters to be communicated in the Report:

Sr. No.	Key Audit Matters	How was the matter addressed in our audit
1.	<p><b>Capital work-in-progress (Investment Property / Property, Plant &amp; Equipment ("PPE"))</b></p> <p>The Company is constructing Tower 04 in Nesco IT Park for providing office space to Companies engaged in IT/ITeS and related business activities. The amount incurred on Tower 04 and carried in Capital work-in-progress under Investment Property as at 31 March 2019 is ₹ 49,414.05 lakhs. The project needs to be capitalized and depreciated once the assets are ready for use as intended by management. Timing of capitalization of the project and /or classification of categories of items of Investment Property / PPE, if done incorrectly, could result in material misstatement of Capital work-in-progress/Investment Property / PPE with a consequent impact on depreciation charge and results for the year.</p> <p>Refer Note 4(a) to the Standalone Financial Statements.</p>	<p>Our audit procedures included testing the design, implementation and operating effectiveness of controls in respect of Capital work in progress. We tested the source documentation to determine whether the expenditure is of Capital nature and has been properly approved and segregated into appropriate categories. We reviewed operating expenses to determine appropriateness of accounting. Further, through site visit, we physically verified existence of capital work in progress.</p>

### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financials Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the director is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in “Annexure B”;
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended, we report that In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 34(a) and (b) to the standalone financial statements;
  - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For Manubhai & Shah LLP  
Chartered Accountants  
FRN: 106041W/ W100136

Ashish Shah  
Partner  
Membership No. 103750

Mumbai  
24 May 2019

## ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- (iii) According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (“the Act”). Accordingly, the provisions of paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of Section 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We are informed that the maintenance of cost records prescribed by the Central Government of India under Section 148(1) of the Act, is not applicable in respect of the Company’s business.
- (vii) (a) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Custom Duty, Goods and Service Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, no undisputed amounts except as disclosed below are payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Custom Duty, Goods and Service Tax, Cess and other material statutory dues, as applicable were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates
Income Tax	14.66	AY 2007-08

- (c) According to the information and explanations given to us and based on the records of the Company examined by us, the particulars of dues of Income Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty, Value Added Tax, Goods and Service Tax, Cess as at 31st March 2019 which have not been deposited on accounts of any disputes

are as follows:us, the particulars of dues of Income Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty, Value Added Tax, Goods and Service Tax, Cess as at 31 March 2019 which have not been deposited on accounts of any disputes are as follows:

Name of the Statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	IT matter under dispute	7.07	AY 2008-09	ITAT
		38.62	AY 2010-11	ITO
		49.65	AY 2011-12	ITO
		13.15	AY 2012-13	ITO
		0.18	AY 2013-14	ITO
		26.47	AY 2014-15	ITO
		18.80	AY 2016-17	ITO

- (viii) The Company does not have any loans or borrowings from any financial institution, banks and Government. Also, it did not have any outstanding debentures during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) In our opinion, and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting as per paragraph 3(xii) of the Order is not required.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Manubhai & Shah LLP  
Chartered Accountants  
FRN: 106041W/ W100136

Ashish Shah  
Partner  
Membership No. 103750

Mumbai  
24 May 2019

## ANNEXURE – B TO THE INDEPENDENT AUDITOR’S REPORT

The Annexure referred to in paragraph 2(f) under “Report on Other Legal and Regulatory Requirements” section of our report of even date

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Nesco Limited (“the Company”) as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI (the “Guidance Note”) and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the standalone financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Manubhai & Shah LLP  
Chartered Accountants  
FRN: 106041W/ W100136

Ashish Shah  
Partner  
Membership No. 103750

Mumbai  
24 May 2019



Particulars	Note No	As at 31 March	
		2019	2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	9,196.49	9,773.64
Capital work-in-progress	4a	50,713.89	35,641.12
Investment property	5	12,092.68	13,081.30
Intangible assets under development		195.24	58.50
<b>Financial Assets</b>			
Investments	6	50,620.72	42,648.91
Loans / Sundry Deposits	7	353.42	381.29
Current Tax Assets ( Net)	8	781.82	859.68
Other non current assets	9	3,906.10	4,067.97
<b>Total Non-Current Assets</b>		<b>1,27,860.36</b>	<b>1,06,512.41</b>
<b>Current Assets</b>			
Inventories	10	903.02	1,241.23
<b>Financial assets</b>			
Investments	6	2,520.84	7,226.61
Trade receivables	11	1,804.03	1,344.85
Cash and cash equivalents	12a	200.10	530.72
Other balances with Banks	12b	223.28	150.96
Other financial assets	13	136.47	122.12
Other current assets	14	948.46	743.82
<b>Total Current Assets</b>		<b>6,736.20</b>	<b>11,360.31</b>
<b>Total Assets</b>		<b>1,34,596.56</b>	<b>1,17,872.72</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	15	1,409.20	1,409.20
Other equity	16	1,15,370.26	99,461.11
<b>Total Equity</b>		<b>1,16,779.46</b>	<b>1,00,870.31</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
<b>Financial Liabilities</b>			
Other financial liabilities	17	5,342.08	1,199.10
Provisions	18	352.63	352.59
Deferred tax Liabilities(Net)	19	1,792.75	2,320.70
Other non-current Liabilities	20	1,277.39	339.47
<b>Total Non-current Liabilities</b>		<b>8,764.85</b>	<b>4,211.86</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
<b>Trade Payables</b>			
Total Outstanding dues of Micro Enterprises and Small Enterprises		69.71	-
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,005.74	899.04
Other Financial liabilities	21	3,855.66	7,546.45
Other current Liabilities	22	4,061.67	3,879.15
Provisions	23	45.27	26.98
Current Tax Liabilities ( Net)	24	14.20	438.94
<b>Total Current Liabilities</b>		<b>9,052.25</b>	<b>12,790.56</b>
<b>Total Equity and Liabilities</b>		<b>1,34,596.56</b>	<b>1,17,872.72</b>

Notes forming part of the financial statements  
As per our report of even date

1 to 43  
For and on behalf of the Board

For Manubhai & Shah LLP  
Chartered Accountants  
FRN. 106041W/W100136

Mr. Sumant J. Patel Executive Chairman DIN: 00186976  
Mr. Krishna S. Patel Managing Director DIN: 01519572  
Mr. Dipesh R. Singhanian Chief Financial Officer and Head Legal  
Ms. Jinal J. Shah Company Secretary and Compliance Officer

Ashish Shah  
Partner  
Membership No. 103750

Mumbai, 24 May 2019

Mumbai, 24 May 2019

CIN : L17100MH1946PLC004886

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in lakhs)

Particulars	Note No.	Year	
		2018-2019	2017-2018
<b>Revenue</b>			
Revenue from operations	25	35,905.33	30,440.29
Other income	26	3,300.85	3,606.29
<b>Total Income</b>		<b>39,206.18</b>	<b>34,046.58</b>
<b>Expenses</b>			
Cost of materials consumed	27	2,250.75	1,096.67
Changes in inventories of finished goods and work in progress	28	113.76	(91.43)
Excise duty		-	75.51
Employee benefits expense	29	1,828.52	1,549.13
Finance costs	30	471.09	554.69
Depreciation	4 & 5	1,187.38	1,102.73
Other Expenses	31	8,585.87	6,249.68
<b>Total Expenses</b>		<b>14,437.37</b>	<b>10,536.98</b>
<b>Profit before tax</b>		<b>24,768.81</b>	<b>23,509.60</b>
<b>Tax expense</b>			
(1) Current tax		7,158.16	6,166.00
(2) Deferred tax		(530.44)	(407.67)
(3) Short provision of earlier year		122.84	82.00
<b>Total tax expense</b>		<b>6,750.56</b>	<b>5,840.33</b>
<b>Profit after tax</b>		<b>18,018.25</b>	<b>17,669.27</b>
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
i) Remeasurement of defined employee benefit plans		7.02	8.56
Income tax expense on remeasurement of defined employee benefit plans		(2.45)	(2.92)
ii Net fair value gain /(Loss) on investments in equity instruments through OCI		1.05	0.14
<b>Total Other Comprehensive Income</b>		<b>5.62</b>	<b>5.78</b>
<b>Total Comprehensive Income for the year</b>		<b>18,023.87</b>	<b>17,675.05</b>
Earning Per Equity Share (face value of ₹ 2 each)			
Basic & Diluted ( In ₹)	38	25.57	25.08

Notes forming part of the financial statements  
As per our report of even date

For Manubhai & Shah LLP  
Chartered Accountants  
FRN. 106041W/W100136

Ashish Shah  
Partner  
Membership No. 103750

Mumbai, 24 May 2019

1 to 43  
For and on behalf of the Board

Mr. Sumant J. Patel Executive Chairman DIN: 00186976  
Mr. Krishna S. Patel Managing Director DIN: 01519572  
Mr. Dipesh R. Singhania Chief Financial Officer and Head Legal  
Ms. Jinal J. Shah Company Secretary and Compliance Officer

Mumbai, 24 May 2019

CIN : L17100MH1946PLC004886

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

## A) EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at 31 March	
	2019	2018
Balance at the beginning of the reporting year	1,409.20	1,409.20
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	1,409.20	1,409.20

## B) OTHER EQUITY

(₹ in lakhs)

Particulars	Reserves and Surplus				Equity Instruments through OCI	Other items of Other Comprehensive Income	Total Other Equity
	Retained Earnings	Preference Shares Redemption Reserve	General Reserve	Revaluation Reserve *			
<b>Balance as at 01 April 2017(A)</b>	<b>50.00</b>	<b>9.56</b>	<b>82,965.07</b>	<b>640.11</b>	<b>13.28</b>	<b>(26.27)</b>	<b>83,651.75</b>
<b>Additions during the year</b>							
Profit for the year	17,669.27	-	-	-	-	-	17,669.27
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	-	-	5.64	5.64
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	0.14	-	0.14
<b>Total Comprehensive Income for the year 2017-18 (B)</b>	<b>17,669.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.14</b>	<b>5.64</b>	<b>17,675.05</b>
<b>Reductions during the year</b>							
Dividend	(1,550.12)	-	-	-	-	-	(1,550.12)
Income tax on dividend	(315.57)	-	-	-	-	-	(315.57)
<b>Total (C)</b>	<b>(1,865.69)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,865.69)</b>
<b>Transfers during the year</b>							
Revaluation Reserve transferred to Retained earnings *	640.11	-	-	(640.11)	-	-	-
Retained earnings transferred to General reserve	(16,443.69)	-	16,443.69	-	-	-	-
<b>Total (D)</b>	<b>(15,803.58)</b>	<b>-</b>	<b>16,443.69</b>	<b>(640.11)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 March 2018 E = ( A + B + C +D )</b>	<b>50.00</b>	<b>9.56</b>	<b>99,408.76</b>	<b>-</b>	<b>13.42</b>	<b>(20.63)</b>	<b>99,461.11</b>
<b>Additions during the year</b>							
Profit for the year	18,018.25	-	-	-	-	-	18,018.25
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	4.57	-	-	-	-	-	4.57
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	1.05	-	1.05
<b>Total Comprehensive Income for the year 2018-19 (F)</b>	<b>18,022.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.05</b>	<b>-</b>	<b>18,023.87</b>

<b>Adjustments during the year</b>							
Inventory valuation adjusted against reserves	-	-	(161.00)	-	-	-	(161.00)
<b>Total (G)</b>	-	-	<b>(161.00)</b>	-	-	-	<b>(161.00)</b>
<b>Reductions during the year</b>							
Dividend	(1,620.60)	-	-	-	-	-	(1,620.60)
Income tax on dividend	(333.12)	-	-	-	-	-	(333.12)
<b>Total (H)</b>	<b>(1,953.72)</b>	-	-	-	-	-	<b>(1,953.72)</b>
<b>Transfers during the year</b>							
Opening remeasurement of the defined benefit plans transferred to retained earnings	(20.63)	-	-	-	-	20.63	-
Retained earnings transferred to General reserve	(16,048.48)	-	16,048.48	-	-	-	-
<b>Total (I)</b>	<b>(16,069.10)</b>	-	<b>16,048.48</b>	-	-	<b>20.63</b>	-
<b>Balance as at 31 March 2019 J = ( F + G + H + I )</b>	<b>50.00</b>	<b>9.56</b>	<b>1,15,296.23</b>	-	<b>14.47</b>	-	<b>1,15,370.26</b>

As per our report of even date

For Manubhai & Shah LLP  
Chartered Accountants  
FRN. 106041W/W100136

Ashish Shah  
Partner  
Membership No. 103750  
Mumbai, 24 May 2019

For and on behalf of the Board

Mr. Sumant J. Patel	Executive Chairman	DIN: 00186976
Mr. Krishna S. Patel	Managing Director	DIN: 01519572
Mr. Dipesh R. Singhania	Chief Financial Officer and Head Legal	
Ms. Jinal J. Shah	Company Secretary and Compliance Officer	

Mumbai, 24 May 2019

CIN : L17100MH1946PLC004886  
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 MARCH 2019

(₹ in lakhs)

Particulars	Year	
	2018-2019	2017-2018
<b>A) Cash Flow from operating activities</b>		
Net Profit before income tax	24,768.81	23,509.60
Add / (Less):		
Depreciation	1,187.38	1,102.73
Interest income	(8.25)	(5.79)
Dividend income	(116.92)	(207.34)
Finance costs	471.09	554.69
Loss on Sale / Asset Written off	321.79	8.06
Net gain arising on financial assets measured at FVTPL	(2,628.99)	(3,023.39)
Inventory valuation adjusted against reserves	(161.00)	-
Lease rental income	(485.93)	(450.33)
Bad debts/sundry balance written off	122.54	118.79
Allowance for Doubtful Bad Debts	155.39	18.16
Sundry creditors/liabilities written back (net)	(81.59)	(158.71)
	<u>(1,224.49)</u>	<u>(158.71)</u>
Operating profit before change in operating assets and liabilities	23,544.32	21,466.47
Add / (Less):		
(Increase)/Decrease in Inventory	338.21	90.01
(Increase)/Decrease in Trade receivable	(737.13)	(370.05)
(Increase)/Decrease in other assets	(291.31)	(82.43)
Increase/(Decrease) in Trade payables	258.00	(224.50)
Increase / (Decrease) in provisions	18.33	(925.70)
Increase/(Decrease) in other liabilities	1,621.12	126.80
	<u>1,207.22</u>	<u>126.80</u>
<b>Cash generated from operations</b>	<b>24,751.54</b>	<b>20,080.60</b>
Add / (Less):		
Income Tax paid (Net of refund)	(7,627.88)	(5,735.09)
	<u>(7,627.88)</u>	<u>(5,735.09)</u>
<b>Net Cash generated from operating activities - [A]</b>	<b>17,123.66</b>	<b>14,345.51</b>
<b>B) Cash Flow from investing activities</b>		
Purchase of fixed assets / Capital work in Progress / Capital Advances	(14,991.03)	(13,731.14)
Purchase of investments	(30,323.15)	(21,610.68)
Investments in deposits	27.87	(106.27)
Proceeds from sale of investments	29,687.17	22,962.61
Interest received	8.25	5.79
Dividend received	116.92	207.34
	<u>(15,473.97)</u>	<u>207.34</u>
<b>Net Cash used in investing activities - [B]</b>	<b>(15,473.97)</b>	<b>(12,272.35)</b>
<b>C) Cash Flow used in financing activities</b>		
Finance costs paid	(26.59)	(40.33)
Dividend paid to shareholders' FY 17-18	(1,620.60)	(1,550.12)
Tax paid on dividend FY 17-18	(333.12)	(315.57)
	<u>(1,980.31)</u>	<u>(315.57)</u>
<b>Net Cash used in financing activities - [C]</b>	<b>(1,980.31)</b>	<b>(1,906.02)</b>
Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C)	(330.62)	167.14
Cash/Cash Equivalents at the beginning of the year	530.72	363.58
Cash/Cash Equivalents at the end of the year	<u>200.10</u>	<u>530.72</u>

**Notes**

- a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS- 7)- Statement of Cash Flow

(₹ in lakhs)

Particulars	As at 31 Mach 2019	As at 31 Mach 2018
b) Cash and Cash Equivalent comprises of		
Cash on hand	0.64	0.90
Balances with Banks in Current Acocunt	199.46	529.82
Cash and Cash Equivalents in Cash Flow Statements	<u>200.10</u>	<u>530.72</u>

As per our report of even date

For Manubhai & Shah LLP  
Chartered Accountants  
FRN. 106041W/W100136

Ashish Shah  
Partner  
Membership No. 103750

Mumbai, 24 May 2019

For and on behalf of the Board

Mr. Sumant J. Patel	Executive Chairman	DIN: 00186976
Mr. Krishna S. Patel	Managing Director	DIN: 01519572
Mr. Dipesh R. Singhania	Chief Financial Officer and Head Legal	
Ms. Jinal J. Shah	Company Secretary and Compliance Officer	

Mumbai, 24 May 2019

## Background

Nesco Limited (“Nesco” or “the Company”) was incorporated on 15 April 1946, under the Indian Companies Act VII of 1913. The Company is domiciled in India having registered office at Nesco Center, Western Express Highway, and Goregaon (East), Mumbai 400063 and listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is mainly engaged in the following.

- i) Licencing premises in IT park buildings and providing rental services.
- ii) Licencing other premises for exhibitions and providing services to the organisers.
- iii) Manufacturing of machines and capital equipment.
- iv) Hospitality and catering services

### Note 1 - Basis of Preparation of Financial Statements:

#### a) Compliance with Ind AS

These financial statements have been prepared in compliance with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act 2013 (The Act) ,read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended)

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of the accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

#### b) Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:-

- i) The asset / liability is expected to be realised / settled in the Company’s normal operating cycle;
- ii) The asset is intended for sale or consumption;
- iii) The asset/liability is held primarily for the purpose of trading;
- iv) The asset/liability is expected to be realised / settled within twelve months after the reporting period;
- v) The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting cycle;
- vi) In the case of a liability, the Company does not have an unconditional right to defer settlement of a liability for at least twelve months after the reporting cycle;

**All other assets and liabilities are classified as non-current.**

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing their realisation in cash and cash equivalents.

#### c) Functional and Presentation Currency

The Financial Statements are presented in Indian rupees which is the functional currency for the Company. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss. Foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

**d) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of schedule III, unless otherwise stated.

**e) Use of Estimates**

The preparation of Financial Statements in accordance with Ind - AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised and, if material, their effects are disclosed in the notes to the Financial Statements.

**Note 2 - Significant accounting policies****a) Property, plant and Equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are carried at the historical cost, less accumulated depreciation and accumulated impairment losses if any. The cost of Property, Plant and Equipment comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent recognition is done in assets carrying amount or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Profit or Loss on disposal of Property, Plant and Equipment is recognised in the Statement of Profit and Loss. All other repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Expenses incurred on property, plant and equipment, net of income earned during the under development stage prior to its intended use, are disclosed under Capital Work-in-progress.

**b) Investment property :**

Investment properties are properties that are held to earn rentals and /or for capital appreciation and not occupied by the Company for its own use. Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act, 2013.

Investment properties are derecognized either when they have been disposed of or when they are being occupied by the Company for its own use or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

**Depreciation methods, estimated useful lives and residual value:**

Depreciation on Property, Plant and Equipment and Investment Property is provided using the Straight Line Method based on the useful life of the assets as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful life of Property, Plant and Equipment and Investment Property is mentioned below:



<b>Asset Class</b>	<b>Years</b>
Factory Buildings	30
Buildings (other than Factory Buildings)	60
Plant and Equipment	15
Electrical Installations	10
Patterns and Mouldings	8
Kitchen Equipment	5
Furniture and Fixtures and Office equipment :-	
-Office furniture	10
-Computers	3
-Office equipment	5
Vehicles	10

**The Property, plant and equipment acquired under finance leases is depreciated over the asset's useful life.**

**c) Non-Current Assets held for sale :**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortised.

**d) Intangible assets:**

Intangible Assets are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Purchase cost and consultancy fees for major software are amortized over the useful life of the software. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 3 to 5 years.

**e) Impairment of PPE and Intangible Assets:**

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

**f) Inventories :**

Raw materials, work in progress, stores and spares and finished goods are valued at the lower of cost or net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

In determining the cost of raw materials, packing material and stores and spares, weighted average method is used.

Cost of work in progress and finished goods comprises direct materials, direct labour, and an appropriate share of manufacturing overheads.

Cost of Inventories comprises of costs of purchase, cost of conversion, duties and taxes (other than those refundable), inward freight and all other costs incurred in bringing them to their respective present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**g) Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**1. Investments and other Financial Assets:**

**(i) Classification:**

The Company classifies its financial assets in following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on entity's business model for managing financial assets and the contractual terms of cash flow.

**(ii) Initial recognition and measurement:**

At initial recognition, the Company measures a financial asset at fair value, plus in case of a financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

**(iii) Financial Assets measured at amortised cost:**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. A gain or loss on such an instrument is recognised in profit or loss. Interest income from these financial assets is included in other income using effective interest method. The losses arising from impairment are recognised in the Statement of Profit and Loss.

**(iv) Financial Assets measured at fair value through other comprehensive income (FVTOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where represent solely payments of principal and interest, are measured at fair value initially as well as at each reporting date through other comprehensive income. Fair value movements in the carrying amount are recognized in the other comprehensive income, except for the recognition of impairment of gains and losses, interest revenue and foreign exchange gain or loss which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**(v) Financial Assets measured at fair value through profit or loss (FVTPL):**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured initially as well as at each reporting date at fair value through profit or loss as other income. Income from these financial assets is included in other income.

**(vi) Investment in Subsidiary and Associates:**

Investment in equity instruments of Subsidiaries and Associates are measured at cost in accordance with the option available in Ind AS 27, "Separate Financial Statements".

Investment in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in economic environment.

**(vii) Investment in Equity Instruments:**

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI.

Fair value changes in case of the equity instruments classified as FVTOCI are recognised in the Other Comprehensive Income. There is no subsequent reclassification of gains and losses from other comprehensive income to profit or loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains / (losses) in the statement of profit and loss.

Dividends from such investments are recognised in profit and loss as other income when the Company's right to receive payments is established.

Impairment loss (and reversal of impairment loss) on equity instruments measured at FVTOCI are not accounted separately from other changes in fair value.

**(viii) Investment in Debt Instruments:**

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**(ix) Impairment of Financial Assets:**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

**(x) De-recognition of financial assets:**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

A financial asset is derecognised only when the Company –

- has transferred the right to receive cash flows from the financial asset or
- retains contractual rights to receive the cash flows of the financial asset, but assumes contractual obligation to pay the cash flows to one or more recipients or
- does not retain the control of the financial asset or
- does not have continuing involvement in the financial asset.

When the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of financial assets. In such cases, financial asset is derecognised. When the entity has not transferred substantially all risks and rewards of ownership of financial asset, the financial asset is not derecognised.

**(xi) Income recognition:**

Interest income from debt instruments is recognised using effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When computing effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments.

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be measured reliably.

## 2. Financial Liabilities:

### i) Classification:

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

### ii) Initial recognition and measurement:

All financial liabilities that are classified as to be subsequently measured not at Fair value through Profit and Loss (FVTPL), are recognised initially at fair value, being transaction price net of directly attributable transaction costs. Financial liabilities include trade and other payables, security deposits etc.

### iii) Subsequent measurement:

All Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included as finance costs in the statement of profit and loss.

### iv) De-recognition of Financial Liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## 3. Offsetting financial instruments:

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### h) Provisions and contingencies:

A provision is recognised, if as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.

### i) Segment Reporting:

Operating segments have been identified on the basis of the nature of business activities from which the Company earns revenues or incurs expenses and for which discrete financial information is available. The Chief Operating Decision Maker monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The Operating segments have been identified on the basis of the nature of products / services.

1. Segment revenue includes sales and other income directly identifiable with/ allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with/ or allocable to segments are considered for determining the segment result. Expenses which relate the Company as a whole and not allocable to segments are included in un-allocable expenditure.
3. Income which relates to the Company as a whole and not allocable to segments is included in un-allocable income.
4. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

**j) Revenue Recognition:**

Effective 01 April 2018, Company adopted Ind AS 115 "Revenue from Contracts" however the impact of the adoption of Ind AS 115 on the financial statements is insignificant.

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Recognition of revenue from major business activities:-

1. Revenue from Industrial Capital Goods Division operations includes sale of manufactured machines and capital equipment, engineering fees, services and other charges. Revenue from sale of goods is recognized when all the control on the goods have been transferred to the buyer as per the terms of the contracts and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.
2. Revenue from Bombay Exhibition Centre operations includes renting of halls for exhibitions, events and providing other related services to the organisers. Revenue from such renting activities and the related services is recognised in the accounting period in which the event occurs.
3. Revenue from IT Park operations includes income of renting office space in IT park and providing related services to IT / ITES companies.
4. Interest income is recognised using effective interest method and dividend income is recognised when the right to receive the payment is established.

**k) Income tax:**

Income tax expense comprises current tax and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

**1. Current tax:**

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**2. Deferred tax :**

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- Entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- Deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

**l) Cash and cash equivalents :**

Cash and cash equivalents include cash on hand, Balances with Banks, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**m) Trade Receivables :**

Trade receivables are non- interest bearing and receivable in normal operating cycle. Trade receivables are recognised initially at fair value (that is transaction price on initial recognition) and subsequently measured at amortised cost using effective interest method, less provision for impairment.

**n) Leases**

- **As a lessee :**

Leases of property, plant and equipment where the Company has substantially transferred all the risks and rewards of ownership are classified as finance leases.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

- **As a lessor :**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Leases of assets where the Company transfers substantially all the risks and rewards of ownership are classified as finance leases.

**o) Earnings per share :**

Basic Earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

**p) Employee Benefits :****1. Short term obligations:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**2. Other long term employee obligations :**

Entitlements to annual leave are recognized when they accrue to employees. Annual leave can either be availed or encashed at the time of separation or retirement subject to a restriction on the maximum number of 42 days of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.

**3. Post-employment obligations :**

The Company operates the following post-employment schemes.

**i) Defined benefit plans (gratuity) :**

The Company has unfunded defined benefit gratuity plan for employees.

Recognition and measurement of Defined Benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability / (asset) comprising actuarial gains and losses are recognized in Other Comprehensive Income. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

**ii) Defined contribution plans such as provident fund :**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**q) Proposed Dividend:**

The final dividend recommended by the Board of Directors is accounted in the financial year in which it is approved by the shareholders in the Annual General Meeting.

**r) Recent Accounting pronouncements issued but not yet effective**

Ind AS 116 Leases

Ind AS 12 Income Taxes (Amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

Ind AS 19 Employee Benefits (Plan Amendment, Curtailment or Settlement)

Ind AS 23 Borrowing Costs (Amendment)

These amendments are applicable to the Company from 01 April 2019. The Company is evaluating the requirements of the amendments and the effect on the financial statements.

**Note 3 - Key accounting estimates and judgements:**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**a) Income taxes:**

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions

**b) Property, Plant and Equipment:**

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**c) Defined Benefit Obligation:**

The costs of providing other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

**d) Fair value measurement of Financial Instruments:**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**Note 4 - Property, Plant and Equipment**
**Changes in carrying value of Property, Plant and Equipment for the year ended 31 March 2019**

(₹ in lakhs)

Tangible Assets	Freehold land	Freehold building*	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Vehicles	Total
<b>Opening gross carrying amount</b>	<b>638.23</b>	<b>4,358.09</b>	<b>3,705.68</b>	<b>1,321.22</b>	<b>655.84</b>	<b>437.93</b>	<b>11,116.99</b>
Additions	-	42.32	94.88	40.66	39.09	-	216.95
Deductions / Adjustments	-	-	(83.06)	-	-	-	(83.06)
<b>Closing gross carrying amount</b>	<b>638.23</b>	<b>4,400.41</b>	<b>3,717.50</b>	<b>1,361.88</b>	<b>694.93</b>	<b>437.93</b>	<b>11,250.88</b>
Opening accumulated depreciation	-	211.44	634.58	203.55	188.55	105.24	1,343.36
Depreciation during the year	-	111.86	309.85	127.24	117.00	45.07	711.03
Deductions / Adjustments	-	-	-	-	-	-	-
<b>Closing accumulated depreciation and impairment</b>	<b>-</b>	<b>323.30</b>	<b>944.43</b>	<b>330.79</b>	<b>305.55</b>	<b>150.31</b>	<b>2,054.39</b>
<b>Net carrying amount</b>	<b>638.23</b>	<b>4,077.11</b>	<b>2,773.07</b>	<b>1,031.09</b>	<b>389.38</b>	<b>287.62</b>	<b>9,196.49</b>

**Changes in carrying value of Property, Plant and Equipment for the year ended 31 March 2018**

(₹ in lakhs)

Tangible Assets	Freehold land	Freehold building*	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Vehicles	Total
<b>Opening gross carrying amount</b>	<b>638.23</b>	<b>2,162.01</b>	<b>2,322.66</b>	<b>929.50</b>	<b>287.85</b>	<b>375.74</b>	<b>6,762.85</b>
Additions	-	2,196.08	1,383.02	399.31	367.99	3.05	4,349.45
Deductions / Adjustments	-	-	-	(7.59)	-	59.14	51.55
<b>Closing gross carrying amount</b>	<b>638.23</b>	<b>4,358.09</b>	<b>3,705.68</b>	<b>1,321.22</b>	<b>655.84</b>	<b>437.93</b>	<b>11,116.99</b>
Opening accumulated depreciation	-	96.04	361.02	88.06	81.85	0.72	682.97
Depreciation during the year	-	115.40	273.56	115.49	106.70	45.38	655.69
Deductions / Adjustments	-	-	-	-	-	59.14	59.14
<b>Closing accumulated depreciation and impairment</b>	<b>-</b>	<b>211.44</b>	<b>634.58</b>	<b>203.55</b>	<b>188.55</b>	<b>105.24</b>	<b>1,343.35</b>
<b>Net carrying amount</b>	<b>638.23</b>	<b>4,146.65</b>	<b>3,071.10</b>	<b>1,116.28</b>	<b>467.29</b>	<b>332.69</b>	<b>9,773.64</b>

\* Freehold Buildings include Karamsad factory which is situated on land taken on rent from Mr. Sumant J. Patel, Executive Chairman

**Note 4a - Capital work-in-progress**

(₹ in lakhs)

Particulars	Property Plant & Equipment		Investment Property		Total	
	As at 31 March		As at 31 March		As at 31 March	
	2019	2018	2019	2018	2019	2018
Office Equipments	0.86	-	-	-	0.86	-
Freehold Building	773.05	746.54	49,938.98	34,894.58	50,713.03	35,641.12
<b>Total</b>	<b>773.91</b>	<b>746.54</b>	<b>49,939.98</b>	<b>34,894.58</b>	<b>50,713.89</b>	<b>35,641.12</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 5 - Investment Property

Changes in carrying value of Investment property for the year ended 31 March 2019

(₹ in lakhs)

Particulars	Freehold building	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Total
<b>Opening gross carrying amount</b>	<b>11,110.40</b>	<b>1,361.92</b>	<b>854.86</b>	<b>980.89</b>	<b>14,308.07</b>
Additions	0.87	28.00	-	3.03	31.90
Deductions / Adjustments	(276.79)	(105.92)	(150.05)	(111.38)	(644.14)
<b>Closing gross carrying amount</b>	<b>10,834.48</b>	<b>1,284.01</b>	<b>704.81</b>	<b>872.54</b>	<b>13,695.83</b>
Opening accumulated depreciation	541.16	285.16	302.63	97.82	1,226.77
Depreciation during the year	180.12	97.54	102.21	96.48	476.35
Deductions / Adjustments	(12.46)	(18.99)	(39.42)	(29.10)	(99.97)
<b>Closing accumulated depreciation and impairment</b>	<b>708.82</b>	<b>363.71</b>	<b>365.42</b>	<b>165.20</b>	<b>1,603.15</b>
<b>Net carrying amount</b>	<b>10,125.66</b>	<b>920.29</b>	<b>339.39</b>	<b>707.34</b>	<b>12,092.68</b>

Changes in carrying value of Investment property for the year ended 31 March 2018

(₹ in lakhs)

Particulars	Freehold building	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Total
<b>Opening gross carrying amount</b>	<b>11,065.91</b>	<b>1,361.92</b>	<b>846.66</b>	<b>189.16</b>	<b>13,463.65</b>
Additions	23.92	-	20.79	791.73	836.44
Deductions / Adjustments	20.57	-	(12.59)	-	7.98
<b>Closing gross carrying amount</b>	<b>11,110.40</b>	<b>1,361.92</b>	<b>854.86</b>	<b>980.89</b>	<b>14,308.07</b>
Opening accumulated depreciation	337.85	185.68	208.33	40.28	772.13
Depreciation during the year	182.74	99.48	106.42	57.54	446.18
Deductions / Adjustments	20.57	-	(12.12)	-	8.45
<b>Closing accumulated depreciation and impairment</b>	<b>541.16</b>	<b>285.16</b>	<b>302.63</b>	<b>97.82</b>	<b>1,226.77</b>
<b>Net carrying amount</b>	<b>10,569.24</b>	<b>1,076.76</b>	<b>552.23</b>	<b>883.07</b>	<b>13,081.30</b>

**Note :** The extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on Stamp Duty Ready Reckoner published by Government of India every year. As at 31 March 2019, the fair value of the Investment property is ₹ 1,26,891.51 lakhs.

The Company has no restrictions on the realisability of its investment properties.

#### The amount recognised in the Statement of Profit and Loss :-

(₹ in lakhs)

Particulars	Amount
1) Rental income from Investment Property	13,696.98
2) Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	2,745.70
3) Direct operating expenses (including repairs and maintenance) arising from investment property that did not generated rental income during the period	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**Note 6 - Investments**

(₹ in lakhs)

Particulars	As at 31 March 2019 Carrying Value	As at 31 March 2018 Carrying Value
<b>A) Investments - Non-Current</b>		
<b>Unquoted</b>		
Investment in Equity instruments - Subsidiary measured at cost	25.10	24.99
Investment in Government Securities measured at cost	1.00	1.00
Other Investment measured at cost	0.03	0.03
<b>Total - A</b>	<b>26.13</b>	<b>26.02</b>
<b>Quoted</b>		
<b>Investment carried at fair value through OCI</b>		
Fully paid equity shares	14.52	13.47
<b>Total - B</b>	<b>14.52</b>	<b>13.47</b>
<b>Investment carried at fair value through profit and loss</b>		
Fixed Maturity Plans	10,265.99	245.48
Debt Funds	23,353.30	25,790.09
Short Term Debt Funds	12,179.44	11,740.02
Floating rate Debt Funds	258.04	1,060.98
Balanced Funds	1,449.92	799.35
Equity Funds	2,747.35	2,409.90
Liquid Funds	-	250.37
MIP Funds	326.03	313.25
<b>Total - C</b>	<b>50,580.07</b>	<b>42,609.43</b>
<b>Total Non Current Investments A+B+C</b>	<b>50,620.72</b>	<b>42,648.91</b>

(₹ in lakhs)

Particulars	As at 31 March 2019 Carrying Value	As at 31 March 2018 Carrying Value
<b>B) Investments - Current</b>		
<b>Investments in Mutual Funds carried at fair value through profit and loss</b>		
Debt funds - ultra short term bond funds	2,520.84	7,226.61
<b>Total</b>	<b>2,520.84</b>	<b>7,226.61</b>
<b>Total Current Investments</b>	<b>2,520.84</b>	<b>7,226.61</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Note 7 Loans (Unsecured, Considered Good)</b>		
Security Deposits with Public Bodies	353.42	381.29
	<b>353.42</b>	<b>381.29</b>
<b>Note 8 Current Tax Assets (Net)</b>		
Advance payment of income tax (net)	781.82	859.68
	<b>781.82</b>	<b>859.68</b>
<b>Note 9 Other non current assets</b>		
Capital Advances	3,906.10	4,067.97
	<b>3,906.10</b>	<b>4,067.97</b>
<b>Note 10 Inventories (At lower of cost and net realisable value)</b>		
Raw Materials	444.53	520.65
Work in progress	441.15	715.91
Stores and spares	17.34	4.67
	<b>903.02</b>	<b>1,241.23</b>
<b>Note 11 Trade Receivables</b>		
a) Unsecured, considered good	1,804.03	1,344.85
b) Credit Impaired	173.55	18.16
	<b>1,977.58</b>	<b>1,363.01</b>
Less Allowances for doubtful Trade Receivable	(173.55)	(18.16)
	<b>1,804.03</b>	<b>1,344.85</b>
<b>Note 12 Cash and Bank Balances</b>		
a) Cash and cash equivalents		
Balances with banks in Current Accounts	199.46	529.82
Cash on hand	0.64	0.90
	<b>200.10</b>	<b>530.72</b>
b) Other balances with banks		
Bank Deposits with less than 12 months of original maturity	62.14	-
Unclaimed dividend **	161.14	150.96
	<b>223.28</b>	<b>150.96</b>
**The Company can utilise these balances only towards settlement of unclaimed dividend.		
<b>Note 13 Other financial assets</b>		
Bank Deposits with more than 12 months of original maturity	56.27	57.19
Deposits (Others)	78.67	64.93
Other receivables	1.53	-
	<b>136.47</b>	<b>122.12</b>
<b>Note 14 Other current assets</b>		
Advance Recoverable in Cash or Kind	97.31	77.03
Balances with Government Authorities		
Sales tax and GST	424.41	499.55
Advances to Suppliers	127.72	69.39
Advance to staff	4.65	5.61
Other receivables	294.37	92.24
	<b>948.46</b>	<b>743.82</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 15 - Equity Share Capital

(₹ in lakhs)

Particulars	As at	
	31 March 2019	31 March 2018
<b>Share Capital</b>		
Authorised		
7,37,50,000 Equity Shares of ₹ 2 each (Previous year 7,37,50,000 Equity Shares of ₹ 2 each)	1,475.00	1,475.00
2,50,000 Preference Shares of ₹ 10 each (Previous year 2,50,000 Preference Shares of ₹ 10 each)	25.00	25.00
<b>Total</b>	<b>1,500.00</b>	<b>1,500.00</b>
Issued, Subscribed and Paid up Capital		
7,04,59,960 Equity Shares of ₹ 2 each, fully paid up (Previous year 7,04,59,960 Equity Shares of ₹ 2 each)	1,409.20	1,409.20
<b>Total</b>	<b>1,409.20</b>	<b>1,409.20</b>

#### a) Reconciliation of shares outstanding at the beginning and at the end of the year

Fully Paid Equity Shares	As at 31 March 2019		As at 31 March 2018	
	Equity Shares		Equity Shares	
	Number	₹	Number**	₹
At the beginning of the year	7,04,59,960	14,09,19,920	1,40,91,992	14,09,19,920
At the end of the year	7,04,59,960	14,09,19,920	7,04,59,960	14,09,19,920

\*\* Pursuant to the approval of the members at the 58th Annual General Meeting of the Company held on 14 August 2017 to the sub-division of the equity shares of the Company, each equity share of nominal face value of ₹ 10 each was sub-divided to 5 (five) equity share of ₹ 2 each. The effective date for the said sub-division was 05 September 2017.

#### b) Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. Payment of dividend is made in foreign currency to shareholders outside India. The Board of Directors at its meeting held on 24 May 2019 have recommended a payment of dividend of ₹ 2.50 per equity share of the face value of ₹ 2 each for the financial year ended 31 March 2019 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in cash outflow of ₹ 2,123.59 lakhs inclusive of dividend tax of ₹ 362.09 lakhs

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c) Details of shareholding more than 5% equity shares in the Company@

Name of Shareholders	As at 31 March 2019		As at 31 March 2018	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Chandler & Price India Pvt.Ltd.	1,94,49,842	27.60	1,94,38,327	27.59
Mr. Sumant J. Patel	90,07,335	12.78	90,07,335	12.78
Patel Consultancy Services Pvt. Ltd.	52,58,000	7.46	52,58,000	7.46
Mrs. Sudha S. Patel	45,74,720	6.49	45,74,720	6.49
Engineering Global Pte Limited	44,72,000	6.35	44,72,000	6.35

@ As per the records of the Company, including its register of members.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 16 - Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus				Equity Instruments through OCI	Other items of Other Comprehensive Income	Total Other Equity
	Retained Earnings	Preference Shares Redemption Reserve	General Reserve	Revaluation Reserve*			
<b>Balance as at 01 April 2017(A)</b>	50.00	9.56	82,965.07	640.11	13.28	(26.27)	83,651.75
<b>Additions during the year</b>							
Profit for the year	17,669.27	-	-	-	-	-	17,669.27
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	-	-	-	-	-	5.64	5.64
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	0.14	-	0.14
<b>Total Comprehensive Income for the year 2017-18 (B)</b>	<b>17,669.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.14</b>	<b>5.64</b>	<b>17,675.05</b>
<b>Reductions during the year</b>							
Dividend	(1,550.12)	-	-	-	-	-	(1,550.12)
Income tax on dividend	(315.57)	-	-	-	-	-	(315.57)
<b>Total (C)</b>	<b>(1,865.69)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,865.69)</b>
<b>Transfers during the year</b>							
Revaluation Reserve transferred to Retained earnings*	640.11	-	-	(640.11)	-	-	-
Retained earnings transferred to General reserve	(16,443.69)	-	16,443.69	-	-	-	-
<b>Total (D)</b>	<b>(15,803.58)</b>	<b>-</b>	<b>16,443.69</b>	<b>(640.11)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 March 2018 E = ( A + B + C +D )</b>	<b>50.00</b>	<b>9.56</b>	<b>99,408.76</b>	<b>-</b>	<b>13.42</b>	<b>(20.63)</b>	<b>99,461.11</b>
<b>Additions during the year</b>							
Profit for the year	18,018.25	-	-	-	-	-	18,018.25
Items of OCI for the year, net of tax							
Remeasurement of the defined benefit plans	4.57	-	-	-	-	-	4.57
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	1.05	-	1.05
<b>Total Comprehensive Income for the year 2018-19 (F)</b>	<b>18,022.82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.05</b>	<b>-</b>	<b>18,023.87</b>
<b>Adjustments during the year</b>							
Change in opening inventory charged to opening reserve	-	-	(161.00)	-	-	-	(161.00)
<b>Total (G)</b>	<b>-</b>	<b>-</b>	<b>(161.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(161.00)</b>
<b>Reductions during the year</b>							
Dividend	(1,620.60)	-	-	-	-	-	(1,620.60)
Income tax on dividend	(333.12)	-	-	-	-	-	(333.12)
<b>Total (H)</b>	<b>(1,953.72)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,953.72)</b>

<b>Transfers during the year</b>							
Opening remeasurement of the defined benefit plans transferred to retained earnings	(20.63)	-	-	-	-	20.63	-
Retained earnings transferred to General reserve	(16,048.48)	-	16,048.48	-	-	-	-
<b>Total (I)</b>	<b>(16,069.10)</b>	<b>-</b>	<b>16,048.48</b>	<b>-</b>	<b>-</b>	<b>20.63</b>	<b>-</b>
<b>Balance as at 31 March 2019 J = ( F + G + H +I )</b>	<b>50.00</b>	<b>9.56</b>	<b>1,15,296.23</b>	<b>-</b>	<b>14.47</b>	<b>-</b>	<b>1,15,370.26</b>

#### Description of nature and purpose of each reserve

General Reserve	This reserve was created from time to time by way of transfer profits from retained earnings for appropriation purpose. General Reserve is created by a transfer from other component of equity to another and is not an item of other comprehensive income
Equity Instruments through Other Comprehensive Income	This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off
Preference Shares Redemption Reserve	This reserve was created for redemption of preference shares
Other Comprehensive Income	This represents cumulative gains and losses on revaluation of long term employee benefits
Revaluation Reserve	This reserve was created out of revaluation of Freehold Land and Building, which was transferred to General Reserve in Financial year 2017-2018

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Note 17 Other financial liabilities ( Non Current)</b>		
Security deposit from IT Park licencees and others	5,342.08	1,199.10
	<b>5,342.08</b>	<b>1,199.10</b>
<b>Note 18 Provisions ( Non Current)</b>		
a) Provision for Employee benefits ( Refer Note No 40 )		
Gratuity	143.41	142.44
Leave Encashment	37.86	38.79
b) Compensation Payable	171.36	171.36
	<b>352.63</b>	<b>352.59</b>
<b>Note 19 Deferred tax liabilities (Net)</b>		
Opening Balance	2,320.70	2,725.45
Difference between written down value of fixed assets as per the Companies Act, 2013 and Income tax Act,1961	89.80	87.45
Provision for expenses allowed for tax purpose on payment basis	(19.57)	(20.92)
Difference in carrying value and tax base of investments measured at FVTPL	(548.40)	(480.54)
Allowance of doubtful debts and advances	(47.33)	6.31
Remeasurement of the defined benefit plan through OCI	(2.45)	2.96
	<b>1,792.75</b>	<b>2,320.70</b>
(Refer Note No 41 "Income Taxes" for further details)		
<b>Note 20 Other non-current liabilities</b>		
Advance Lease Rentals	1,277.39	339.47
	<b>1,277.39</b>	<b>339.47</b>
<b>Note 21 Other financial liabilities (Current)</b>		
Unclaimed dividend	161.14	150.96
Payable to Employees	162.12	81.39
Payable towards Capital Expenditures	1,425.90	922.80
Security Deposits	1,840.06	6,081.04
Other Payables	266.44	310.26
	<b>3,855.66</b>	<b>7,546.45</b>
<b>Note 22 Other current liabilities</b>		
a) Revenue received in advance		
Advance from customers	3,569.62	3,255.14
b) Others		
Statutory Payables		
Payable towards VAT	6.46	17.81
Payable towards GST	339.29	363.92
Payable towards TDS / TCS	133.25	229.97
Payable towards PF / ESIC /PT	13.05	12.31
	<b>4,061.67</b>	<b>3,879.15</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Note 23 Provisions ( Current)</b>		
Provision for Employee benefits ( Refer Note No 40)		
Gratuity	24.73	22.37
Leave Encashment	4.30	4.61
Provision for Warranty	16.24	-
	<b>45.27</b>	<b>26.98</b>
<b>Note 24 Current Tax Liabilities ( Net)</b>		
Provision for income tax (net)	14.20	438.94
	<b>14.20</b>	<b>438.94</b>

(₹ in lakhs)

Particulars	Year	
	2018 - 2019	2017- 2018
<b>Note 25 Revenue from Operations.</b>		
a) Sale of Products		
Sales of Machines and Spares ( Including Excise duty)	3,127.67	2,484.28
b) Sale of Services		
Bombay Exhibition Centre (Rental and Services)	15,597.13	12,970.34
Nesco IT Park (Rental and Services)	13,696.98	14,544.33
Hospitality Services	3,357.57	287.49
Engineering fees, services and other charges	125.98	153.85
	<b>35,905.33</b>	<b>30,440.29</b>
<b>Note 26 Other income</b>		
Interest Income	8.25	5.79
Dividend from mutual fund investments	116.92	207.34
Net gain arising on financial assets measured at FVTPL	2,628.99	3,023.39
Sundry Creditors/liabilities written back (net)	81.59	158.71
Others	465.09	211.06
	<b>3,300.85</b>	<b>3,606.29</b>
<b>Note 27 Cost of materials consumed</b>		
Opening Stock	520.65	649.17
Add : Purchases	2,174.63	968.15
	2,695.28	1,617.32
Less: Closing Stock	444.53	520.65
	<b>2,250.75</b>	<b>1,096.67</b>
<b>Note 28 Changes in Inventories of finished goods and work in progress</b>		
Opening Stock of work-in-progress	715.91	624.48
Less: Change in opening stock valuation	(161.00)	-
Less: Closing Stock of work in progress	(441.15)	(715.91)
	<b>113.76</b>	<b>(91.43)</b>
<b>Note 29 Employee Benefits expense</b>		
Salaries and Wages	1,687.19	1,404.85
Contribution to Provident and other funds	71.83	63.87
Gratuity ( Refer Note No 40)	31.21	29.59
Staff welfare expenses	38.29	50.82
	<b>1,828.52</b>	<b>1,549.13</b>
<b>Note 30 Finance Costs</b>		
Interest on financial liabilities carried at amortised cost	444.50	514.36
Bank charges & guarantee commission	15.02	8.32
Others	11.56	32.01
	<b>471.09</b>	<b>554.69</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	Year	
	2018 - 2019	2017- 2018
<b>Note 31 Other Expenses</b>		
Consumption of stores and spares	106.26	189.66
Power, Fuel & Electricity	1,519.48	1,260.92
Contract Manpower	823.90	445.68
Repairs and maintenance:		
Buildings & Property	428.55	298.73
Plant & Machinery	104.50	220.21
Other Assets	194.97	212.73
Printing, Stationery, Postage and Communication expenses	109.44	89.05
Rent	49.26	46.63
Hire Charges	209.50	84.06
Catering and Other operating supplies	141.73	-
Warranty Expenses	16.24	-
Rates and Taxes	1,008.40	494.49
Water Charges	101.35	82.31
Advertisement and Sales Promotion	164.65	97.08
Membership and Subscription	13.61	9.79
Insurance	36.48	31.89
Housekeeping and Other Office Expenses	240.86	189.97
Loss on Sale / Asset Written off	321.79	8.06
Exchange loss on foreign exchange transactions	2.63	1.87
Travelling, Conveyance and vehicle expenses	147.35	191.71
Payment to Auditors:-		
Audit Fees	20.63	18.75
Certification work	0.14	0.05
Legal & professional fees	444.08	297.11
Event Expenses	774.92	720.28
CSR Expenses (Refer Note No 36)	462.18	411.47
Donation	50.08	8.25
Freight and handling charges	98.81	85.58
Commission to Directors	500.00	475.00
Directors' sitting fees	7.90	7.15
Security charges	137.89	77.77
Bad debts/sundry balance written off	122.54	118.79
Allowance for Doubtful Bad Debts	155.39	18.16
Miscellaneous expenses	70.38	56.48
	<b>8,585.87</b>	<b>6,249.68</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**Note 32**

Category wise classification of financial instruments

**The carrying value of financial instruments by categories as of 31 March 2019 is as follows**

(₹ in lakhs)

Financial Assets / Financial Liabilities	Amortised cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Total carrying value
<b>Financial Assets</b>				
Investments				
Equity Instruments	-	-	14.55	14.55
Investments in Subsidiary	25.10	-	-	25.10
Mutual Funds	-	53,100.91	-	53,100.91
Government Securities	1.00	-	-	1.00
Trade Receivables	1,804.03	-	-	1,804.03
Cash and cash equivalents	200.10	-	-	200.10
Other balances with Banks	223.28	-	-	223.28
Loans / Sundry Deposits	353.42	-	-	353.42
Other financial assets	136.47	-	-	136.47
<b>Total Financial Assets</b>	<b>2,743.40</b>	<b>53,100.91</b>	<b>14.55</b>	<b>55,858.86</b>
<b>Financial Liabilities</b>				
Trade Payables	1,075.45	-	-	1,075.45
Other financial liabilities	9,197.74	-	-	9,197.74
<b>Total Financial Liabilities</b>	<b>10,273.19</b>	<b>-</b>	<b>-</b>	<b>10,273.19</b>

**The carrying value of financial instruments by categories as of 31 March 2018 is as follows**

(₹ in lakhs)

Financial Assets / Financial Liabilities	Amortised cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Total carrying value
<b>Financial Assets</b>				
Investments				
Equity Instruments	-	-	13.50	13.50
Investments in Subsidiary	24.99	-	-	24.99
Mutual Funds	-	49,836.04	-	49,836.04
Government Securities	1.00	-	-	1.00
Trade Receivables	1,344.85	-	-	1,344.85
Cash and cash equivalents	530.72	-	-	530.72
Other balances with Banks	150.96	-	-	150.96
Loans / Sundry Deposits	381.29	-	-	381.29
Other financial assets	122.12	-	-	122.12
<b>Total Financial Assets</b>	<b>2,555.93</b>	<b>49,836.04</b>	<b>13.50</b>	<b>52,405.47</b>
<b>Financial Liabilities</b>				
Trade Payables	899.04	-	-	899.04
Other financial liabilities	8,745.55	-	-	8,745.55
<b>Total Financial Liabilities</b>	<b>9,644.59</b>	<b>-</b>	<b>-</b>	<b>9,644.59</b>

**Fair value hierarchy****Statement of Changes in Equity for the year ended 31 March 2019**

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3

**The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2019:**

(₹ in lakhs)

Particulars	As of 31 March 2019	Fair value hierarchy at the end of the reporting period/year using		
		Level 1	Level 2	Level 3
Investments in Equity Instruments	14.55	14.52	-	0.03
Investments in Mutual Funds	53,100.91	53,100.91	-	-

**The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:**

(₹ in lakhs)

Particulars	As of 31 March 2017	Fair value hierarchy at the end of the reporting period/year using		
		Level 1	Level 2	Level 3
Investments in Equity Instruments	13.50	13.47	-	0.03
Investments in Mutual Funds	49,836.04	49,836.04	-	-

**Note 33. - Financial Risk Management:**
**Financial Risk Factors:**

The Company's financial liabilities comprises mainly of trade payables and other payables. The company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables

The Company's activities are exposed to Market risk, credit risk and liquidity risk. The Company has set up Risk Management Committee in order to minimize any adverse effects of the risk exposure on the financial performance of the Company.

**1. Market Risk:**

Market risk comprises of three types of risk: Currency Risk, Interest rate Risk and Other Price Risk.

**a. Foreign Currency Risk:**

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate due to changes in foreign currency exchange rates. The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

(₹ In lakhs)		
Currency	Receivable as at 31 March 2019	Receivable as at 31 March 2018
US Dollars	5.03	1.56

The Company has not entered into any forward contract during the year ended 31 March 2019 and 31 March 2018. The Company has not entered into any forward instrument for trades or speculation purpose.

**b. Interest Rate Risk:**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has NIL interest bearing borrowings, the exposure to risk of changes in market interest rate is NIL. The Company has not used any interest rate derivatives

**c. Other Price Risk:**

Other Price risk is the risk that fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from both financial assets such as investments in equity instruments and bonds.

The Company invests in units of mutual funds including Fixed Maturity Plans, various debt Funds and Equity funds, and hence exposed to Other Price risk. Company's Treasury dept. manages investments portfolio diversification in order to minimize risk and ongoing monitoring of market prices of investments.

**2. Credit Risk:**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. Trade receivables are typically unsecured and are derived from customers from four operations Nesco IT Park lease, Bombay Exhibition Centre (BEC) revenue, sale of Industrial Capital Goods and Nesco Foods

The maximum exposure to credit risk on account of trade receivables, at the reporting date is ₹1,804.03 lakhs and ₹1,344.85 lakhs as on 31 March 2019 and 31 March 2018 respectively.

The Company minimizes credit risk relating to IT Park lease and BEC business as follows:

The Company obtains security deposits from IT Park lessees and entitled to terminate lease agreement in case lessee makes defaults in payment of lease for a period of two consecutive months.

BEC customers are required to pay advance and place refundable security deposit with the Company.

Whereas, in case of trade receivables from Industrial Capital Goods division for sale of machineries, credit risk

is managed through credit approvals, establishing credit limits and continuously monitored by creditworthiness of customers to whom, credit terms are granted in normal course of business.

The Company takes into account available credit risk factors as Company's historical experience for customers, customers' standing for credit defaults in market.

The allowance for lifetime expected credit loss on customer balances as on 31 March 2019 and 31 March 2018 was ₹ 173.55 lakhs and ₹ 18.16 lakhs respectively.

(₹ In lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Balance at the beginning	18.16	--
Loss allowance measured at lifetime expected credit losses	155.39	18.16
Balance at the end	173.55	18.16

#### Credit risk of financial assets other than Trade receivables:

- Investments in mutual fund schemes are marked to market on ongoing basis, which is major part of total Non-current and current investments.
- Long term loans and advances include deposits with local authorities, electricity Board, electricity companies etc.
- Cash and Cash equivalents are balances with Public and Private Banks.
- Other current assets include deposits with more than 12 months maturities with Public and Private Banks and Earnest Money deposits with Govt. customer.

Credit risk arising from investment in mutual funds, financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognized financial institutions with high credit ratings assigned by the international credit rating agencies.

### 3. Liquidity Risk:

The Company's principal sources of liquidity are cash and cash equivalents, Balances and cash flows that are generated from business. The Company does not have any borrowings. The Company believes that their working capital is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The Company manages the liquidity risk by maintaining adequate cash and cash equivalent ₹ 200.10 lakhs and ₹530.72 lakhs as on 31 March 2019 and 31 March 2018 respectively.

The table below provides details regarding the contractual maturities of significant financial liabilities as on 31 March 2019:

(₹ In lakhs)

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Other financial liabilities (non-current)				
Security deposit from IT Park licensees and others	-	5,342.08	-	5,342.08
Other financial liabilities (current)				
Security deposit from IT Park licensees and others	1,840.06	-	-	1,840.06
Trade Payables	1,075.45	-	-	1,075.45
Other financial liabilities	2,015.59	-	-	2,015.59

Details regarding contractual maturities of significant financial liabilities as on 31 March 2018:

(₹ in lakhs)

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Other financial liabilities (Non-current):				
Security deposit from IT Park licensees and others	--	1,199.10	--	1,199.10
Other financial liabilities (current):				
Trade Payables	899.04	--	--	899.04
Security deposit from IT Park licensees and others	6,081.04	--	--	6,081.04
Other financial liabilities	1,465.41	--	--	1,465.41

**Note 34 - Contingent Liabilities and Commitments:**

- Income-tax demand disputed by the Company ₹ 168.60 lakhs (previous year ₹213.23 lakhs)
- Claims against the Company not acknowledged as debts ₹ 1,462.97 lakhs (previous year ₹ 1,462.97 lakhs)
- Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 14,950.05 lakhs (previous year - ₹ 27,106.90 lakhs) against which an advance of ₹ 3,906.10 lakhs (previous year – ₹ 4,067.97 lakhs) has been paid.
- Indian Bank Guarantees given by bank on Company's behalf ₹ 610.23 lakhs (Previous year – ₹451.51 lakhs). Foreign Bank Guarantees given by bank on Company's behalf NIL (Previous year – US \$2,400)

**Note 35 - Disclosure under the MSMED Act 2006:**

Disclosure under the MSMED Act 2006 are provided as under for the year 2018-19, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act

(₹ in lakhs)

Particulars	As At	
	31 March 2019	31 March 2018
1) Principal amount and the interest due thereon remaining unpaid in each supplier at the end of each accounting year (but within due date as per the MSMED Act)	-	-
Principal amount due to Micro and Small Enterprise	69.71	-
Interest due on above	-	-
2) Interest paid by the company in terms of Section 16 of the MSMED Act 2006, along- with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
3) Interest due and payable for the period of the delay in making payment (which have been paid but beyond the appointed day during the period), but without adding interest specified under the MSMED Act 2006	-	-
4) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
5) Interest due and remaining payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprises	-	-

**Note 36 - Corporate Social Responsibility expense:**

A) Gross amount required to be spent by the Company during the year 2018-19 – ₹ 459.70 lakhs (Previous year ₹ 409.48 lakhs) towards CSR activities prescribed under Schedule VII of the Companies Act, 2013.

**B) Amounts spent during the year on:**

(₹ in lakhs)

Nature of activities	31 March 2019			31 March 2018		
	In Cash**	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
<b>Promoting Education: -</b>						
i) Construction of school	38.98	-	38.98	381.99	-	381.99
ii) Purpose other than i) above	423.20	-	423.20	29.48	-	29.48
<b>Total</b>	<b>462.18</b>	<b>-</b>	<b>462.18</b>	<b>411.47</b>	<b>-</b>	<b>411.47</b>

**C) Related party transactions in relation to Corporate Social Responsibility**

Nature of activities	31 March 2019			31 March 2018		
	In Cash**	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
Related party transactions	-	-	-	-	-	-

\*\* Represents actual outflow during the year

**Note 37 - Leases: Pursuant to Ind AS 17 – Leases following information is disclosed:****Company as Lessor:**

The Company has entered into operating leases on its Property, Plant and Equipment located at Byculla and Goregaon IT Park premises:

Future minimum rentals receivable under these non-cancellable operating leases are, as follows:

(₹ In lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Within one year	9800.70	7,535.69
After one year but not more than five years	18,303.59	8,544.93
More than 5 years	61.50	776.70

There is no contingent rent receivable from lessees under the lease agreements.

**Company as Lessee:**

The company has taken factory land at Karamsad, Gujarat and its corporate office at Mahalakshmi, Mumbai under non-cancellable Operating Lease. The lease rentals are payable by the Company monthly. There is no contingent rent payable to lessors under the lease agreements.



Future minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Within one year	40.50	33.00
After one year but not more than five years	114.75	39.00
More than 5 years	--	--

Lease payment recognized in statement of profit and loss is ₹ 49.26 lakhs (Previous year ₹46.63 lakhs)

**Note 38 - Earnings per share:**

Particulars	2018-19	2017-18
Profit after Tax as per statement of Profit and Loss (₹ in lakhs)	18,018.25	17,669.27
Weighted average Number of equity shares outstanding during the years	7,04,59,960	7,04,59,960
Basic and diluted earnings per share in Rupees (Face value- ₹ 2 per share)	25.57	25.08

With effect from 05 September 2017, face value of the Company's Equity share has been subdivided from ₹ 10 each to ₹ 2 each fully paid up. In compliance with Ind AS 33- Earnings Per Share (EPS), the Company has given effect to the said subdivision of shares in computing the earnings per share for comparative periods.

**Note 39 - Related party disclosures:**

**(a) List of related parties and relationships**

Subsidiary	Nesco Hospitality Pvt Ltd
Entities in which KMPs have significant influence	Patel Consultancy Pvt Ltd J V Patel Investment and Trading Co. Pvt. Ltd. Engineering Global Pte Limited Chandler and Price India Private Limited K S Patel Finance & Investment Company Pvt Ltd
Key Management Personnel	Mr. Sumant J. Patel – Executive Chairman Mr. Krishna S. Patel – Managing Director Mr. Dipesh R. Singhanian – Chief Financial Officer and Head Legal Ms Jinal J. Shah - Company Secretary and Compliance Officer
Relative of Key Management Personnel	Mrs. Sudha S. Patel - Non Executive Director
Non Executive Directors	Mr. Mahendra K. Chauhan Mr. Manu M. Parpia Mr. Jai S. Diwanji Mr. K. S. Srinivasa Murty Ms. Amrita Verma Chowdhury (w.e.f. 14 May 2019)

**(b) Related party transactions**

(₹ in lakhs)

Particulars	2018-2019	2017-2018
<b>Brokerage Income:-</b>		
K S Patel Finance & Investment Company Pvt Ltd	--	9.98
Chandler and Price India Private Limited	185.91	83.22
<b>Rent Expense:-</b>		
Mr. Sumant J. Patel	19.50	19.50
<b>Remuneration, perquisites, commission</b>		
Mr. Sumant J. Patel	446.00	434.00
Mr. Krishna S. Patel	260.88	225.80
Mr. Dipesh R. Singhania	78.28	80.16
Ms. Jinal J. Shah	8.46	7.17
<b>Director sitting fees</b>		
Mrs. Sudha S. Patel	1.40	1.40
Mr. Mahendra K. Chauhan	1.75	1.80
Mr. Manu M. Parpia	1.60	1.05
Mr. Jai S. Diwanji	2.50	1.55
Mr. K. S. Srinivasa Murty	0.65	1.35
<b>Loan received from Subsidiary and repaid during the year</b>	250.00	--
<b>Amounts Payables / (Receivable)</b>		
Mr. Sumant J. Patel	51.16	231.13
Mr. Krishna S. Patel	29.43	85.38
Mr. Dipesh R. Singhania	5.67	9.58
Ms. Jinal J. Shah	0.57	0.53
K S Patel Finance & Investment Company Pvt Ltd	--	(1.10)
Chandler and Price India Private Limited	(20.21)	(9.21)
Nesco Hospitality Pvt Ltd	(20.46)	--
<b>Investments in Subsidiary</b>	0.11	--

**Employee benefits for Key Management Personnel is as follows: -**

(₹ in lakhs)

Particulars	For the year 2018-19	For the year 2017-18
Short-term employee benefits	793.62	747.13
Post-employment benefits	60.57	55.08
Other long-term benefits	13.59	13.60

**Note 40 - Employee Benefits:****1 Post employment benefits:****a. Defined Contribution plan**

Provident Fund and Employee State Insurance Scheme Defined contribution plans are Provident Fund Scheme and Employee State Insurance Scheme. The Company contributes to the Government administered provident funds on behalf of its employees.

**b. Defined Benefit plan**
Gratuity scheme

The Company operates a defined benefit gratuity plan for employees. The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary. The Company creates adequate provision in its books every year based on actuarial valuation. These benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and investment risk

The amounts recognised in the Company's financial statements as at year end are as under:

(₹ in lakhs)

Particulars	Gratuity ( Unfunded)	
	As at 31 March 2019	As at 31 March 2018
Present Value of Benefit Obligation at the Beginning of the Period	164.81	181.35
Interest Cost	12.90	13.22
Current Service Cost	18.30	16.37
(Benefit Paid Directly by the Employer)	(20.85)	(37.58)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	0.62	(8.33)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(7.64)	(0.22)
Present Value of Benefit Obligation at the End of the Period	168.14	164.81

Amount Recognized in the Balance Sheet		
(Present Value of Benefit Obligation at the end of the Period)	(168.14)	(164.81)
Funded Status (Surplus/ (Deficit))	(168.14)	(164.81)
Net (Liability)/Asset Recognized in the Balance Sheet	(168.14)	(164.81)

**Net Interest Cost for Current Period**

Present Value of Benefit Obligation at the Beginning of the Period	164.81	181.35
Net Liability/(Asset) at the Beginning	164.81	181.35
Interest Cost	12.90	13.22
Net Interest Cost for Current Period	12.90	13.22

**Expenses Recognized in the Statement of Profit or Loss for Current Period**

Current Service Cost	18.30	16.38
Net Interest Cost	12.90	13.22
Expenses Recognized	31.21	29.59

## Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period

Actuarial (Gains)/Losses on Obligation For the Period	(7.02)	(8.56)
Net (Income)/Expense For the Period Recognized in OCI	(7.02)	(8.56)

## Balance Sheet Reconciliation

<b>Opening Net Liability</b>	164.81	181.35
Expenses Recognized in Statement of Profit or Loss	31.21	29.59
Expenses Recognized in OCI	(7.02)	(8.56)
(Benefit Paid Directly by the Employer)	(20.85)	(37.59)
Net Liability/(Asset) Recognized in the Balance Sheet	168.14	164.81

## Other Details

No of Active Members	161.00	147.00
Per Month Salary For Active Members	46.51	43.68
Weighted Average Duration of the Projected Benefit Obligation	11.00	10.68
Average Expected Future Service	17.00	15.73
Projected Benefit Obligation	168.14	164.81
The Difference Between Projected Pay-out Based on Opening	-	-
Data And Actual Pay-out	(1.52)	37.59

## Net Interest Cost for Next Year

Present Value of Benefit Obligation at the End of the Period	168.14	164.81
Net Liability/(Asset) at the End of the Period	168.14	164.81
Interest Cost	13.10	12.90
Net Interest Cost for Next Year	13.10	12.90

## Assumptions

Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.79%	7.83%
Rate of Salary Increase	6.00%	6.00%
Rate of Employee Turnover	1.00%	1.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

## Expenses Recognized in the Statement of Profit or Loss for Next Year

Current Service Cost	19.89	18.31
Net Interest Cost	13.10	12.90
Expenses Recognized	32.98	31.21

## Maturity Analysis of the Benefit Payments: From the Employer

### Projected Benefits Payable in Future Years From the Date of Reporting

1st Following Year	24.73	22.37
2nd Following Year	11.24	12.84
3rd Following Year	10.09	18.58
4th Following Year	6.59	9.56
5th Following Year	3.79	6.53
Sum of Years 6 To 10	55.83	41.18
Sum of Years 11 and above	306.71	296.51

### Sensitivity Analysis

Projected Benefit Obligation on Current Assumptions	168.14	164.80
Delta Effect of +1% Change in Rate of Discounting	(7.52)	(7.11)
Delta Effect of -1% Change in Rate of Discounting	8.12	7.70
Delta Effect of +1% Change in Rate of Salary Increase	8.22	7.80
Delta Effect of -1% Change in Rate of Salary Increase	(7.67)	(7.26)
Delta Effect of +1% Change in Rate of Employee Turnover	0.99	1.04
Delta Effect of -1% Change in Rate of Employee Turnover	(1.06)	(1.11)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 2. Long Term Employee Benefits:

The liability towards compensated absences (annual leave) as on 31 March 2019, based on actual valuation carried out by using the project accrued benefit method amount to ₹ 5.90 lakhs (previous year ₹ 5.13 lakhs) has been recognized in the Statement of Profit and Loss.

### Note 41. - Income Taxes:

Income tax expenses in the Statement of Profit and Loss comprise:

(₹ in lakhs)

Particulars	Year 2018-2019	Year 2017-2018
Current Taxes	7,281.00	6,248.00
Deferred Taxes	(530.44)	(407.67)
Income Tax Expenses	6,750.56	5,840.33

Tax expenses includes ₹ 122.84 lakhs (previous year ₹ 82 lakhs) provided during the year against earlier year liability.

A reconciliation of the income tax provisions to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

(₹ in lakhs)

Particulars	Year 2018-2019	Year 2017-2018
Profit before tax	24,768.81	23,509.60
Enacted Tax rate in India	34.94%	34.61%
Computed enacted tax expenses	8,655.21	8,136.20
Add / (Less): Expenses not allowable for tax purposes	404.85	226.10
Add / (Less): Income not considered for tax purpose	(1,474.35)	(1,563.29)
Add / (Less): Effect of expenses, computed differently in tax	(110.47)	(105.99)
Add / (Less): Effect of expenses, which are allowed on payment basis	(17.86)	(3.75)
Add / (Less): Effect of income, considered under other head of income	(829.66)	(930.94)
<b>Total</b>	<b>6,627.72</b>	<b>5,758.33</b>
(Excess) / short provision of earlier years	122.84	82.00
<b>Income Tax Expenses</b>	<b>6,750.56</b>	<b>5,840.33</b>

The Applicable Statutory tax rate for financial year ended 31 March 2019 is 34.94% and for 31 March 2018 is 34.61%.

- Income considered under other head of income, mainly comprises of IT Park rental income considered under 'Income from House property' as per the provisions of Income Tax Act, 1961.
- Income not considered for tax purpose mainly consists of other income on account of fair valuation of Investments in Mutual funds and dividend income from Investments in mutual funds.

Details of income tax assets and liabilities as of 31 March 2019 and 31 March 2018 are as follows:

(₹ In lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Income tax Assets	781.82	887.50
Current Income Tax Liabilities	(14.20)	(466.76)
Net current income tax Assets / (Liabilities)	767.62	420.74

Details of deferred tax assets and liabilities as of 31 March 2019 and 31 March 2018 are as follows:

(₹ In lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax Liabilities	(2,320.70)	(2,822.16)

Deferred Tax Assets	527.95	501.46
Net deferred tax Assets / (Liabilities)	(1,792.75)	(2,320.70)

The gross movement in the Current Tax assets / (liabilities) for the year ended 31 March 2019 and 31 March 2018 is as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net current tax assets / (liabilities) at the beginning of the year	420.74	933.65
Income tax paid		
Advance tax and TDS	7,143.96	5,735.10
Self-Assessment Tax paid/Previous year adjustments	361.08	(82.00)
Current income tax expenses	(7,158.16)	(6,166.00)
Net current tax assets / (liabilities) at the end of the year	767.62	420.74

The gross movement in deferred income Tax account for the year ended 31 March 2019 and 31 March 2018 is as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net deferred tax assets / (liabilities) at the beginning	(2,320.70)	(2,725.45)
(Credit) / charge related to temporary differences	525.50	407.67
Temporary differences on other comprehensive income	2.45	(2.92)
Net deferred tax assets / (liabilities) at the end	(1,792.75)	(2,320.70)

The credits relating to temporary differences during the year ended 31 March 2019 and 31 March 2018 are primarily on account of - Other income due to fair valuation of investments on mutual funds.

#### Note 42 - Proposed Dividend:

The Board of Directors as its meeting held on 24 May 2019, have recommended a payment of dividend of ₹ 2.50 (Rupees Two and Fifty paise ) per equity share of face value of ₹ 2 each for the financial year ended 31 March 2019. The same amounts to ₹ 2,123.59 lakhs inclusive of Dividend Distribution Tax of ₹ 362.09 lakhs.

The above is subject to approval at the ensuing AGM of the Company and hence is not recognized as a liability

#### Note 43 - Segment Reporting:

(₹ in lakhs)

Particulars	2018-19	2017-18
<b>Revenue by Segment</b>		
Nesco IT Park	13,696.98	14,544.33
Bombay Exhibition Centre	15,597.13	12,970.34
Industrial Capital Goods Division	3,253.65	2,638.13
Nesco Foods	3,357.57	287.49
Income from Investments/ Other Income	3,300.85	3,606.29
<b>Total</b>	<b>39,206.18</b>	<b>34,046.58</b>
<b>Segment profit after tax and finance cost</b>		
Nesco IT Park	11,017.85	12,680.63

Bombay Exhibition Centre	12,558.65	10,359.36
Industrial Capital Goods Division	(35.92)	17.87
Nesco Foods	673.42	30.22
Unallocable expenses net off unallocable income	554.81	421.52
<b>Total Operating profit before tax</b>	<b>24,768.81</b>	<b>23,509.60</b>
<b>Other Informations</b>		
<b>Segment Assets</b>		
Nesco IT Park	66,010.22	52,560.42
Bombay Exhibition Centre	5,591.24	5,889.77
Industrial Capital Goods Division	3,280.62	3,415.45
Nesco Foods	3,003.94	3,168.02
Unallocable Assets	56,710.54	52,839.06
<b>Total</b>	<b>1,34,596.56</b>	<b>1,17,872.72</b>
<b>Segment Liabilities</b>		
Nesco IT Park	9,990.61	7,855.54
Bombay Exhibition Centre	3,552.70	3,861.40
Industrial Capital Goods Division	698.05	612.45
Nesco Foods	429.22	232.19
Unallocable Liabilities	3,146.52	4,440.83
<b>Total</b>	<b>17,817.11</b>	<b>17,002.41</b>
<b>Capital Employed</b>		
Nesco IT Park	56,019.61	44,704.88
Bombay Exhibition Centre	2,038.54	2,028.37
Industrial Capital Goods Division	2,582.57	2,803.00
Nesco Foods	2,574.72	2,935.83
Unallocable Assets net of Unallocable Liabilities	53,564.02	48,398.23
<b>Total</b>	<b>1,16,779.46</b>	<b>1,00,870.31</b>
<b>Capital Expenditure</b>		
Nesco IT Park	15,077.31	10,065.86
Bombay Exhibition Centre	153.56	2,869.58
Industrial Capital Goods Division	51.38	26.76
Unallocable Assets	106.16	185.65
Nesco Foods	69.86	1,502.84
<b>Total</b>	<b>15,458.27</b>	<b>14,650.69</b>



## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The Members of Nesco Limited  
Report on the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Nesco Limited ("the Holding Company") and its subsidiary (the Holding company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports on separate financial statement and on the other financial information of subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at 31 March 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below to be the Key Audit Matters to be communicated in the Report:

Sr. No.	Key Audit Matters	How was the matter addressed in our audit
1.	<p><b>Capital work-in-progress (Investment Property / Property, Plant &amp; Equipment ("PPE"))</b></p> <p>The Company is constructing Tower 04 in Nesco IT Park for providing office space to Companies engaged in IT/ITeS and related business activities. The amount incurred on Tower 04 and carried in Capital work-in-progress under Investment Property as at 31 March 2019 is ₹ 49,414.05 lakhs. The project needs to be capitalized and depreciated once the assets are ready for use as intended by management. Timing of capitalization of the project and /or classification of categories of items of Investment Property / PPE, if done incorrectly, could result in material misstatement of Capital work-in-progress/Investment Property / PPE with a consequent impact on depreciation charge and results for the year.</p> <p>Refer Note 4(a) to the Consolidated Financial Statements.</p>	<p>Our audit procedures included testing the design, implementation and operating effectiveness of controls in respect of Capital work in progress. We tested the source documentation to determine whether the expenditure is of Capital nature and has been properly approved and segregated into appropriate categories. We reviewed operating expenses to determine appropriateness of accounting. Further, through site visit, we physically verified existence of capital work in progress.</p>

### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

We did not audit the financial statements of a subsidiary entity "Nesco Hospitality Private Limited", whose financial statements reflect total assets of ₹ 322.24 lakhs as at 31 March 2019, total revenues of ₹ 60.24 lakhs, total comprehensive income of ₹ 24.54 lakh and net cash flows amounting to ₹ 41.88 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary are based solely on the report of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

- 1) As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2019 taken on record by the Board of Directors of the Holding Company, and the report of the statutory auditors of the subsidiary company incorporated in India, none of the director is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in “Annexure A”;
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 34 (a) and (b) to the consolidated financial statements.
  - (ii) The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
  - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company.

For Manubhai & Shah LLP  
Chartered Accountants  
FRN: 106041W/ W100136

Ashish Shah  
Partner  
Membership No. 103750

Mumbai  
24 May 2019

## ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1(f) under “Report on Other Legal and Regulatory Requirements” section of our report of even date

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the Consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of the Nesco Limited (“the Holding Company”) and its subsidiary Company which is a company incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary Company, which is a Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (“the Act”).

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on internal financial controls over financial reporting of the Company and its subsidiary company incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI (the “Guidance Note”) and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by the other auditor of the subsidiary Company incorporated in India in terms of their report referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary company incorporated in India.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and its Subsidiary Company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by these Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiary company incorporated in India, is based on the corresponding report of the auditor of such company.

For Manubhai & Shah LLP  
Chartered Accountants  
FRN: 106041W/ W100136

Ashish Shah  
Partner  
Membership No. 103750

Mumbai  
24 May 2019

Particulars	Note No	As at 31 March	
		2019	2018
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	9,196.49	9,773.64
Capital work-in-progress	4a	50,713.89	35,641.12
Investment property	5	12,092.68	13,081.30
Intangible assets under development		195.24	58.50
<b>Financial Assets</b>			
Investments	6	50,595.72	42,623.92
Loans / Sundry Deposits	7	364.29	390.59
Current Tax Assets ( Net)	8	781.82	859.66
Other non current assets	9	3,906.10	4,067.97
<b>Total Non-Current Assets</b>		<b>1,27,846.23</b>	<b>1,06,496.70</b>
<b>Current Assets</b>			
Inventories	10	903.02	1,241.23
<b>Financial assets</b>			
Investments	6	2,520.84	7,226.61
Trade receivables	11	1,804.23	1,414.31
Cash and cash equivalents	12a	511.27	883.80
Other balances with Banks	12b	223.28	150.96
Other financial assets	13	136.47	122.12
Other current assets	14	928.05	755.04
<b>Total Current Assets</b>		<b>7,027.16</b>	<b>11,794.08</b>
<b>Total Assets</b>		<b>1,34,873.39</b>	<b>1,18,290.78</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	15	1,409.20	1,409.20
Other equity	16	1,15,638.34	99,704.52
Equity attributable to owners of the company		1,17,047.54	1,01,113.72
Non-Controlling Interests		-	0.11
<b>Total Equity</b>		<b>1,17,047.54</b>	<b>1,01,113.83</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
<b>Financial Liabilities</b>			
Other financial liabilities	17	5,342.08	1,199.10
Provisions	18	352.63	352.59
Deferred tax Liabilities(Net)	19	1,792.75	2,320.70
Other non-current Liabilities	20	1,277.39	339.47
<b>Total Non-current Liabilities</b>		<b>8,764.85</b>	<b>4,211.86</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Trade Payables			
Total Outstanding dues of Micro Enterprises and Small Enterprises		69.71	-
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,006.48	939.12
Other Financial liabilities	21	3,855.66	7,558.45
Other current Liabilities	22	4,061.76	3,960.07
Provisions	23	45.27	26.98
Current Tax Liabilities ( Net)	24	22.12	480.46
<b>Total Current Liabilities</b>		<b>9,061.00</b>	<b>12,965.09</b>
<b>Total Equity and Liabilities</b>		<b>1,34,873.39</b>	<b>1,18,290.78</b>

Notes forming part of the financial statements  
As per our report of even date

1 to 44  
For and on behalf of the Board

For Manubhai & Shah LLP  
Chartered Accountants  
FRN: 106041W/W100136

Mr. Sumant J. Patel  
Mr. Krishna S. Patel  
Mr. Dipesh R. Singhania  
Ms. Jinal J. Shah

Executive Chairman  
Managing Director  
Chief Financial Officer and Head Legal  
Company Secretary and Compliance Officer

DIN: 00186976  
DIN: 01519572

Ashish Shah  
Partner  
Membership No. 103750

Mumbai, 24 May 2019

Mumbai, 24 May 2019

CIN : L17100MH1946PLC004886

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019**

(₹ in lakhs)

Particulars	Note No	Year	
		2018-19	2017-18
<b>Revenue</b>			
Revenue from operations	25	35,960.96	32,193.02
Other income	26	3,305.47	3,606.48
<b>Total Income</b>		<b>39,266.43</b>	<b>35,799.50</b>
<b>Expenses</b>			
Cost of materials consumed	27	2,279.73	1,920.59
Changes in inventories of finished goods and work in progress	28	113.76	(91.43)
Excise duty		-	75.51
Employee benefits expense	29	1,833.17	1,687.79
Finance costs	30	471.40	559.72
Depreciation	4 & 5	1,187.38	1,102.73
Other Expenses	31	8,591.54	6,751.24
<b>Total Expenses</b>		<b>14,476.98</b>	<b>12,006.15</b>
<b>Profit before tax</b>		<b>24,789.45</b>	<b>23,793.35</b>
<b>Tax expense</b>			
(1) Current tax		7,166.16	6,247.15
(2) Deferred tax		(530.44)	(407.67)
(3) Short provision of earlier year		110.92	82.00
<b>Total tax expense</b>		<b>6,746.64</b>	<b>5,921.48</b>
<b>Profit after tax</b>		<b>18,042.81</b>	<b>17,871.87</b>
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
i) Remeasurement of defined employee benefit plans		7.02	8.56
Income tax expense on remeasurement of defined employee benefit plans		(2.45)	(2.92)
ii) Net fair value gain /(Loss) on investments in equity instruments through OCI.		1.05	0.14
<b>Total Other Comprehensive Income</b>		<b>5.62</b>	<b>5.78</b>
<b>Total Comprehensive Income for the year</b>		<b>18,048.43</b>	<b>17,877.65</b>
Profit for the year attributable to			
- Owners of the company		18,042.81	17,871.79
- Non Controlling interest		-	0.08
		18,042.81	17,871.87
Other Comprehensive Income for the year attributable to			
- Owners of the company		5.62	5.78
- Non Controlling interest		-	-
		5.62	5.78
Total Comprehensive Income for the year attributable to			
- Owners of the company		18,048.43	17,877.57
- Non Controlling interest		-	0.08
		18,048.43	17,877.65
Earning Per Equity Share (face value of ₹ 2 each)			
Basic & Diluted ( In ₹)	38	25.61	25.36

Notes forming part of the financial statements  
As per our report of even date1 to 44  
For and on behalf of the BoardFor Manubhai & Shah LLP  
Chartered Accountants  
FRN. 106041W/W100136Mr. Sumant J. Patel  
Mr. Krishna S. Patel  
Mr. Dipesh R. Singhania  
Ms. Jinal J. ShahExecutive Chairman  
Managing Director  
Chief Financial Officer and Head Legal  
Company Secretary and Compliance Officer  
DIN: 00186976  
DIN: 01519572Ashish Shah  
Partner  
Membership No. 103750

Mumbai, 24 May 2019

Mumbai, 24 May 2019



## A) EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at 31 March	
	2019	2018
Balance at the beginning of the reporting year	1,409.20	1,409.20
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	1,409.20	1,409.20

## B) STATEMENT OF OTHER EQUITY

(₹ in lakhs)

Particulars	Reserves and Surplus				Equity instruments through OCI	Other items of Other Comprehensive Income	Total attributable to owners of the Company	Non Controlling Inte rest	Total Other Equity
	Retained Earnings	Preference Shares Redemption Reserve	General Reserve	Revaluation Reserve*					
<b>Balance as at 01 April 2017 ( A )</b>	<b>4,256.45</b>	<b>9.56</b>	<b>78,799.44</b>	<b>640.11</b>	<b>13.28</b>	<b>(26.27)</b>	<b>83,692.64</b>	<b>0.03</b>	<b>83,692.67</b>
<b>Additions during the year</b>									
Profit for the year	17,871.87	-	-	-	-	-	17,871.79	0.08	17,871.87
Items of OCI for the year, net of tax									
Remeasurement of the defined benefit plans	-	-	-	-	-	5.64	5.64	-	5.64
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	0.14	-	0.14	-	0.14
<b>Total Comprehensive Income for the year 2017-18 ( B )</b>	<b>17,871.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.14</b>	<b>5.64</b>	<b>17,877.57</b>	<b>0.08</b>	<b>17,877.65</b>
<b>Reductions during the year</b>									
Dividend	(1,550.12)	-	-	-	-	-	(1,550.12)	-	(1,550.12)
Income tax on dividend	(315.57)	-	-	-	-	-	(315.57)	-	(315.57)
<b>Total ( C )</b>	<b>(1,865.69)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,865.69)</b>	<b>-</b>	<b>(1,865.69)</b>
<b>Transfers during the year</b>									
Revaluation Reserve transferred to Retained earnings*	640.11	-	-	(640.11)	-	-	-	-	-
Retained earnings transferred to General reserve	(20,852.74)	-	20,852.74	-	-	-	-	-	-
<b>Total ( D )</b>	<b>(20,212.63)</b>	<b>-</b>	<b>20,852.74</b>	<b>(640.11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 March 2018 E = ( A + B + C + D )</b>	<b>50.00</b>	<b>9.56</b>	<b>99,652.18</b>	<b>-</b>	<b>13.42</b>	<b>(20.63)</b>	<b>99,704.52</b>	<b>0.11</b>	<b>99,704.63</b>
<b>Additions during the year</b>									
Profit for the year	18,042.81	-	-	-	-	-	18,042.81	-	18,042.81
Items of OCI for the year, net of tax	-	-	-	-	-	-	-	-	-
Remeasurement of the defined benefit plans	4.57	-	-	-	-	-	4.57	-	4.57
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	1.05	-	1.05	-	1.05
<b>Total Comprehensive Income for the year 2018-19 ( F )</b>	<b>18,047.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.05</b>	<b>-</b>	<b>18,048.43</b>	<b>-</b>	<b>18,048.43</b>

<b>Adjustments during the year</b>									
Change in opening inventory charged to opening reserve	-	-	(161.00)	-	-	-	(161.00)	-	(161.00)
<b>Total (G)</b>	-	-	<b>(161.00)</b>	-	-	-	<b>(161.00)</b>	-	<b>(161.00)</b>
<b>Reductions during the year</b>									
Dividend	(1,620.60)	-	-	-	-	-	(1,620.60)	-	(1,620.60)
Income tax on dividend	(333.12)	-	-	-	-	-	(333.12)	-	(333.12)
<b>Total (H)</b>	<b>(1,953.72)</b>	-	-	-	-	-	<b>(1,953.72)</b>	-	<b>(1,953.72)</b>
<b>Transfers during the year</b>									
Opening remeasurement of the defined benefit plans transferred to retained earnings	(20.63)	-	-	-	-	20.63	-	-	-
Retained earnings transferred to General reserve	(16,073.13)	-	16,073.13	-	-	-	-	-	-
Non Controlling Interests transferred to the Owners of the Company	0.11	-	-	-	-	-	0.11	(0.11)	-
<b>Total (I)</b>	<b>(16,093.66)</b>	-	<b>16,073.13</b>	-	-	<b>20.63</b>	<b>0.11</b>	<b>(0.11)</b>	-
<b>Balance as at 31 March 2019 J = ( F + G + H + I )</b>	<b>50.00</b>	<b>9.56</b>	<b>1,15,564.31</b>	-	<b>14.47</b>	-	<b>1,15,638.34</b>	-	<b>1,15,638.34</b>

As per our report of even date

For Manubhai & Shah LLP  
Chartered Accountants  
FRN. 106041W/W100136

Ashish Shah  
Partner  
Membership No. 103750  
Mumbai, 24 May 2019

For and on behalf of the Board

Mr. Sumant J. Patel                      Executive Chairman                      DIN: 00186976  
Mr. Krishna S. Patel                      Managing Director                      DIN: 01519572  
Mr. Dipesh R. Singhania                      Chief Financial Officer and Head Legal  
Ms. Jinal J. Shah                      Company Secretary and Compliance Officer

Mumbai, 24 May 2019

Particulars	Year	
	2018-2019	2017-2018
<b>A) Cash Flow from operating activities</b>		
Net Profit before income tax	24,789.45	23,793.35
Add / (Less):		
Depreciation	1,187.38	1,102.73
Interest income	(8.87)	(5.79)
Dividend income	(116.92)	(207.34)
Finance costs	471.40	559.72
Loss on Sale / Asset Written off	321.79	8.06
Net gain arising on financial assets measured at FVTPL	(2,628.99)	(3,023.39)
Inventory valuation adjusted against reserves	(161.00)	-
Lease rental income	(485.93)	(514.36)
Bad debts/sundry balance written off	122.54	118.79
Allowance for Doubtful Bad Debts	155.39	18.16
Sundry creditors/liabilities written back (net)	(83.26)	(158.71)
Operating profit before change in operating assets and liabilities	23,562.98	21,755.26
Add / (Less):		
(Increase)/Decrease in Inventory	338.21	98.09
(Increase)/Decrease in Trade receivable	(667.89)	(339.67)
(Increase)/Decrease in other assets	(259.68)	(90.02)
Increase/(Decrease) in Trade payables	220.34	(268.39)
Increase / (Decrease) in provisions	18.33	(925.70)
Increase/(Decrease) in other liabilities	1,528.29	177.47
Cash generated from operations	24,740.58	20,407.05
Add / (Less):		
Income Tax paid (Net of refund)	(7,657.56)	(5,784.52)
<b>Net Cash generated from operating activities - [A]</b>	<b>17,084.02</b>	<b>14,622.53</b>
<b>B) Cash Flow from investing activities</b>		
Purchase of fixed assets / Capital work in Progress / Capital Advances	(14,991.04)	(13,731.14)
Purchase of investments	(30,323.15)	(21,610.68)
Investments in deposits	26.30	(115.57)
Proceeds from sale of investments	29,687.17	22,962.61
Interest received	8.87	5.79
Dividend received	116.92	207.34
<b>Net Cash used in investing activities - [B]</b>	<b>(15,475.93)</b>	<b>(12,281.65)</b>
<b>C) Cash Flow used in financing activities</b>		
Finance costs paid	(26.90)	(45.37)
Dividend paid to shareholders' FY 17-18	(1,620.60)	(1,550.12)
Tax paid on dividend FY 17-18	(333.12)	(315.57)
<b>Net Cash used in financing activities - [C]</b>	<b>(1,980.62)</b>	<b>(1,911.06)</b>
Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C)	(372.53)	429.82
Cash/Cash Equivalents at the beginning of the year	883.80	453.98
Cash/Cash Equivalents at the end of the year	511.27	883.80

## Notes:-

a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS- 7)- Statement of Cash Flow

(₹ in lakhs)

Particulars	As at 31 Mach 2019	As at 31 Mach 2018
b) Cash and Cash Equivalent comprises of		
Cash on hand	1.14	6.96
Balances with Banks in Current Acocunt	510.13	876.84
Cash and Cash Equivalentents in Cash Flow Statements	511.27	883.80

As per our report of even date

For Manubhai & Shah LLP  
Chartered Accountants  
FRN. 106041W/W100136

Ashish Shah  
Partner  
Membership No. 103750

Mumbai, 24 May 2019

For and on behalf of the Board

Mr. Sumant J. Patel	Executive Chairman	DIN: 00186976
Mr. Krishna S. Patel	Managing Director	DIN: 01519572
Mr. Dipesh R. Singhania	Chief Financial Officer and Head Legal	
Ms. Jinal J. Shah	Company Secretary and Compliance Officer	

Mumbai, 24 May 2019

## Background

Nesco Limited (“Nesco” or “the Group”) was incorporated on 15 April 1946, under the Indian Companies Act VII of 1913. The Company is domiciled in India having registered office at Nesco Center, Western Express Highway, and Goregaon (East), Mumbai 400063 and listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is mainly engaged in the following.

- i) Licencing premises in IT park buildings and providing rental services.
- ii) Licencing other premises for exhibitions and providing services to the organisers.
- iii) Manufacturing of machines and capital equipment.
- iv) Hospitality and catering services

### Note 1 - Basis of Preparation of Financial Statements:

#### a) Compliance with Ind AS

These consolidated financial statements have been prepared in compliance with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act 2013 (The Act) ,read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended)

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of the accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

#### b) Current / Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:-

- i) The asset / liability is expected to be realised / settled in the Group’s normal operating cycle;
- ii) The asset is intended for sale or consumption;
- iii) The asset/liability is held primarily for the purpose of trading;
- iv) The asset/liability is expected to be realised / settled within twelve months after the reporting period;
- v) The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting cycle;
- vi) In the case of a liability, the Company does not have an unconditional right to defer settlement of a liability for at least twelve months after the reporting cycle;

**All other assets and liabilities are classified as non-current.**

For the purpose of current/non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing their realisation in cash and cash equivalents.

#### c) Functional and Presentation Currency

The Consolidated Financial Statements are presented in Indian rupees which is the functional currency for the Group. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss. Foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

#### d) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of schedule III, unless otherwise stated.

**e) Use of Estimates**

The preparation of Consolidated Financial Statements in accordance with Ind - AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised and, if material, their effects are disclosed in the notes to the Financial Statements.

**Note 2 - Significant accounting policies****a) Property, plant and Equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are carried at the historical cost, less accumulated depreciation and accumulated impairment losses if any. The cost of Property, Plant and Equipment comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent recognition is done in assets carrying amount or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Profit or Loss on disposal of Property, Plant and Equipment is recognised in the Statement of Profit and Loss. All other repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Expenses incurred on property, plant and equipment, net of income earned during the under development stage prior to its intended use, are disclosed under Capital Work-in-progress.

**b) Investment property :**

Investment properties are properties that are held to earn rentals and /or for capital appreciation and not occupied by the Company for its own use. Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes. The cost includes the cost of replacing parts and borrowing costs if recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on Investment property, wherever applicable, is provided on straight line basis as per useful lives prescribed in Schedule II to Companies Act, 2013.

Investment properties are derecognized either when they have been disposed of or when they are being occupied by the Company for its own use or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

Depreciation methods, estimated useful lives and residual value:

Depreciation on Property, Plant and Equipment and Investment Property is provided using the Straight Line Method based on the useful life of the assets as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. The estimated useful life of Property, Plant and Equipment and Investment Property is mentioned below:

<b>Asset Class</b>	<b>Years</b>
Factory Buildings	30
Buildings (other than Factory Buildings)	60
Plant and Equipment	15
Electrical Installations	10
Patterns and Mouldings	8
Kitchen Equipment	5
Furniture and Fixtures and Office equipment :-	
-Office furniture	10
-Computers	3
-Office equipment	5
Vehicles	10

The Property, plant and equipment acquired under finance leases is depreciated over the asset's useful life.

**c) Non-Current Assets held for sale :**

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortised.

**d) Intangible assets:**

Intangible Assets are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Purchase cost and consultancy fees for major software are amortized over the useful life of the software. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 3 to 5 years.

**e) Impairment of PPE and Intangible Assets:**

At each balance sheet date, the Group assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

**f) Inventories :**

Raw materials, work in progress, stores and spares and finished goods are valued at the lower of cost or net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.

In determining the cost of raw materials, packing material and stores and spares, weighted average method is used.

Cost of work in progress and finished goods comprises direct materials, direct labour, and an appropriate share of manufacturing overheads.

Cost of Inventories comprises of costs of purchase, cost of conversion, duties and taxes (other than those refundable), inward freight and all other costs incurred in bringing them to their respective present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**g) Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**1. Investments and other Financial Assets:****(i) Classification:**

The Group classifies its financial assets in following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on entity's business model for managing financial assets and the contractual terms of cash flow.

**(ii) Initial recognition and measurement:**

At initial recognition, the Group measures a financial asset at fair value, plus in case of a financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transactions costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

**(iii) Financial Assets measured at amortised cost:**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. A gain or loss on such an instrument is recognised in profit or loss. Interest income from these financial assets is included in other income using effective interest method. The losses arising from impairment are recognised in the Statement of Profit and Loss.

**(iv) Financial Assets measured at fair value through other comprehensive income (FVTOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where represent solely payments of principal and interest, are measured at fair value initially as well as at each reporting date through other comprehensive income. Fair value movements in the carrying amount are recognized in the other comprehensive income, except for the recognition of impairment of gains and losses, interest revenue and foreign exchange gain or loss which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**(v) Financial Assets measured at fair value through profit or loss (FVTPL):**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured initially as well as at each reporting date at fair value through profit or loss as other income. Income from these financial assets is included in other income.

**(vi) Investment in Subsidiary and Associates:**

Investment in equity instruments of Subsidiaries and Associates are measured at cost in accordance with the option available in Ind AS 27, "Separate Financial Statements".

Investment in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in economic environment.

**(vii) Investment in Equity Instruments:**

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI.

Fair value changes in case of the equity instruments classified as FVTOCI are recognised in the Other Comprehensive



Income. There is no subsequent reclassification of gains and losses from other comprehensive income to profit or loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains / (losses) in the statement of profit and loss.

Dividends from such investments are recognised in profit and loss as other income when the Company's right to receive payments is established.

Impairment loss (and reversal of impairment loss) on equity instruments measured at FVTOCI are not accounted separately from other changes in fair value.

**(viii) Investment in Debt Instruments:**

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**(ix) Impairment of Financial Assets:**

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

**(x) De-recognition of financial assets:**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

A financial asset is derecognised only when the Group –

- has transferred the right to receive cash flows from the financial asset or
- retains contractual rights to receive the cash flows of the financial asset, but assumes contractual obligation to pay the cash flows to one or more recipients or
- does not retain the control of the financial asset or
- does not have continuing involvement in the financial asset.

When the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of financial assets. In such cases, financial asset is derecognised. When the entity has not transferred substantially all risks and rewards of ownership of financial asset, the financial asset is not derecognised.

**(xi) Income recognition:**

Interest income from debt instruments is recognised using effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When computing effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instruments.

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be measured reliably.

## 2. Financial Liabilities:

### i) Classification:

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

### ii) Initial recognition and measurement:

All financial liabilities that are classified as to be subsequently measured not at Fair value through Profit and Loss (FVTPL), are recognised initially at fair value, being transaction price net of directly attributable transaction costs. Financial liabilities include trade and other payables, security deposits etc.

### iii) Subsequent measurement:

All Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included as finance costs in the statement of profit and loss.

### iv) De-recognition of Financial Liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## 3. Offsetting financial instruments:

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### h) Provisions and contingencies:

A provision is recognised, if as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.

### i) Segment Reporting:

Operating segments have been identified on the basis of the nature of business activities from which the Group earns revenues or incurs expenses and for which discrete financial information is available. The Chief Operating Decision Maker monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The Operating segments have been identified on the basis of the nature of products / services.

1. Segment revenue includes sales and other income directly identifiable with/ allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with/ or allocable to segments are considered for determining the segment result. Expenses which relate the Company as a whole and not allocable to segments are included in un-allocable expenditure.
3. Income which relates to the Company as a whole and not allocable to segments is included in un-allocable income.
4. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

**j) Revenue Recognition:**

Effective 01 April 2018, Company adopted Ind AS 115 "Revenue from Contracts" however the impact of the adoption of Ind AS 115 on the financial statements is insignificant.

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Recognition of revenue from major business activities:-

1. Revenue from Industrial Capital Goods Division operations includes sale of manufactured machines and capital equipment, engineering fees, services and other charges. Revenue from sale of goods is recognized when all the control on the goods have been transferred to the buyer as per the terms of the contracts and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.
2. Revenue from Bombay Exhibition Centre operations includes renting of halls for exhibitions, events and providing other related services to the organisers. Revenue from such renting activities and the related services is recognised in the accounting period in which the event occurs.
3. Revenue from IT Park operations includes income of renting office space in IT park and providing related services to IT / ITES companies.
4. Interest income is recognised using effective interest method and dividend income is recognised when the right to receive the payment is established.

**k) Income tax:**

Income tax expense comprises current tax and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

**1. Current tax:**

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**2. Deferred tax :**

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- Entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- Deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

**l) Cash and cash equivalents :**

Cash and cash equivalents include cash on hand, Balances with Banks, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**m) Trade Receivables:**

Trade receivables are non- interest bearing and receivable in normal operating cycle. Trade receivables are recognised initially at fair value (that is transaction price on initial recognition) and subsequently measured at amortised cost using effective interest method, less provision for impairment.

**n) Leases**

- **As a lessee:**

Leases of property, plant and equipment where the Company has substantially transferred all the risks and rewards of ownership are classified as finance leases.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

- **As a lessor:**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Leases of assets where the Company transfers substantially all the risks and rewards of ownership are classified as finance leases.

**o) Earnings per share:**

**Basic Earnings per share is calculated by dividing:**

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

**p) Employee Benefits:****1. Short term obligations:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**2. Other long term employee obligations:**

Entitlements to annual leave are recognized when they accrue to employees. Annual leave can either be availed or encashed at the time of separation or retirement subject to a restriction on the maximum number of 42 days of accumulation of leave. The Group determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.

**3. Post-employment obligations :**

The Group operates the following post-employment schemes.

**i) Defined benefit plans (gratuity) :**

The Group has unfunded defined benefit gratuity plan for employees.

Recognition and measurement of Defined Benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability / (asset) comprising actuarial gains and losses are recognized in Other Comprehensive Income. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Group presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

**ii) Defined contribution plans such as provident fund :**

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**q) Proposed Dividend:**

The final dividend recommended by the Board of Directors is accounted in the financial year in which it is approved by the shareholders in the Annual General Meeting.

**r) Basis of Consolidation:**

The consolidated financial statements relate to the Nesco Limited and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

The consolidated financial statements of the Group and its subsidiaries are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Ind - AS 110 “Consolidated Financial Statements”.

- Subsidiaries are the entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.
- Non-controlling interests (NCI): Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. NCI are measured at their proportionate share of the acquirer’s identifiable net assets.
- Transactions eliminated on consolidation: Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, net of deferred taxes, are eliminated. Unrealised gains and losses are eliminated unless the transaction provides evidence of impairment of the transferred asset.
- The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.
- Associates are all entities over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% to 50% of the voting rights. Investments in associates are accounted for under the equity method as per Ind - AS 28 - “Investments in Associates and Joint Ventures”.

**s) Recent Accounting pronouncements issued but not yet effective :**

Ind AS 116 Leases

Ind AS 12 Income Taxes (Amendments relating to income tax consequences of dividend and uncertainty over income tax treatments) :

Ind AS 19 Employee Benefits (Plan Amendment, Curtailment or Settlement) :

Ind AS 23 Borrowing Costs (Amendment)

These amendments are applicable to the Group from 01 April 2019. The Group is evaluating the requirements of the amendments and the effect on the financial statements.

**Note 3 - Key accounting estimates and judgements:**

The preparation of the Group financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**a) Income taxes:**

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions

**b) Property, Plant and Equipment:**

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**c) Defined Benefit Obligation:**

The costs of providing other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

**d) Fair value measurement of Financial Instruments:**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**
**Note 4 - Property, Plant and Equipment**
**Changes in carrying value of Property, Plant and Equipment for the year ended 31 March 2019**

(₹ in lakhs)

Tangible Assets	Freehold land	Freehold building*	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Vehicles	Total
Opening gross carrying amount	638.23	4,358.09	3,705.68	1,321.22	655.84	437.93	11,116.99
Additions	-	42.32	94.88	40.66	39.09	-	216.95
Deductions / Adjustments	-	-	(83.06)	-	-	-	(83.06)
Closing gross carrying amount	638.23	4,400.41	3,717.50	1,361.88	694.93	437.93	11,250.88
Opening accumulated depreciation	-	211.44	634.58	203.55	188.55	105.24	1,343.36
Depreciation during the year	-	111.86	309.85	127.24	117.00	45.07	711.03
Deductions / Adjustments	-	-	-	-	-	-	-
Closing accumulated depreciation and impairment	-	323.30	944.43	330.79	305.55	150.31	2,054.39
Net carrying amount	638.23	4,077.11	2,773.07	1,031.09	389.38	287.62	9,196.49

**Changes in carrying value of Property, Plant and Equipment for the year ended 31 March 2018**

(₹ in lakhs)

Tangible Assets	Freehold land	Freehold building*	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Vehicles	Total
Opening gross carrying amount	638.23	2,162.01	2,322.66	929.50	287.85	375.74	6,762.85
Additions	-	2,196.08	1,383.02	399.31	367.99	3.05	4,349.45
Deductions / Adjustments	-	-	-	(7.59)	-	59.14	51.55
Closing gross carrying amount	638.23	4,358.09	3,705.68	1,321.22	655.84	437.93	11,116.99
Opening accumulated depreciation	-	96.04	361.02	88.06	81.85	0.72	682.97
Depreciation during the year	-	115.40	273.56	115.49	106.70	45.38	655.69
Deductions / Adjustments	-	-	-	-	-	59.14	59.14
Closing accumulated depreciation and impairment	-	211.44	634.58	203.55	188.55	105.24	1,343.35
Net carrying amount	638.23	4,146.65	3,071.10	1,116.28	467.29	332.69	9,773.64

\* Freehold Buildings include Karamsad factory which is situated on land taken on rent from Mr. Sumant J. Patel, Executive Chairman

**Note 4a - Capital work-in-progress**

(₹ in lakhs)

Particulars	Property Plant & Equipment		Investment Property		Total	
	As at 31 March		As at 31 March		As at 31 March	
	2019	2018	2019	2018	2019	2018
Office Equipments	0.86	-	-	-	0.86	-
Freehold Building	773.05	746.54	49,938.98	34,894.58	50,713.03	35,641.12
<b>Total</b>	<b>773.91</b>	<b>746.54</b>	<b>49,939.98</b>	<b>34,894.58</b>	<b>50,713.89</b>	<b>35,641.12</b>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Note 5 - Investment Property**

Changes in carrying value of Investment property for the year ended 31 March 2019

(₹ in lakhs)

Particulars	Freehold building	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Total
<b>Opening gross carrying amount</b>	<b>11,110.40</b>	<b>1,361.92</b>	<b>854.86</b>	<b>980.89</b>	<b>14,308.07</b>
Additions	0.87	28.00	-	3.03	31.90
Deductions / Adjustments	(276.79)	(105.92)	(150.05)	(111.38)	(644.14)
<b>Closing gross carrying amount</b>	<b>10,834.48</b>	<b>1,284.01</b>	<b>704.81</b>	<b>872.54</b>	<b>13,695.83</b>
Opening accumulated depreciation	541.16	285.16	302.63	97.82	1,226.77
Depreciation during the year	180.12	97.54	102.21	96.48	476.35
Deductions / Adjustments	(12.46)	(18.99)	(39.42)	(29.10)	(99.97)
<b>Closing accumulated depreciation and impairment</b>	<b>708.82</b>	<b>363.71</b>	<b>365.42</b>	<b>165.20</b>	<b>1,603.15</b>
<b>Net carrying amount</b>	<b>10,125.66</b>	<b>920.29</b>	<b>339.39</b>	<b>707.34</b>	<b>12,092.68</b>

Changes in carrying value of Investment property for the year ended 31 March 2018

(₹ in lakhs)

Particulars	Freehold building	Plant and machinery	Electrical Installations	Furniture, fixture & office equipment	Total
<b>Opening gross carrying amount</b>	<b>11,065.91</b>	<b>1,361.92</b>	<b>846.66</b>	<b>189.16</b>	<b>13,463.65</b>
Additions	23.92	-	20.79	791.73	836.44
Deductions / Adjustments	20.57	-	(12.59)	-	7.98
<b>Closing gross carrying amount</b>	<b>11,110.40</b>	<b>1,361.92</b>	<b>854.86</b>	<b>980.89</b>	<b>14,308.07</b>
Opening accumulated depreciation	337.85	185.68	208.33	40.28	772.13
Depreciation during the year	182.74	99.48	106.42	57.54	446.18
Deductions / Adjustments	20.57	-	(12.12)	-	8.45
<b>Closing accumulated depreciation and impairment</b>	<b>541.16</b>	<b>285.16</b>	<b>302.63</b>	<b>97.82</b>	<b>1,226.77</b>
<b>Net carrying amount</b>	<b>10,569.24</b>	<b>1,076.76</b>	<b>552.23</b>	<b>883.07</b>	<b>13,081.30</b>

**Note :** The extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on Stamp Duty Ready Reckoner published by Government of India every year. As at 31 March 2019, the fair value of the investment property is ₹ 1,26,891.51 lakhs.

The Company has no restrictions on the realisability of its investment properties.

**The amount recognised in the Statement of Profit and Loss :-**

(₹ in lakhs)

Particulars	Amount
1) Rental income from Investment Property	13,696.98
2) Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	2,745.70
3) Direct operating expenses (including repairs and maintenance) arising from investment property that did not generated rental income during the period	-



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 6 - Investments

(₹ in lakhs)

Particulars	As at 31 March 2019 Carrying Value	As at 31 March 2018 Carrying Value
<b>A) Investments - Non-Current</b>		
<b>Unquoted</b>		
Other Investment measured at cost	1.10	1.00
Investment in Government Securities measured at cost	0.03	0.03
<b>Total - A</b>	<b>1.13</b>	<b>1.03</b>
<b>Quoted</b>		
<b>Investment carried at fair value through OCI</b>		
Fully paid equity shares	14.52	13.47
<b>Total - B</b>	<b>14.52</b>	<b>13.47</b>
<b>Investment carried at fair value through profit and loss</b>		
Fixed Maturity Plans	10,265.99	245.48
Debt Funds	23,353.30	25,790.09
Short Term Debt Funds	12,179.44	11,740.02
Floating rate Debt Funds	258.04	1,060.98
Balanced Funds	1,449.92	799.35
Equity Funds	2,747.35	2,409.90
Liquid Funds	-	250.37
MIP Funds	326.03	313.25
<b>Total -C</b>	<b>50,580.07</b>	<b>42,609.43</b>
<b>Total Non Current Investments (A+B+C)</b>	<b>50,595.72</b>	<b>42,623.92</b>

(₹ in lakhs)

Particulars	As at 31 March 2019 Carrying Value	As at 31 March 2018 Carrying Value
<b>B) Investments - Current</b>		
Investments in Mutual Funds carried at fair value through profit and loss		
Debt funds - ultra short term bond funds	2,520.84	7,226.61
<b>Total</b>	<b>2,520.84</b>	<b>7,226.61</b>
<b>Total Current Investments</b>	<b>2,520.84</b>	<b>7,226.61</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Note 7 Loans (Unsecured, Considered good)</b>		
Security Deposits with Public Bodies	364.29	390.59
	<b>364.29</b>	<b>390.59</b>
<b>Note 8 Current Tax Assets ( Net)</b>		
Advance payment of income tax (net)	781.82	859.66
	<b>781.82</b>	<b>859.66</b>
<b>Note 9 Other non current assets</b>		
Capital Advances	3,906.10	4,067.97
	<b>3,906.10</b>	<b>4,067.97</b>
<b>Note 10 Inventories (At lower of cost and net realisable value)</b>		
Raw Materials	444.53	520.65
Work in progress	441.15	715.91
Stores and spares	17.34	4.67
	<b>903.02</b>	<b>1,241.23</b>
<b>Note 11 Trade Receivables</b>		
a) Unsecured considered good	1,804.23	1,414.31
b) Credit Impaired	173.55	18.16
	1,977.78	1,432.47
Less Allowances for doubtful Trade Receivable	(173.55)	(18.16)
	<b>1,804.23</b>	<b>1,414.31</b>
<b>Note 12 Cash and Bank Balances</b>		
a) Cash and cash equivalents		
Balances with banks in Current Accounts	510.13	876.84
Cash on hand	1.14	6.96
	<b>511.27</b>	<b>883.80</b>
b) Other balances with banks		
Bank Deposits with less than 12 months of original maturity	62.14	-
Unclaimed dividend **	161.14	150.96
	<b>223.28</b>	<b>150.96</b>
** The Group can utilise these balances only towards settlement of unclaimed dividend.		
<b>Note 13 Other financial assets</b>		
Bank Deposits with more than 12 months of original maturity	56.27	57.19
Deposits (Others)	78.67	64.93
Other receivables	1.53	-
	<b>136.47</b>	<b>122.12</b>
<b>Note 14 Other current assets</b>		
Advance Recoverable in Cash Or Kind	97.31	77.03
Balances with Government Authorities		
Sales tax and GST	424.41	499.55
Advances to Suppliers	127.72	69.39
Advance to staff	4.65	5.61
Other receivables	273.96	103.46
	<b>928.05</b>	<b>755.04</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 15- Equity Share Capital

(₹ in lakhs)

Particulars	As at	
	31 March 2019	31 March 2018
<b>Share Capital</b>		
Authorised		
7,37,50,000 Equity Shares of ₹ 2 each (Previous year 7,37,50,000 Equity Shares of ₹ 2 each)	1,475.00	1,475.00
2,50,000 Preference Shares of ₹ 10 each (Previous year 2,50,000 Preference Shares of ₹ 10 each)	25.00	25.00
<b>Total</b>	<b>1,500.00</b>	<b>1,500.00</b>
Issued, Subscribed and Paid up Capital		
7,04,59,960 Equity Shares of ₹ 2 each, fully paid up (Previous year 7,04,59,960 Equity Shares of ₹ 2 each)	1,409.20	1,409.20
<b>Total</b>	<b>1,409.20</b>	<b>1,409.20</b>

#### a) Reconciliation of shares outstanding at the beginning and at the end of the year

Fully Paid Equity Shares	As at 31 March 2019		As at 31 March 2018	
	Equity Shares		Equity Shares	
	Number	₹	Number**	₹
At the beginning of the year	7,04,59,960	14,09,19,920	1,40,91,992	14,09,19,920
At the end of the year	7,04,59,960	14,09,19,920	7,04,59,960	14,09,19,920

\*\* Pursuant to the approval of the members at the 58th Annual General Meeting of the Company held on 14 August 2017 to the sub-division of the Equity Shares of the Company, each Equity Share of nominal face value of ₹ 10 each was sub-divided to 5 (five) Equity Share of ₹ 2 each. The effective date for the said sub-division was 05 September, 2017

#### b) Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. Payment of dividend is made in foreign currency to shareholders outside India. The Board of Directors at its meeting held on 24 May 2019 have recommended a payment of dividend of ₹ 2.50 per equity share of the face value of ₹ 2 each for the financial year ended 31 March 2019 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in cash outflow of ₹ 2,123.59 lakhs inclusive of dividend tax of ₹ 362.09 lakhs

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c) Details of shareholding more than 5% equity shares in the Parent Company@

Name of Shareholders	As at 31 March 2019		As at 31 March 2018	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Chandler & Price India Pvt.Ltd.	1,94,49,842	27.60	1,94,38,327	27.59
Mr. Sumant J. Patel	90,07,335	12.78	90,07,335	12.78
Patel Consultancy Services Pvt. Ltd.	52,58,000	7.46	52,58,000	7.46
Mrs. Sudha S. Patel	45,74,720	6.49	45,74,720	6.49
Engineering Global Pte Limited	44,72,000	6.35	44,72,000	6.35

@ As per the records of the Parent Company, including its register of members.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note 16 - Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus				Equity instruments through OCI	Other items of Other Comprehensive Income	Total attributable to owners of the Company	Non Controlling Interest	Total Other Equity
	Retained Earnings	Preference Shares Redemption Reserve	General Reserve	Revaluation Reserve*					
<b>Balance as at 01 April 2017 (A)</b>	<b>4,256.45</b>	<b>9.56</b>	<b>78,799.44</b>	<b>640.11</b>	<b>13.28</b>	<b>(26.27)</b>	<b>83,692.64</b>	<b>0.03</b>	<b>83,692.67</b>
<b>Additions during the year</b>									
Profit for the year	17,871.87	-	-	-	-	-	17,871.79	0.08	17,871.87
Items of OCI for the year, net of tax	-	-	-	-	-	-	-	-	-
Remeasurement of the defined benefit plans	-	-	-	-	-	5.64	5.64	-	5.64
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	0.14	-	0.14	-	0.14
<b>Total Comprehensive Income for the year 2017-18 (B)</b>	<b>17,871.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.14</b>	<b>5.64</b>	<b>17,877.57</b>	<b>0.08</b>	<b>17,877.65</b>
<b>Reductions during the year</b>									
Dividend	(1,550.12)	-	-	-	-	-	(1,550.12)	-	(1,550.12)
Income tax on dividend	(315.57)	-	-	-	-	-	(315.57)	-	(315.57)
<b>Total (C)</b>	<b>(1,865.69)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,865.69)</b>	<b>-</b>	<b>(1,865.69)</b>
<b>Transfers during the year</b>									
Revaluation Reserve transferred to Retained earnings*	640.11	-	-	(640.11)	-	-	-	-	-
Retained earnings transferred to General reserve	(20,852.74)	-	20,852.74	-	-	-	-	-	-
<b>Total (D)</b>	<b>(20,212.63)</b>	<b>-</b>	<b>20,852.74</b>	<b>(640.11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 March 2018 E = (A + B + C + D)</b>	<b>50.00</b>	<b>9.56</b>	<b>99,652.18</b>	<b>-</b>	<b>13.42</b>	<b>(20.63)</b>	<b>99,704.52</b>	<b>0.11</b>	<b>99,704.63</b>
<b>Additions during the year</b>									
Profit for the year	18,042.82	-	-	-	-	-	18,042.82	-	18,042.82
Items of OCI for the year, net of tax	-	-	-	-	-	-	-	-	-
Remeasurement of the defined benefit plans	4.57	-	-	-	-	-	4.57	-	4.57
Net fair value (loss) on investment in equity instruments through OCI	-	-	-	-	1.05	-	1.05	-	1.05
<b>Total Comprehensive Income for the year 2018-19 (F)</b>	<b>18,047.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.05</b>	<b>-</b>	<b>18,048.44</b>	<b>-</b>	<b>18,048.44</b>
<b>Adjustments during the year</b>									
Change in opening inventory charged to opening reserve	-	-	(161.00)	-	-	-	(161.00)	-	(161.00)
<b>Total (G)</b>	<b>-</b>	<b>-</b>	<b>(161.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(161.00)</b>	<b>-</b>	<b>(161.00)</b>
<b>Reductions during the year</b>									
Dividend	(1,620.60)	-	-	-	-	-	(1,620.60)	-	(1,620.60)
Income tax on dividend	(333.12)	-	-	-	-	-	(333.12)	-	(333.12)
<b>Total (H)</b>	<b>(1,953.72)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,953.72)</b>	<b>-</b>	<b>(1,953.72)</b>

<b>Transfers during the year</b>									
Opening remeasurement of the defined benefit plans transferred to retained earnings	(20.63)	-	-	-	-	20.63	-	-	-
Retained earnings transferred to General reserve	(16,073.13)	-	16,073.13	-	-	-	-	-	-
Non Controlling Interests transferred to the Owners of the Company	0.11	-	-	-	-	-	0.11	(0.11)	-
<b>Total (I)</b>	<b>(16,093.65)</b>	<b>-</b>	<b>16,073.13</b>	<b>-</b>	<b>-</b>	<b>20.63</b>	<b>0.11</b>	<b>(0.11)</b>	<b>-</b>
<b>Balance as at 31 March 2019 J = ( F + G + H +I )</b>	<b>50.00</b>	<b>9.56</b>	<b>1,15,564.31</b>	<b>-</b>	<b>14.47</b>	<b>-</b>	<b>1,15,638.34</b>	<b>-</b>	<b>115,638.34</b>

#### Description of nature and purpose of each reserve

General Reserve	This reserve was created from time to time by way of transfer profits from retained earnings for appropriation purpose. General Reserve is created by a transfer from other component of equity to another and is not an item of other comprehensive income
Equity Instruments through Other Comprehensive Income	This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off
Preference Shares Redemption Reserve	This reserve was created for redemption of preference shares
Other Comprehensive Income	This represents cumulative gains and losses on revaluation of long term employee benefits
Revaluation Reserve	This reserve was created out of revaluation of Freehold Land and Building, which was transferred to General Reserve in Financial year 2017-2018

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Note 17 Other financial liabilities ( Non Current)</b>		
Security deposit from IT Park licencees and others	5,342.08	1,199.10
	<u>5,342.08</u>	<u>1,199.10</u>
<b>Note 18 Provisions ( Non Current)</b>		
a) Provision for Employee benefits ( Refer Note No 40 )		
Gratuity	143.41	142.44
Leave Encashment	37.86	38.79
b) Compensation Payable	171.36	171.36
	<u>352.63</u>	<u>352.59</u>
<b>Note 19 Deferred tax liabilities (Net)</b>		
Opening Balance	2,320.70	2,725.45
Difference between written down value of fixed assets as per the Companies Act, 2013 and Income tax Act, 1961	89.80	87.45
Provision for expenses allowed for tax purpose on payment basis	(19.57)	(20.92)
Difference in carrying value and tax base of investments measured at FVTPL	(548.40)	(480.54)
Allowance of doubtful debts and advances	(47.33)	6.31
Remeasurement of the defined benefit plan through OCI	(2.45)	2.96
	<u>1,792.75</u>	<u>2,320.70</u>
(Refer Note No 41 "Income Taxes" for further details)		
<b>Note 20 Other non-current liabilities</b>		
Advance Lease Rentals	1,277.39	339.47
	<u>1,277.39</u>	<u>339.47</u>
<b>Note 21 Other financial liabilities (Current)</b>		
Unclaimed dividend	161.14	150.96
Payable to Employees	162.12	81.39
Payable towards Capital Expenditures	1,425.90	922.80
Security Deposits	1,840.06	6,081.04
Other Payables	266.44	322.26
	<u>3,855.66</u>	<u>7,558.45</u>
<b>Note 22 Other current liabilities</b>		
a) Revenue received in advance		
Advance from customers	3,569.63	3333.49
b) Others		
Statutory Payables		
Payable towards VAT	6.46	20.38
Payable towards GST	339.29	363.92
Payable towards TDS / TCS	133.34	229.97
Payable towards PF / ESIC /PT	13.04	12.31
	<u>4,061.76</u>	<u>3960.07</u>
<b>Note 23 Provisions ( Current)</b>		
Provision for Employee benefits ( Refer Note No 40 )		
Gratuity	24.73	22.37
Leave Encashment	4.30	4.61
Provision for Warranty	16.24	-
	<u>45.27</u>	<u>26.98</u>
<b>Note 24 Current Tax Liabilities ( Net)</b>		
Provision for income tax (net)	22.12	480.46
	<u>22.12</u>	<u>480.46</u>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in lakhs)

Particulars	Year	
	2018 - 2019	2017 - 2018
<b>Note 25 Revenue from Operations.</b>		
a) Sale of Products		
Sales of Machines and Spares ( Including Excise duty)	3,127.67	2,484.28
b) Sale of Services		
Bombay Exhibition Centre (Rental and Services)	15,597.13	12,970.34
Nesco IT Park (Rental and Services)	13,696.98	14,544.33
Hospitality Services	3,413.19	2,040.22
Engineering fees, services and other charges	125.99	153.85
	<b>35,960.96</b>	<b>32,193.02</b>
<b>Note 26 Other income</b>		
Interest Income	8.87	5.79
Dividend from mutual fund investments	116.92	207.34
Net gain arising on financial assets measured at FVTPL	2,628.99	3,023.39
Sundry Creditors/liabilities written back (net)	83.26	158.71
Others	467.43	211.25
	<b>3,305.47</b>	<b>3,606.48</b>
<b>Note 27 Cost of materials consumed</b>		
Opening Stock	520.65	657.25
Add : Purchases	2,203.61	1,783.99
	2,724.26	2,441.24
Less: Closing Stock	444.53	520.65
	<b>2,279.73</b>	<b>1,920.59</b>
<b>Note 28 Changes in Inventories of finished goods and work in progress</b>		
Opening Stock of work-in-progress	715.91	624.48
Less: Change in opening stock valuation	(161.00)	-
Less: Closing Stock of work in progress	(441.15)	(715.91)
	<b>113.76</b>	<b>(91.43)</b>
<b>Note 29 Employee Benefits expense</b>		
Salaries and Wages	1,691.84	1,538.64
Contribution to Provident and other funds	71.83	68.74
Gratuity ( Refer note 40)	31.21	29.59
Staff welfare expenses	38.29	50.82
	<b>1,833.17</b>	<b>1,687.79</b>
<b>Note 30 Finance Costs</b>		
Interest on financial liabilities carried at amortised cost	444.50	514.36
Bank charges & guarantee commission	15.34	13.58
Others	11.56	31.79
	<b>471.40</b>	<b>559.72</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	Year	
	2018 - 2019	2017 - 2018
<b>Note 31 Other Expenses</b>		
Consumption of stores and spares	106.26	189.66
Power, Fuel & Electricity	1,519.48	1,369.06
Contract Manpower	823.90	674.15
Repairs and maintenance of :		
Buildings & Property	428.55	298.73
Plant & Machinery	104.50	220.21
Other Assets	194.97	212.73
Printing, Stationery, Postage and Communication expenses	109.76	110.44
Rent	49.26	46.63
Hire Charges	209.50	84.06
Catering and Other operating supplies	141.73	-
Warranty Expenses	16.24	-
Rates and Taxes	1,011.70	517.58
Water Charges	101.35	82.31
Advertisement and Sales Promotion	164.65	97.08
Membership and Subscription	13.61	28.18
Insurance	36.48	31.89
Housekeeping and Other Office Expenses	240.86	253.74
Loss on Sale / Asset Written off	321.79	8.06
Exchange loss on foreign exchange transactions	2.63	1.87
Travelling, Conveyance and vehicle expenses	147.35	191.71
Payment to Auditors:-		
Audit Fees	21.55	19.85
Certification work	0.14	0.05
Legal & professional fees	445.08	319.36
Event Expenses	774.92	720.28
CSR Expenses (Refer note 36)	462.18	411.47
Donation	50.08	8.25
Freight and handling charges	98.81	85.58
Commission to Directors	500.00	475.00
Directors' sitting fees	7.90	7.15
Security charges	137.89	84.01
Bad debts/sundry balance written off	122.54	118.79
Allowance for Doubtful Bad Debts	155.39	18.16
Miscellaneous expenses	70.51	65.20
	<b>8,591.54</b>	<b>6,751.24</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 32

Category wise classification of financial instruments

The carrying value of financial instruments by categories as of 31 March 2019 is as follows

(₹ in lakhs)

Financial Assets / Financial Liabilities	Amortised cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Total carrying value
<b>Financial Assets</b>				
Investments				
Equity Instruments	-	-	14.55	14.55
Mutual Funds	-	53,101.02	-	53,101.02
Government Securities	1.00	-	-	1.00
Other Investments	0.10	-	-	0.10
Trade Receivables	1,804.23	-	-	1,804.23
Cash and cash equivalents	511.27	-	-	511.27
Other balances with Banks	223.28	-	-	223.28
Loans / Sundry Deposits	364.29	-	-	364.29
Other financial assets	136.47	-	-	136.47
<b>Total Financial Assets</b>	<b>3,040.64</b>	<b>53,101.02</b>	<b>14.55</b>	<b>56,156.21</b>
<b>Financial Liabilities</b>				
Trade Payables	1,076.19	-	-	1,076.19
Other financial liabilities	9,197.74	-	-	9,197.74
<b>Total Financial Liabilities</b>	<b>10,273.93</b>	<b>-</b>	<b>-</b>	<b>10,273.93</b>

The carrying value of financial instruments by categories as of 31 March 2018 is as follows

(₹ in lakhs)

Financial Assets / Financial Liabilities	Amortised cost	Fair Value through profit or loss	Fair Value through other comprehensive income	Total carrying value
<b>Financial Assets</b>				
Investments				
Equity Instruments	-	-	13.50	13.50
Mutual Funds	-	49,836.04	-	49,836.04
Government Securities	1.00	-	-	1.00
Trade Receivables	1,414.31	-	-	1,414.31
Cash and cash equivalents	883.80	-	-	883.80
Other balances with Banks	150.96	-	-	150.96
Loans / Sundry Deposits	390.59	-	-	390.59
Other financial assets	122.12	-	-	122.12
<b>Total Financial Assets</b>	<b>2,962.78</b>	<b>49,836.04</b>	<b>13.50</b>	<b>52,812.32</b>
<b>Financial Liabilities</b>				
Trade Payables	939.12	-	-	939.12
Other financial liabilities	8,757.55	-	-	8,757.55
<b>Total Financial Liabilities</b>	<b>9,696.67</b>	<b>-</b>	<b>-</b>	<b>9,696.67</b>

**Fair value hierarchy****Statement of Changes in Equity for the year ended 31 March 2019**

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3

**The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2019:**

(₹ in lakhs)

Particulars	As of 31 March 2019	Fair value hierarchy at the end of the reporting period/year using		
		Level 1	Level 2	Level 3
Investments in Equity Instruments	14.55	14.52	-	0.03
Investments in Mutual Funds	53,101.02	53,101.02	-	-

**The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:**

(₹ in lakhs)

Particulars	As of 31 March 2018	Fair value hierarchy at the end of the reporting period/year using		
		Level 1	Level 2	Level 3
Investments in Equity Instruments	13.50	13.47	-	0.03
Investments in Mutual Funds	49,836.04	49,836.04	-	-

## Note 33 - Financial Risk Management:

### Financial Risk Factors:

The Group's financial liabilities comprises mainly of trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables

The Group's activities are exposed to Market risk, credit risk and liquidity risk. The Parent Company has set up Risk Management Committee in order to minimize any adverse effects of the risk exposure on the financial performance of the Company.

#### 1. Market Risk:

Market risk comprises of three types of risk: Currency Risk, Interest rate Risk and Other Price Risk.

##### a. Foreign Currency Risk:

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate due to changes in foreign currency exchange rates. The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

(₹ In lakhs)		
Currency	Receivable as at 31 March 2019	Receivable as at 31 March 2018
US Dollars	5.03	1.56

The Group has not entered into any forward contract during the year ended 31 March 2019 and 31 March 2018. The Company has not entered into any forward instrument for trades or speculation purpose.

##### b. Interest Rate Risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Group has NIL interest bearing borrowings, the exposure to risk of changes in market interest rate is NIL. The Group has not used any interest rate derivatives

##### c. Other Price Risk:

Other Price risk is the risk that fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from both financial assets such as investments in equity instruments and bonds.

The Parent Company invests in units of mutual funds including Fixed Maturity Plans, various debt Funds and Equity funds, and hence exposed to Other Price risk. Parent Company's Treasury dept. manages investments portfolio diversification in order to minimize risk and ongoing monitoring of market prices of investments.

#### 2. Credit Risk:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. Trade receivables are typically unsecured and are derived from customers from four operations Nesco IT Park lease, Bombay Exhibition Centre (BEC) revenue, sale of Industrial Capital Goods and Nesco Foods

The maximum exposure to credit risk on account of trade receivables, at the reporting date is ₹1,804.03 lakhs and ₹1,414.31 lakhs as on 31 March 2019 and 31 March 2018 respectively.

The Parent Company minimizes credit risk relating to IT Park lease and BEC business as follows:

- The Parent Company obtains security deposits from IT Park lessees and entitled to terminate lease agreement in case lessee makes defaults in payment of lease for a period of two consecutive months.
- BEC customers are required to pay advance and place refundable security deposit with the Parent Company.

Whereas, in case of trade receivables from Industrial Capital Goods division for sale of machineries, credit risk is managed through credit approvals, establishing credit limits and continuously monitored by creditworthiness of customers to whom, credit terms are granted in normal course of business.

The Group takes into account available credit risk factors as Group's historical experience for customers, customers' standing for credit defaults in market.

The allowance for lifetime expected credit loss on customer balances as on 31 March 2019 and 31 March 2018 was ₹ 173.55 lakhs and ₹ 18.16 lakhs respectively.

(₹ In lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Balance at the beginning	18.16	--
Loss allowance measured at lifetime expected credit losses	155.39	18.16
Balance at the end	173.55	18.16

Credit risk of financial assets other than Trade receivables:

- Investments in mutual fund schemes are marked to market on ongoing basis, which is major part of total Non-current and current investments.
- Long term loans and advances include deposits with local authorities, electricity board, electricity companies etc.
- Cash and Cash equivalents are balances with Public and Private Banks.
- Other current assets include deposits with more than 12 months maturities with Public and Private Banks and Earnest Money deposits with Govt. customer.

Credit risk arising from investment in mutual funds, financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognized financial institutions with high credit ratings assigned by the international credit rating agencies.

### 3. Liquidity Risk:

The Group's principal sources of liquidity are cash and cash equivalents, Balances and cash flows that are generated from business. The Group does not have any borrowings. The Group believes that their working capital is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived.

The Group manages the liquidity risk by maintaining adequate cash and cash equivalent ₹ 511.27 lakhs and ₹ 883.80 lakhs as on 31 March 2019 and 31 March 2018 respectively.

The table below provides details regarding the contractual maturities of significant financial liabilities as on 31 March 2019:

(₹ In lakhs)

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Other financial liabilities (non-current)				
Security deposit from IT Park licensees and others	-	5,342.08	-	5,342.08
Other financial liabilities (current)				
Security deposit from IT Park licensees and others	1,840.06	-	-	1,840.06
Trade Payables	1,076.19	-	-	1,076.19
Other financial liabilities	2,015.59	-	-	2,015.59

**Details regarding contractual maturities of significant financial liabilities as on 31 March 2018:**

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Other financial liabilities (Non-current):				
Security deposit from IT Park licensees and others	--	1,199.10	--	1,199.10
Other financial liabilities (current):				
Trade Payables	939.12	--	--	939.12
Security deposit from IT Park licensees and others	6,081.04	--	--	6,081.04
Other financial liabilities	1,477.41	--	--	1,477.41

**Note 34 - Contingent Liabilities and Commitments:**

- Income-tax demand disputed by the Parent Company ₹ 168.60 lakhs (previous year ₹213.23 lakhs)
- Claims against the Parent Company not acknowledged as debts ₹ 1,462.97 lakhs (previous year ₹ 1,462.97 lakhs)
- Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 14,950.05 lakhs (previous year - ₹ 27,106.90 Lakhs) against which an advance of ₹ 3,906.10 lakhs (previous year – ₹ 4,067.97 lakhs) has been paid.
- Indian Bank Guarantees given by bank on Parent Company's behalf ₹ 610.23 lakhs (Previous year – ₹451.51 lakhs. Foreign Bank Guarantees given by bank on Parent Company's behalf NIL (Previous year – US \$2,400)

**Note 35 - Disclosure under the MSMED Act 2006:**

Disclosure under the MSMED Act 2006 are provided as under for the year 2018-19, to the extent the Group has received intimation from the "Suppliers" regarding their status under the Act

(₹ in lakhs)

Particulars	As At	
	31 March 2019	31 March 2018
1) Principal amount and the interest due thereon remaining unpaid in each supplier at the end of each accounting year (but within due date as per the MSMED Act)	-	-
Principal amount due to Micro and Small Enterprise	69.71	-
Interest due on above	-	-
2) Interest paid by the company in terms of Section 16 of the MSMED Act 2006, along- with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
3) Interest due and payable for the period of the delay in making payment (which have been paid but beyond the appointed day during the period), but without adding interest specified under the MSMED Act 2006	-	-
4) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
5) Interest due and remaining payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprises	-	-

**Note 36 - Corporate Social Responsibility expense:**

- Gross amount required to be spent by the Parent Company during the year 2018-19 – ₹ 459.70 lakhs (Previous year ₹ 409.48 lakhs) towards CSR activities prescribed under Schedule VII of the Companies Act, 2013.
- Amounts spent during the year on:

(₹ in lakhs)

Nature of activities	Year 2018-19			Year 2017-18		
	In Cash**	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
Promoting Education: -						
i) Construction of school	38.98	-	38.98	381.99	-	381.99
ii) Purpose other than i) above	423.20	-	423.20	29.48	-	29.48
<b>Total</b>	<b>462.18</b>	<b>-</b>	<b>462.18</b>	<b>411.47</b>	<b>-</b>	<b>411.47</b>

## C) Related party transactions in relation to Corporate Social Responsibility

Nature of activities	Year 2018-19			Year 2017-18		
	In Cash**	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
Related party transactions	-	-	-	-	-	-

\*\* Represents actual outflow during the year

**Note 37 - Leases: Pursuant to Ind AS 17 – Leases following information is disclosed:****Company as Lessor:**

The Parent Company has entered into operating leases on its Property, Plant and Equipment located at Byculla and Goregaon IT Park premises:

Future minimum rentals receivable under these non-cancellable operating leases are, as follows:

(₹ In lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Within one year	9800.70	7,535.69
After one year but not more than five years	18,303.59	8,544.93
More than 5 years	61.50	776.70

There is no contingent rent receivable from lessees under the lease agreements.

**Company as Lessee:**

The Parent Company has taken factory land at Karamsad, Gujarat and its corporate office at Mahalakshmi, Mumbai under non-cancellable Operating Lease. The lease rentals are payable by the Company monthly. There is no contingent rent payable to lessors under the lease agreements.

Future minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Within one year	40.50	33.00
After one year but not more than five years	114.75	39.00
More than 5 years	--	--

Lease payment recognized in statement of profit and loss is ₹ 49.26 lakhs (Previous year ₹ 46.63 lakhs)

**Note 38 - Earnings per share:**

Particulars	2018-19	2017-18
Profit after Tax as per statement of Profit and Loss (₹ in lakhs)	18,042.81	17,871.87
Weighted average Number of equity shares outstanding during the years	70,459,960	70,459,960
Basic and diluted earnings per share in Rupees (Face value- ₹ 2 per share)	25.61	25.36

With effect from 05 September 2017, face value of the Company's Equity share has been subdivided from ₹ 10 each to ₹ 2 each fully paid up. In compliance with Ind AS 33- Earnings Per Share (EPS), the Company has given effect to the said subdivision of shares in computing the earnings per share for comparative periods.

**Note 39 - Related party disclosures:**
**(a) List of related parties and relationships**

Entities in which KMPs have significant influence	Patel Consultancy Pvt Ltd J V Patel Investment and Trading Co. Pvt. Ltd. Engineering Global Pte Limited Chandler and Price India Private Limited K S Patel Finance & Investment Company Pvt Ltd
Key Management Personnel	Mr. Sumant J. Patel – Executive Chairman Mr. Krishna S. Patel – Managing Director Mr. Dipesh R. Singhanian – Chief Financial Officer and Head Legal Ms Jinal J. Shah - Company Secretary and Compliance Officer
Relative of Key Management Personnel	Mrs. Sudha S. Patel - Non Executive Director
Non Executive Directors	Mr. Mahendra K. Chauhan Mr. Manu M. Parpia Mr. Jai S. Diwanji Mr. K. S. Srinivasa Murty Ms. Amrita Verma Chowdhury (w.e.f. 14 May 2019)

**(b) Related party transactions**

(₹ in lakhs)

Particulars	2018-2019	2017-2018
<b>Brokerage Income</b>		
K S Patel Finance & Investment Company Pvt Ltd	--	9.98
Chandler and Price India Private Limited	185.91	83.22
<b>Rent Expense</b>		
Mr. Sumant J Patel	19.50	19.50
<b>Remuneration, perquisites, commission</b>		
Mr. Sumant J. Patel	446.00	434.00
Mr. Krishna S. Patel	260.88	225.80
Mr. Dipesh R. Singhania	78.28	80.16
Ms. Jinal J. Shah	8.46	7.17
<b>Director sitting fees</b>		
Mrs. Sudha S. Patel	1.40	1.40
Mr. Mahendra K. Chauhan	1.75	1.80
Mr. Manu M. Parpia	1.60	1.05
Mr. Jai S. Diwanji	2.50	1.55
Mr. K. S. Srinivasa Murty	0.65	1.35
<b>Amounts Payables / (Receivable)</b>		
Mr. Sumant J. Patel	51.16	231.13
Mr. Krishna S. Patel	29.43	85.38
Mr. Dipesh R. Singhania	5.67	9.58
Ms. Jinal J. Shah	0.57	0.53
K S Patel Finance & Investment Company Pvt Ltd	--	(1.10)
Chandler and Price India Private Limited	(20.21)	(9.21)

**Employee benefits for Key Management Personnel is as follows: -**

(₹ in lakhs)

Particulars	For the year 2018-19	For the year 2017-18
Short-term employee benefits	793.62	747.13
Post-employment benefits	60.57	55.08
Other long-term benefits	13.59	13.60



**Note 40 - Employee Benefits:**
**1 Post employment benefits:**

The Group has following Post-Employment benefit plans:

**a. Defined Contribution plan**

Provident Fund and Employee State Insurance Scheme Defined contribution plans are Provident Fund Scheme and Employee State Insurance Scheme. The Company contributes to the Government administered provident funds on behalf of its employees.

**b. Defined Benefit plan**
Gratuity scheme

The Company operates a defined benefit gratuity plan for employees. The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary. The Company creates adequate provision in its books every year based on actuarial valuation. These benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and investment risk

The amounts recognised in the Company's financial statements as at year end are as under:

(₹ in lakhs)

Particulars	Gratuity ( Unfunded)	
	As at 31 March 2019	As at 31 March 2018
Present Value of Benefit Obligation at the Beginning of the Period	164.81	181.35
Interest Cost	12.90	13.22
Current Service Cost	18.30	16.37
(Benefit Paid Directly by the Employer)	(20.85)	(37.58)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	0.62	(8.33)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(7.64)	(0.22)
Present Value of Benefit Obligation at the End of the Period	168.14	164.81

Amount Recognized in the Balance Sheet

(Present Value of Benefit Obligation at the end of the Period)	(168.14)	(164.81)
Funded Status (Surplus/ (Deficit))	(168.14)	(164.81)
Net (Liability)/Asset Recognized in the Balance Sheet	(168.14)	(164.81)

Net Interest Cost for Current Period

Present Value of Benefit Obligation at the Beginning of the Period	164.81	181.35
Net Liability/(Asset) at the Beginning	164.81	181.35
Interest Cost	12.90	13.22
Net Interest Cost for Current Period	12.90	13.22

Expenses Recognized in the Statement of Profit or Loss for Current Period

Current Service Cost	18.30	16.38
Net Interest Cost	12.90	13.22
Expenses Recognized	31.21	29.59

## Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period

Actuarial (Gains)/Losses on Obligation For the Period	(7.02)	(8.56)
Net (Income)/Expense For the Period Recognized in OCI	(7.02)	(8.56)

## Balance Sheet Reconciliation

Opening Net Liability	164.81	181.35
Expenses Recognized in Statement of Profit or Loss	31.21	29.59
Expenses Recognized in OCI	(7.02)	(8.56)
(Benefit Paid Directly by the Employer)	(20.85)	(37.59)
Net Liability/(Asset) Recognized in the Balance Sheet	168.14	164.81

## Other Details

No of Active Members	161.00	147.00
Per Month Salary For Active Members	46.51	43.68
Weighted Average Duration of the Projected Benefit Obligation	11.00	10.68
Average Expected Future Service	17.00	15.73
Projected Benefit Obligation	168.14	164.81
The Difference Between Projected Pay-out Based on Opening Data And Actual Pay-out	-	-
	(1.52)	37.59

## Net Interest Cost for Next Year

Present Value of Benefit Obligation at the End of the Period	168.14	164.81
Net Liability/(Asset) at the End of the Period	168.14	164.81
Interest Cost	13.10	12.90
Net Interest Cost for Next Year	13.10	12.90

## Assumptions

Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.79%	7.83%
Rate of Salary Increase	6.00%	6.00%
Rate of Employee Turnover	1.00%	1.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

## Expenses Recognized in the Statement of Profit or Loss for Next Year

Current Service Cost	19.89	18.31
Net Interest Cost	13.10	12.90
Expenses Recognized	32.98	31.21

## Maturity Analysis of the Benefit Payments: From the Employer

## Projected Benefits Payable in Future Years From the Date of Reporting

1st Following Year	24.73	22.37
2nd Following Year	11.24	12.84
3rd Following Year	10.09	18.58
4th Following Year	6.59	9.56
5th Following Year	3.79	6.53
Sum of Years 6 To 10	55.83	41.18
Sum of Years 11 and above	306.71	296.51

### Sensitivity Analysis

Projected Benefit Obligation on Current Assumptions	168.14	164.80
Delta Effect of +1% Change in Rate of Discounting	(7.52)	(7.11)
Delta Effect of -1% Change in Rate of Discounting	8.12	7.70
Delta Effect of +1% Change in Rate of Salary Increase	8.22	7.80
Delta Effect of -1% Change in Rate of Salary Increase	(7.67)	(7.26)
Delta Effect of +1% Change in Rate of Employee Turnover	0.99	1.04
Delta Effect of -1% Change in Rate of Employee Turnover	(1.06)	(1.11)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 2. Long Term Employee Benefits:

The liability towards compensated absences (annual leave) as on 31 March 2019, based on actual valuation carried out by using the project accrued benefit method amount to ₹ 5.90 lakhs (previous year ₹ 5.13 lakhs) has been recognized in the Statement of Profit and Loss.

### Note 41 - Income Taxes:

Income tax expenses in the Statement of Profit and Loss comprise:

(₹ in lakhs)

Particulars	Year 2018-2019	Year 2017-2018
Current Taxes	7,277.08	6,329.15
Deferred Taxes	(530.44)	(407.67)
Income Tax Expenses	6,746.46	5,921.48

Tax expenses includes ₹ 110.92 lakhs (previous year ₹ 82 lakhs) provided during the year against earlier year liability.

A reconciliation of the income tax provisions to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

(₹ in lakhs)

Particulars	Year 2018-2019	Year 2017-2018
Profit before tax	24,789.45	23,793.35
Enacted Tax rate in India	34.94%	34.61%
Computed enacted tax expenses	8,662.43	8,234.40
Add / (Less): Expenses not allowable for tax purposes	404.85	226.10
Add / (Less): Income not considered for tax purpose	(1,474.35)	(1,528.09)
Add / (Less): Effect of expenses, computed differently in tax	(110.47)	(158.24)
Add / (Less): Effect of expenses, which are allowed on payment basis	(17.86)	(3.75)
Add / (Less): Effect of income, considered under other head of income	(828.87)	(930.94)
<b>Total</b>	<b>6,635.72</b>	<b>5,839.48</b>
(Excess) / short provision of earlier years	110.92	82.00
<b>Income Tax Expenses</b>	<b>6746.64</b>	<b>5921.48</b>

The Applicable Statutory tax rate for financial year ended 31 March 2019 is 34.94% and for 31 March 2018 is 34.61%.

- Income considered under other head of income, mainly comprises of IT Park rental income considered under 'Income from House property' as per the provisions of Income Tax Act, 1961.
- Income not considered for tax purpose mainly consists of other income on account of fair valuation of Investments in Mutual funds and dividend income from Investments in mutual funds.

Details of income tax assets and liabilities as of 31 March 2019 and 31 March 2018 are as follows:

(₹ In lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Income tax Assets	781.82	859.66
Current Income Tax Liabilities	(22.12)	(480.46)
Net current income tax Assets / (Liabilities)	759.70	379.20

Details of deferred tax assets and liabilities as of 31 March 2019 and 31 March 2018 are as follows:

(₹ In lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax Liabilities	(2,320.70)	(2,822.16)
Deferred Tax Assets	527.95	501.46
Net deferred tax Assets / (Liabilities)	(1,792.75)	(2,320.70)

The gross movement in the Current Tax assets / (liabilities) for the year ended 31 March 2019 and 31 March 2018 is as follows:

(₹ in lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net current tax assets / (liabilities) at the beginning of the year	379.20	923.83
Income tax paid		
Advance tax and TDS	7,144.04	5,784.63
Self-Assessment Tax paid/Previous year adjustments	402.62	(82.00)
Current income tax expenses	(7,166.16)	(6,247.15)
Net current tax assets / (liabilities) at the end of the year	759.70	379.20

The gross movement in deferred income Tax account for the year ended 31 March 2019 and 31 March 2018 is as follows:

(₹ in lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net deferred tax assets / (liabilities) at the beginning	(2,320.70)	(2,725.45)
(Credit) / charge related to temporary differences	525.5	407.67
Temporary differences on other comprehensive income	2.45	(2.92)
Net deferred tax assets / (liabilities) at the end	(1,792.75)	(2,320.70)

The credits relating to temporary differences during the year ended 31 March 2019 and 31 March 2018 are primarily on account of - Other income due to fair valuation of investments on mutual funds.

#### Note 42 - Proposed Dividend:

The Board of Directors as its meeting held on 24 May 2019, have recommended a payment of dividend of ₹ 2.50 (Rupees Two and Fifty paise ) per equity share of face value of ₹ 2 each for the financial year ended 31 March 2019. The same amounts to ₹ 2,123.59 lakhs inclusive of Dividend Distribution Tax of ₹ 362.09 lakhs.

The above is subject to approval at the ensuing AGM of the Company and hence is not recognized as a liability

#### Note 43 - Segment Reporting:

(₹ in lakhs)

Particulars	2018-19	2017-18
<b>Revenue by Segment</b>		
Nesco IT Park	13,696.98	14,544.33
Bombay Exhibition Centre	15,597.13	12,970.34
Industrial Capital Goods Division	3,253.65	2,638.13
Nesco Foods	3,413.19	2040.22
Income from Investments/ Other Income	3,305.47	3,606.48
<b>Total</b>	<b>39,266.43</b>	<b>35,799.50</b>

<b>Segment profit after tax and finance cost</b>		
NescoT Park	11,017.85	12,680.63
Bombay Exhibition Centre	12,558.65	10,359.36
Industrial Capital Goods Division	(35.92)	17.87
Nesco Foods	694.07	314.11
Unallocable expenses net off unallocable income	554.81	421.38
<b>Total Operating profit before tax</b>	<b>24,789.45</b>	<b>23,793.35</b>
<b>Capital Employed</b>		
<b>Segment Assets</b>		
Nesco IT Park	66,010.22	52,560.42
Bombay Exhibition Centre	5,591.24	5,889.77
Industrial Capital Goods Division	3,280.62	3,415.45
Nesco Foods	3,305.77	3,611.07
Unallocable Assets	56,685.54	52,814.07
<b>Total</b>	<b>1,34,873.39</b>	<b>1,18,290.78</b>
<b>Segment Liabilities</b>		
Nesco IT Park	9,990.61	7,855.54
Bombay Exhibition Centre	3,552.70	3,861.40
Industrial Capital Goods Division	698.05	612.45
Nesco Foods	437.97	406.73
Unallocable Liabilities	3,146.52	4,440.83
<b>Total</b>	<b>17,825.86</b>	<b>17,176.95</b>
<b>Capital Employed</b>		
Nesco IT Park	56,019.61	44,704.88
Bombay Exhibition Centre	2,038.54	2,028.37
Industrial Capital Goods Division	2,582.57	2,803.00
Nesco Foods	2,687.80	3,204.34
Unallocable Assets net of Unallocable Liabilities	53,539.02	48,373.24
<b>Total</b>	<b>1,17,047.54</b>	<b>1,01,113.83</b>
<b>Capital Expenditure</b>		
Nesco IT Park	15,077.31	10,065.86
Bombay Exhibition Centre	153.56	2,869.58
Industrial Capital Goods Division	51.38	26.76
Unallocable Assets	106.16	185.65
Nesco Foods	69.86	1,502.84
<b>Total</b>	<b>15,458.27</b>	<b>14,650.69</b>

**Note 44 - Disclosure of additional information pertaining to the Parent Company, Subsidiary and Associates as per Schedule III of Companies Act, 2013**

(₹ in lakhs)

Name of the entity in the Group	2018-19 Net Assets i.e., total assets minus total liabilities		2018-19 Share in profit or loss		2018-19 Share in other comprehensive income		2018-19 Share in total comprehensive income	
	Amount	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other compre hensive income	Amount	As % of consolidated total compre hensive income
Parent:-								
Nesco Limited	1,16,779.46	99.77	18,018.25	99.86	5.62	100.00	18,023.87	99.86
Subsidiary:-								
Indian:-								
Nesco Hospitality Pvt Ltd	268.08	0.23	24.54	0.14	-	0.00	24.54	0.14
Non controlling interest	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,17,047.54</b>	<b>100.00</b>	<b>18,042.25</b>	<b>100.00</b>	<b>5.62</b>	<b>100.00</b>	<b>18,048.43</b>	<b>100.00</b>

Name of the entity in the Group	2017-18 Net Assets i.e., total assets minus total liabilities		2017-18 Share in profit or loss		2017-18 Share in other comprehensive income		2017-18 Share in total comprehensive income	
	Amount	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other compre hensive income	Amount	As % of consolidated total compre hensive income
Parent:-								
Nesco Limited	1,00,870.32	99.76	17,669.27	98.87	5.78	100	17,675.05	98.87
Subsidiary:-								
Indian:-								
Nesco Hospitality Pvt Ltd	243.41	0.24	202.52	1.13	-	0.00	202.52	1.13
Non controlling interest	0.11	0.00	0.08	0.00	-	0.00	0.08	0.00
<b>Total</b>	<b>1,01,113.83</b>	<b>100.00</b>	<b>17,871.87</b>	<b>100.00</b>	<b>5.78</b>	<b>100.00</b>	<b>17,877.65</b>	<b>100.00</b>





## NOTICE

Notice is hereby given that 60th Annual General Meeting of Nesco Limited will be held on Monday, 05 August 2019 at 3.30 p.m. at Tower 04, Nesco IT Park, Nesco Center, Western Express Highway, Goregaon East, Mumbai - 400063 to transact the following business:

### Ordinary Business

1. To consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended 31 March 2019, 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 reappointment.
4. To reappoint Statutory Auditors of the Company.

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions of Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the audit committee, M/s Manubhai & Shah LLP, Chartered Accountants (LLP Registration No. AAG-0878, Firm Registration No. 106041W/W100136) be and are hereby re-appointed as the statutory auditors of the Company for a second term of five years to hold office till the conclusion of 65th Annual General Meeting and that the Board of Directors be and are hereby authorized to fix the remuneration payable to them for the financial year ending 31 March 2020 as may be determined by the Audit Committee.”

### Special Business

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Ms. Amrita Verma Chowdhury (DIN 02178520) who was appointed as an Additional Director of the Company with effect from 14 May 2019 and who holds office upto the date of this Annual General Meeting of the Company, who being eligible, offers herself for appointment and in respect of whom the Company has received a notice from a member in writing under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years up to 13 May 2024.

**RESOLVED FURTHER THAT** the Board of Directors or Company Secretary of the Company be and are jointly or severally hereby authorized to do all such acts, deeds and things as may be necessary, expedient or desirable for the purpose of giving effect to this resolution.”

By Order of the Board of Directors

Jinal J. Shah  
Company Secretary and  
Compliance Officer

Mumbai  
24 May 2019

Registered Office:  
Nesco Center,  
Western Express Highway,  
Goregaon (East), Mumbai – 400 063.  
CIN No. – L17100MH1946PLC004886

**NOTES:**

1. An explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the special businesses to be transacted at the annual general meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL 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. A PERSON CAN ACT AS A PROXY ON BEHALF OF NOT MORE THAN FIFTY MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
3. The instrument of proxy, in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A proxy form is annexed to this report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
4. Corporate Members intending to send their authorized 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.
5. Members / proxies / authorized representatives should bring the duly filled attendance slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the annual general meeting.
7. The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the annual general meeting.
8. The Register of Members and share transfer books of the Company will remain closed from Tuesday, 30 July 2019 to Monday, 05 August 2019 (both days inclusive), for the purpose of annual general meeting and for determining the names of the shareholders eligible for dividend on equity shares.
9. The dividend, if approved by the members at the annual general meeting will be paid on or before the 30th day from the date of declaration to those members whose names appear in the Register of Members of the Company as on 29 July 2019.
10. The annual report is also available on the website of the Company at [www.nesco.in](http://www.nesco.in) in the investors relations section.
11. Additional information, pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking re-appointment at the annual general meeting, is furnished as annexure to the notice.
12. 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 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. The Company has already transferred the dividend for the year 2010-11 and is in process to transfer the unpaid/unclaimed dividend for the year 2011-12. The due date for transfer of the unpaid/unclaimed dividend for the year 2011-12 is 14 September 2019. Members are therefore requested to expeditiously put their claims for unclaimed dividends.

13. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 all shares in respect of which dividend has not been claimed or has remained unpaid for seven consecutive years, shall be transferred by the Company to Investor Education and Protection Fund (IEPF) set up by the Central Government.
14. All 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.  
C-101, 247 Park,  
LBS Marg, Vikhroli (West),  
Mumbai – 400083.  
Tel: 022 28515606 / 28515644  
Fax : +91 22 28512885  
Email: support@sharexindia.com  
Website: www.sharexindia.com
  - ii. Inform change in address directly to their respective depository participants in case members are holding shares in electronic form.
  - iii. Send all correspondence relating to transfer and transmission of shares to Registrar and Share Transfer Agent and not to the Company.
  - iv. Quote their folio no. / client ID no. in their correspondence with the Registrar and Share Transfer Agent.
  - v. Send their queries related to accounts and operations of the Company at least 10 days in advance so that required information can be made available at the meeting.
  - vi. Intimate Registrar and Share Transfer Agents, Sharex Dynamic (India) Pvt. Ltd. for consolidation of folios, in case having more than one folio.
  - vii. Bring their copies of annual report and attendance slip with them at the meeting.
  - viii. Bring entrance pass duly filled for attending the meeting.
15. The Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) have advised all listed companies to 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 shall be able to coordinate with their bankers only on receipt of necessary information. Members holding shares in electronic form may instruct their depository participants accordingly.
16. 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 Agents, 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 agents, Sharex Dynamic (India) Private Limited.

17. 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 Share Transfer Agents, 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:
    - Name of the Bank
    - Name of the branch
    - Complete address of the Bank with pin code number
    - Bank Account number
    - E- mail ID
18. 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 Agents, Sharex Dynamic (India) Private Limited for assistance in this regard.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents, Sharex Dynamic (India) Private Limited.
20. Procedure for e-voting

In compliance with the provision of Section 108 of the Companies Act, 2013 and Rule 20 of Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members facility to exercise their right to vote at 60th annual general meeting by electronic means and the business may be transacted through e-voting services provided by Link Intime India Private Limited (LI IPL).

**Instructions for shareholders voting electronically are as under:**

- i. For members whose e-mail addresses are registered with the Company / Depositories.**
  - a. Visit the e-voting system of LI IPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
  - b. Click on "Login" tab, available under 'Shareholders' section.
  - c. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
- ii. Your User ID details are given below:**
  - a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
  - b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
  - c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company
- iii. Your Password details are given below:**
  - a. If you are using e-Voting system of LI IPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on “Sign Up” tab available under ‘Shareholders’ section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

<b>For Shareholders holding shares in Demat Form or Physical Form</b>	
<b>PAN</b>	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> <li>Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.</li> </ul>
<b>DOB/ DOI</b>	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
<b>Bank Account Number</b>	Enter the Bank Account number as recorded in your demat account or in the company records for the said demat account or folio number. <ul style="list-style-type: none"> <li>Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in instruction (v-c).</li> </ul>

b. If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

**iv. If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

- a. Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.
- b. In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

- v. For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- vi. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

**vii. Cast your vote electronically**

- a. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View “Event No” of the company, you choose to vote.
- b. On the voting page, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting. Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’. You may also choose the option ‘Abstain’ and the shares held will not be counted under ‘Favour/Against’.

- c. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- d. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- e. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- f. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

**viii. General Guidelines for shareholders:**

- a. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

- b. During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- c. Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- d. In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us on telephone number: 022 - 49186000.

**Other Instructions:**

- (a) The voting period begins on Friday, 02 August 2019 at 09.00 a.m. and ends on Sunday, 04 August 2019 at 05.00 p.m. (preceding the date of AGM). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 29 July 2019, may cast their vote electronically. The e-voting module shall be disabled by LIPL for voting thereafter.
- (b) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (c) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date (record date) of 29 July 2019.
- (d) Ms. Neeta H. Desai, ND & Associates, Practising Company Secretaries has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (e) The scrutinizer shall immediately after the conclusion of voting at the annual general meeting first count the votes cast at the meeting and thereafter unlock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than three working days of the conclusion of the meeting, a consolidated scrutinizer report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.

- (f) A member can opt for only one mode of voting i.e. either through e-voting or physical form. If member cast his/her vote by both modes, the voting done through e-voting shall prevail and the vote by ballot shall be treated as invalid.
- (g) The results declared along with Scrutinizers' Report shall be placed on the Company's website www.nesco.in within two days of the passing of the resolutions at the 60th AGM of the Company and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

#### **ANNEXURE TO THE NOTICE:**

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

#### **Item No. 3**

#### **Re-Appointment of Mrs. Sudha S. Patel, Non-executive Director, retiring by rotation.**

Details of Director seeking re-appointment at the forthcoming annual general meeting pursuant to Regulation 36 of the Listing Regulations

Particulars	Director
Name of the Director	Mrs. Sudha S. Patel
Age	80 years
Qualification	M.S. in Education Psychology from University of Southern California, USA
Brief Resume / Profile	Mrs. Sudha S. Patel founded Sudha Garments 30 years ago to elevate the status of Indian textiles and garment design, both globally and locally. She is also a devoted philanthropist, actively serving as a trustee of Shrujan Trust, Kutch.
Date of first appointment	16 July 2001
Details of proposed remuneration	Sitting Fees
Shareholding in the Company	45,74,720 Equity shares of ₹ 2/- each
Relationship with other Directors / Key Managerial Personnel	<ul style="list-style-type: none"> <li>• Wife of Mr. Sumant J. Patel</li> <li>• Mother of Mr. Krishna S. Patel</li> </ul>
Number of board meetings attended during financial year 2018-19	4
Chairperson / Membership of the Board of directors of the Company	<ul style="list-style-type: none"> <li>• Chairperson of Stakeholders Relationship Committee</li> <li>• Member of Nomination and Remuneration Committee</li> </ul>
Other Listed Companies in which she is a director	NIL

#### **Item No. 4**

#### **Re-appointment of Statutory Auditors for a second term of five years.**

Manubhai & Shah LLP, 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 can be appointed as auditors of the company for two terms of five years each.

Accordingly, on the recommendation of the Audit Committee, the Board of Directors in its meeting held on 24 May 2019 have approved reappointment of Manubhai & Shah LLP, Chartered Accountants as the statutory auditors of the Company for the second term of five years to hold office till the conclusion of 65th Annual General Meeting. Your directors propose to pay ₹20.62 lakhs as professional fees to the statutory auditors for the financial year 2019-20.

The Board of Directors propose the reappointment of the auditors of the Company and recommend the ordinary resolution as set out in Item no. 4 of the notice for the approval of the members at the ensuing Annual General Meeting.

None of the Directors, key managerial personnel or their relatives are concerned or interested in the proposed resolution as set out in the notice.

#### Item No. 5

##### **Regularization of Ms. Amrita Verma Chowdhury as a Director of the Company.**

The Board of Directors of the Company had on the recommendation of Nomination and Remuneration Committee, vide circular resolution dated 14 May 2019 appointed Ms. Amrita Verma Chowdhury (DIN: 02178520) as an Additional Director (Independent) in terms of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactments(s) thereof for the time being in force), to hold office for a period of 5 (five) consecutive years not liable to retire by rotation, subject to the approval of shareholders at the ensuing Annual General Meeting.

As an Additional Director, Ms. Amrita Verma Chowdhury holds office upto the date of the ensuing annual general meeting and is eligible for being appointed as an Independent Director of the Company. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Ms. Amrita Verma Chowdhury for the office of director of the Company.

##### **Details of Director seeking confirmation of appointment at the forthcoming Annual General Meeting pursuant to Regulation 36 of the Listing Regulations**

Particulars	Independent Director
Name of the Director	Ms. Amrita Verma Chowdhury
Date of Birth	16 November 1970
Date of Appointment	14 May 2019
Qualification	1. B.Tech. from IIT Kanpur 2. MS from UC Berkeley 3. MBA from Carnegie Mellon - Tepper Business School.
Directorships and Committee memberships held in other Public Limited Companies as on 31 March 2019.	Simmonds Marshall Limited  Committees – Audit Committee and CSR Committee of Simmonds Marshall limited
Inter-se relationship between directors	NIL
Number of Shares held in the Company	NIL

The Board of Directors propose the appointment of Ms. Amrita Verma Chowdhury as a Non-executive, Independent Director of the Company and recommend the ordinary resolution as set out in Item no. 5 of the notice for the approval of the members at the ensuing annual general meeting.



None of the Directors, key managerial personnel or their relatives are concerned or interested in the proposed resolution as set out in the notice.

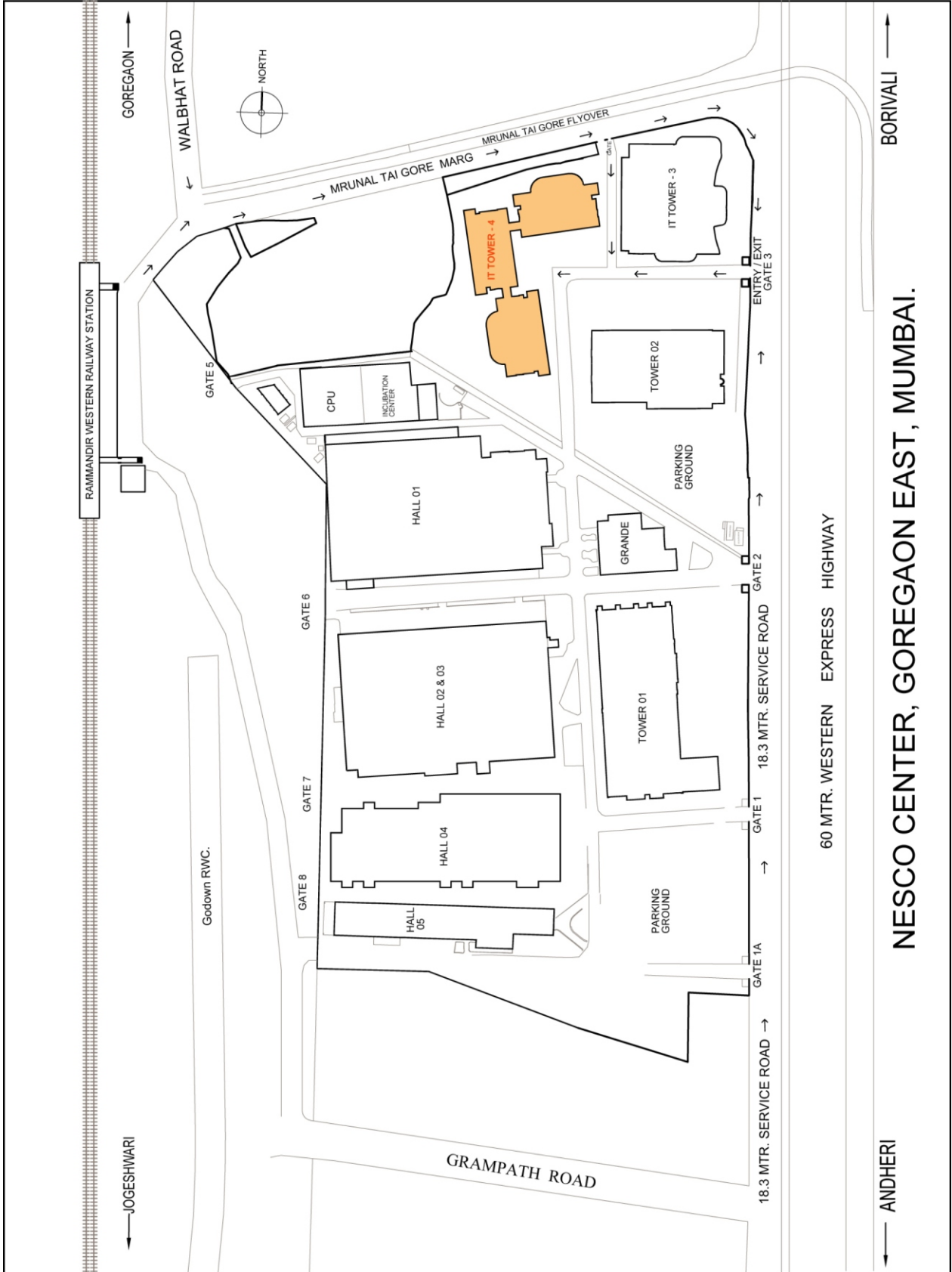
By Order of the Board of Directors

Jinal J. Shah  
Company Secretary and  
Compliance Officer

Mumbai  
24 May 2019

Registered Office:  
Nesco Center,  
Western Express Highway,  
Goregaon (East), Mumbai – 400063.  
CIN No. – L17100MH1946PLC004886

Route Map to AGM venue



NESCO CENTER, GOREGAON EAST, MUMBAI.







Western Express Highway, Goregaon (East), Mumbai 400 063  
Maharashtra, India