**NESCO LIMITED**
Nesco Center
Western Express Highway
Goregaon (East)
Mumbai 400063

**T** +91 22 6645 0123
**F** +91 22 6645 0101
**E** contact@nesco.in
**W** www.nesco.in

13 July 2022

BSE Limited
Department of Corporate Services
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

**Ref : 505355**

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

**Ref : NESCO**

**Sub : Annual Report of the Company for the financial year 2021-22**

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 63rd Annual General Meeting (AGM) along with the Annual Report of the Company for the financial year 2021-22.

In compliance with relevant circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the AGM and the Annual Report of the Company for the financial year 2021-22 has been sent to all the members of the Company whose email addresses are registered with the Company or Depository Participant(s).

The Notice of AGM along with the Annual Report for the financial year 2021-22 is also 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**

NESCO LIMITED MUMBAI

Encl : As above

# 63rd ANNUAL REPORT

2021 -2022

nesco

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# BOARD OF DIRECTORS

| | |
|---|---|
| Mr. Krishna S. Patel | Chairman and Managing Director |
| Mr. Sumant J. Patel | Executive Director and Chief Mentor (Upto 17 November 2021) |
| 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 |
| Mrs. Amrita Verma Chowdhury | Independent Director |

**CHIEF FINANCIAL OFFICER**

Mr. Dipesh R. Singhania

**COMPANY SECRETARY AND COMPLIANCE OFFICER**

Ms. Jinal J. Shah

**STATUTORY AUDITORS**

Manubhai & Shah LLP, Chartered Accountants

**BANKER**

HDFC Bank Limited

**REGISTERED OFFICE**

**Nesco Center,**
Western Express Highway, Goregaon (East),
Mumbai 400063.
CIN: L17100MH1946PLC004886
Email: companysecretary@nesco.in Web: www.nesco.in
Tel: 022 66450123 Fax: 022 66450101

**BRANCH OFFICES**

**New Delhi**
J-7, Himalaya House,
23, K. G. Marg,
New Delhi 110001

**Kolkata**
Binoy Bhavan,
5th Floor,
Camac Street,
Kolkata 700016

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

**PLANTS**

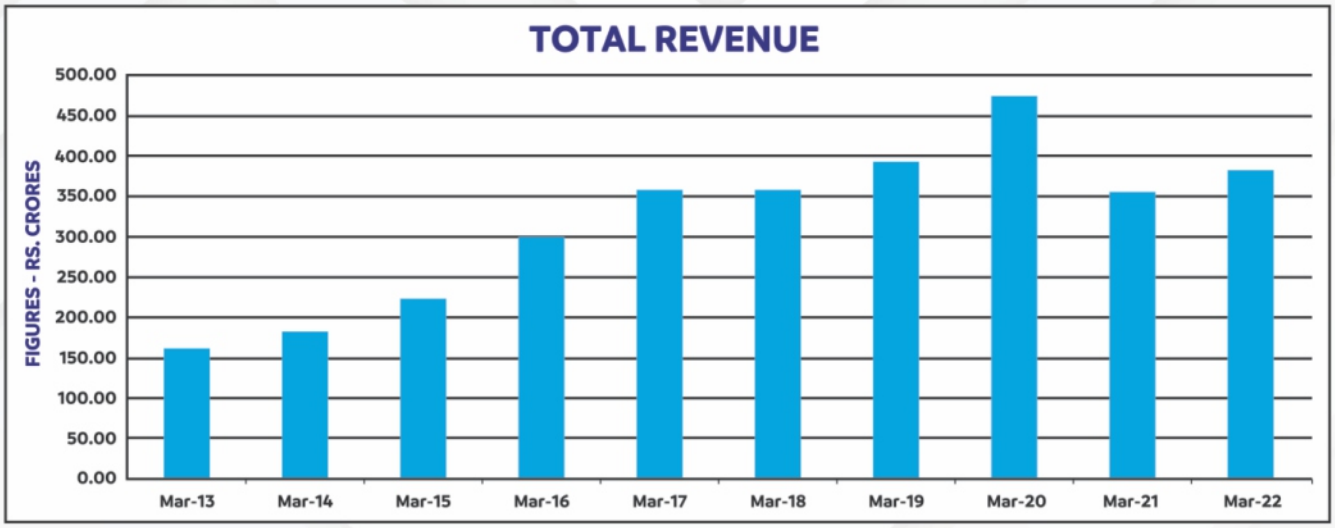
**Karamsad**
Anand Sojitra Road,
Karamsad
Gujarat 388325

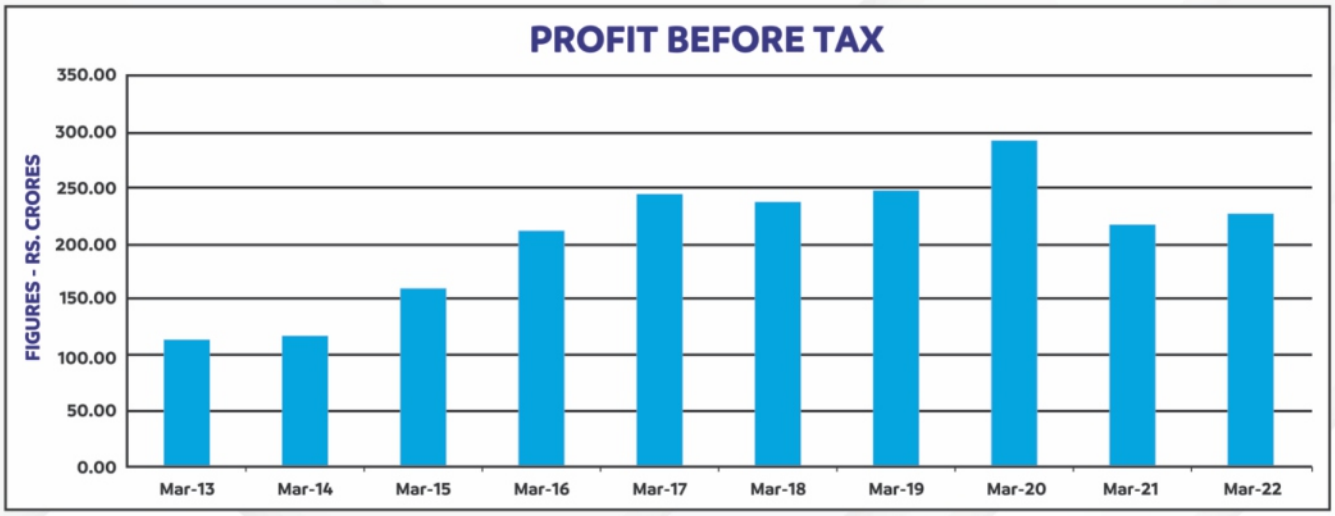
**Vishnoli**
Nadiad Petlad Road,
Vishnoli
Gujarat 388130

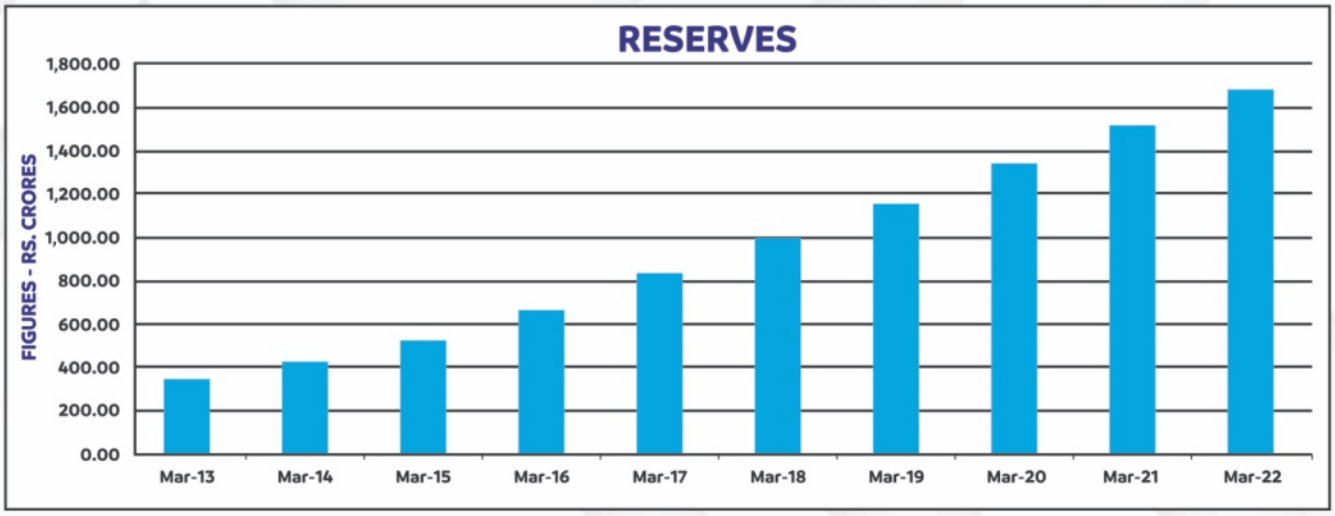
**REGISTRAR AND SHARE TRANSFER AGENTS**

Link Intime India Private Limited

# 10 YEARS AT A GLANCE



## REPORT OF BOARD OF DIRECTORS

Dear Members,

Board of Directors have pleasure in presenting 63rd annual report of your Company for the financial year ended 31 March 2022.

### 1. Financial Results:

(₹ in lakhs)

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | 2021-22 | 2020-21 | 2021-22 | 2020-21 |
| Income | 38,241.21 | 35,569.72 | 38,216.37 | 35,565.77 |
| Profit before depreciation and tax | 25,476.55 | 24,203.67 | 25,480.34 | 24,207.94 |
| Depreciation | 2,830.55 | 2,573.06 | 2,829.16 | 2,572.97 |
| Profit Before Taxes | 22,646.00 | 21,630.61 | 22,651.18 | 21,634.97 |
| Tax Expenses | 3,728.88 | 4,385.05 | 3,728.94 | 4,385.05 |
| Net Profit after Taxes | 18,917.12 | 17,245.56 | 18,922.24 | 17,249.92 |
| Opening Balance of Retained Earnings | 50.00 | 50.00 | 50.00 | 50.00 |
| Amount available for appropriations: | 19,011.52 | 17,217.43 | 19,016.64 | 17,221.79 |
| **Appropriations:** | | | | |
| 1. Dividend | 2,113.80 | - | 2,113.80 | - |
| 2. Transfer to General Reserve | 16,847.72 | 17,167.43 | 16,852.84 | 17,171.79 |
| Closing Balance of Retained Earnings | 50.00 | 50.00 | 50.00 | 50.00 |
| Earning Per Share (Basic) (in ₹) | 26.85 | 24.48 | 26.86 | 24.48 |
| Earning Per Share (Diluted) (in ₹) | 26.85 | 24.48 | 26.86 | 24.48 |

### 2. Review of Operations:

Your Company achieved a consolidated turnover of ₹ 38,241.21 lakhs as compared to previous year consolidated turnover of ₹ 35,569.72 lakhs.

Consolidated profit before tax was at ₹ 22,646.00 lakhs as compared to ₹ 21,630.61 lakhs in the financial year 2020-21.

Consolidated earnings per share amounted to ₹ 26.85 (previous year ₹ 24.48). Company's reserves were ₹ 1,68,364.82 lakhs (previous year ₹ 1,51,513.71 lakhs).

### 3. Dividend:

Your Directors are pleased to recommend a dividend of 150% per equity share amounting to ₹ 3 per equity share of ₹ 2 each (same as last year) for the financial year ended 31 March 2022 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, (Listing Regulations) the Dividend Distribution Policy is available on the Company's website at www.nesco.in.

## 4. Management Discussion and Analysis:

Management Discussion and Analysis as specified under the Listing Regulations is presented as a separate section in this Annual Report.

## 5. Company's Performance:

### i) Nesco IT Park:

During the year, revenue from IT Park increased by 7.35% to ₹ 26,415.15 lakhs (previous year ₹ 24,606.29 lakhs).

80% of Tower 03 and 92% of Tower 04 are occupied by our clients. Hall 3 provides Incubation Centre facility; and a Child Care Centre for children of employees working in Nesco Center.

Our IT Towers accommodate world's leading multinationals such as HSBC, KPMG, PWC, MSCI, BlackRock, Here Solutions, Framestore, Priceline, WeWork, Apollo Global and several others. After two years of Work from Home, some Companies have now instructed their employees to come to office.

### ii) Bombay Exhibition Centre:

a. **Guest Exhibitions and Events:** During the period from 01 November 2021 to 31 March 2022 twelve guest exhibitions was held in were Centre, which were organized by the existing clients. Other exhibitions could not be conducted in view of the lockdown and related restrictions imposed from 01 April 2021 to 31 October 2021 to contain 3rd wave of Pandemic. Income from the Exhibition Centre for the year was ₹ 1,618.33 lakhs compared to ₹ 595.11 lakhs in the previous year, there was an increase in revenue by 171.94%.

b. **Nesco Exhibitions and Events:** During the financial year 2021-22, Company couldn't conduct any exhibitions due to the aftereffects of the pandemic which reduced participations by the exhibitors in the Exhibitions.

### iii) Nesco Foods:

Income for the year from the foods division decreased from the last year by 12.65% to ₹1,135.27 lakhs as compared to ₹1,299.61 lakhs during the previous year.

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. During the year, Nesco Foods catered food to the Jumbo Dedicated Covid Health Center made by MCGM in BEC Halls and outside clients and events. Company is in the process of soon commencing operations of Food Court and Restaurants in Tower 04 of Nesco IT Park.

### iv) Indabrator:

During the year under review, income from Indabrator increased by 75.22% to ₹4,571.12 lakhs as compared to ₹ 2,608.76 lakhs during the previous year.

### v) Investments and Other Income:

Income from investments and other income was ₹4,501.34 lakhs (previous year ₹6,459.95 lakhs), decreased by 30.32%.

## 6. Finance:

Your Company had no debt as on 31 March 2022. Company's liquid resources (fixed maturity plans, mutual funds, cash and bank balances) increased by 4.46 % to ₹ 85,578.99 lakhs from ₹ 81,923.11 lakhs.

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

## 7. Internal Financial Controls related to Financial Statements:

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

Your Company has well laid out policies on financial reporting, asset management, adherence to Management policies and also on promoting compliance of ethical and well-defined standards.

Your Company follows 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.

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

The Audit Committee which meets at regular intervals also reviews the internal control systems with the Management and the internal auditors. The internal audit is conducted at 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.

## 8. Corporate Social Responsibility (CSR):

Your Company has undertaken various projects during the year in the field of promotion of Education and Special Education and in promoting Health Care and Preventive Health Care. The Company is evaluating and will take up more CSR activities in different areas. The CSR Policy of the Company is available on the website of the Company at www.nesco.in.

Annual report on CSR activities undertaken during the financial year ended 31 March 2022 in accordance with Section 135 of the Companies Act, 2013 (Act) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) is set out in **"Annexure A"** attached to this report.

## 9. Directors and Key Managerial Personnel:

Mrs. Sudha S. Patel, Non-executive Director, retires by rotation at the ensuing annual general meeting pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and articles of association of your Company and being eligible has offered herself for reappointment. Her brief resume and other related information have been detailed in the annexure to the notice.

Mr. Krishna S. Patel was appointed as Chairman & Managing Director and Mr. Sumant J. Patel was appointed as Executive Director & Chief Mentor of the Company with effect from 15 June 2021. Mr. Sumant J. Patel left for his heavenly abode on 17 November 2021.

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

## 10. Board Evaluation:

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

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

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

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

## 11. Training of Independent Directors:

Your Company's Independent Directors are highly qualified and have been associated with corporate and business organizations. They understand Company's business and activities very well, however, pursuant to Regulation 4 of the Listing Regulations, the Independent Directors were given a brief about the Company's business processes, manufacturing activities and were also introduced to the employees of the Company.

## 12. Declaration by Independent Directors:

All Independent Directors have 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.

## 13. 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 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was held on 11 August 2021.

## 14. Policy on Directors appointment and Remuneration and other details:

The salient features of the Nomination and Remuneration Policy of the Company and other matters provided in Section 178(3) of the Act are set out in the Corporate Governance Report which forms part of this Annual Report.

The said policy of the Company, inter alia, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment & re-appointment of directors on the Board of the Company and persons holding senior management positions in the Company, including their remuneration and other matters as provided under Section 178 of the Act and Listing Regulations. The Nomination and Remuneration Policy is available on the website of the Company at www.nesco.in.

The remuneration paid to the directors, key managerial personnel and senior management is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 of the Listing Regulations.

## 15. 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 2022, the applicable Indian 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 2022 and of the profit and loss of the Company for the financial year ended 31 March 2022;

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.

## 16. Auditors:

### a. Statutory Audit 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, had 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 had 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.

M/s. Manubhai & Shah LLP has confirmed that they are not disqualified from continuing as Auditors of the Company.

The Auditors have issued an unmodified opinion on the Standalone and Consolidated Financial Statements for the financial year ended 31 March 2022. The Auditors Report for the financial year ended 31 March 2022 on the Standalone and Consolidated Financial Statements of the Company forms a part of this Annual Report.

The Auditors Report for the financial year 2021-22, 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 28 May 2021, 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 2021-22.

The Secretarial Audit Report for the financial year 2021-22 is annexed herewith as **"Annexure B".** The Secretarial Auditors Report does not contain any qualification, reservation or adverse remark.

None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013.

### c. Cost Audit and Auditors:

Pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014, your Company is required to get the cost audit done for its Indabrator division from the financial year 2022-23 for the cost records maintained by the said division of the Company.

The Board of Directors of the Company, on the recommendation made by the Audit Committee, have appointed M/s. Y. S. Thakar & Co. (Firm Registration No. 000318) as the Cost Auditors of the Company to conduct the audit of cost records of products for the financial year 2022-23. M/s. Y. S. Thakar & Co., being eligible, have given their consent to act as the Cost Auditors of the Company for the financial year 2022-23.

The remuneration proposed to be paid to the Cost Auditors, subject to ratification by the members of the Company at the ensuing 63rd Annual General Meeting, would not exceed ₹40,000/- (Rupees Forty Thousand only) excluding taxes and out-of-pocket expenses, if any.

## 17. 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.

## 18. Vigil Mechanism and 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.

## 19. Risk Management:

The Company endeavors to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. The Company, through its risk management process, aims to contain the risks within its risk appetite. There are no risks which in the opinion of the Board threaten the existence of the Company.

The Board of Directors of the Company on the recommendation of the Risk Management Committee has developed risk management policy for the Company which articulates the Company's approach to address the uncertainties in its endeavor to achieve its stated and implicit objectives.

## 20. 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.

## 21. 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.

## 22. 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.

## 23. Annual Return:

The Annual Return of the Company for the financial year ended 31 March 2022 in Form MGT – 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of the Company at www.nesco.in.

## 24. 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 C".**

## 25. 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 are reducing power consumption by over 20% in IT Park building. Further to this with effect from February 2022, IT Park have changed into 100% Green Energy, a big milestone achieved towards net zero buildings and reduction of carbon footprints.

Nesco Center at Goregaon consist of more than 1,500 grown up trees. It continues its efforts in increasing the trees annually. Thus, helping in reducing carbon footprints in and around the surrounding areas.

The Company's foreign exchange earnings during the year was ₹ 15.43 lakhs and outgo during the year was ₹ 34.37 lakhs.

## 26. Subsidiaries:

### a. Nesco Foundation for Innovation and Development:

A wholly owned subsidiary of your Company, incorporated under Section 8 of the Companies Act, 2013 has obtained registration under Section 80G and 12AA of the Income Tax Act, 1961. It has also received its CSR-1 registration.

Nesco Foundation for Innovation and Development has commissioned Nesco Incubation Centre which is located near Indabrator's Karamsad premises.

### b. Nesco Hospitality Private Limited:

A wholly owned subsidiary of your Company operated Food Courts in the Nesco Center.

The scheme of Amalgamation with Nesco Limited was rejected by the Regional Director vide its order no. RD/WR/Sec.233/Nesco/R29440013/2020/1178 dated 30 July 2021 received on 02 August 2021 on certain technical requirement pursuant to Section 233(1)(b) of the Companies Act, 2013.

Nesco Hospitality Private Limited has gone under voluntary liquidation pursuant to the provisions of Section 59 of Insolvency and Bankruptcy Code, 2016 and other applicable provisions of all other applicable statutes, read with applicable regulations of Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 with effect from 17 January 2022. However, the accounts of the said Company have been consolidated with our Company for the financial year ended 31 March 2022.

A separate statement containing the salient features of financial statements of subsidiaries of your Company prescribed in Form AOC-1 forms part of consolidated financial statements in compliance with Section 129 and other applicable provisions, if any, of the Companies Act, 2013 (Act).

In accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and the financial statements of each of the subsidiary companies, are available on our website at www.nesco.in. The Company's Policy for determining material subsidiaries may be accessed on the website of the Company at www.nesco.in.

The Company does not have a material subsidiary.

## 27. Related Party Transactions:

During the financial year 2021-22, 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 D"** to this Report.

## 28. 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.

## 29. Business Responsibility Report:

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

## 30. 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.

## 31. Appreciation:

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

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

**Krishna S. Patel**
**Chairman & Managing Director**
**DIN: 01519572**

**Mumbai**
**25 May 2022**

**ANNEXURE A**

## Annual Report on CSR Activities for the Financial Year ended 31 March 2022

### 1. Brief outline on CSR Policy of the Company:

Nesco's Corporate Social Responsibility (CSR) policy is aimed at demonstrating care for the community through its focus on promoting education and special education, skill development, safe drinking water, health & wellness and livelihood enhancement and ensuring sustainability. The projects undertaken by the Company are within the broad framework of Schedule VII of the Companies Act, 2013.

### 2. Composition of CSR Committee:

| Sr. No. | Name of Director | Designation / Nature of Directorship | No. of Committee meetings during the year 2021-22 | |
|---|---|---|---|---|
| | | | Held | Attended |
| 1. | Mrs. Sudha S. Patel* | Chairperson / Non-executive Non-Independent Director | 2 | 0 |
| 2. | Mr. Sumant J. Patel** | Member / Executive Director & Chief Mentor | 2 | 1 |
| 3. | Mr. Krishna S. Patel | Member / Chairman & Managing Director | 2 | 2 |
| 4. | Mr. Mahendra K. Chouhan | Member / Non-executive Independent Director | 2 | 2 |
| 5. | Mr. Jai S. Diwanji | Member / Non-executive Independent Director | 2 | 2 |

* Mrs. Sudha S. Patel, Non-executive Director was appointed as member of the Committee w.e.f. 12 November 2021 and was appointed as Chairperson in the meeting held on 24 May 2022.

** Mr Sumant J. Patel, Executive Director & Chief Mentor of the Company left for his heavenly abode on 17 November 2021.

### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

https://www.nesco.in/social-responsibility

### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of Sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Impact Assessment is not applicable to the Company.

### 5. Details of the amount available for set off in pursuance of Sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sr. No. | Financial Year | Amount available for set-off from preceding financial years (₹ in lakhs) | Amount required to be set-off for the financial year, if any (₹ in lakhs) |
|---|---|---|---|
| - | - | NIL | NIL |
| **Total** | - | NIL | NIL |

### 6. Average net profit of the Company as per Section 135(5).

Average Net Profit: ₹ 24,843.82 lakhs

7.

| Sr. No. | Particulars | Amount (₹ in lakhs) |
|---|---|---|
| a. | Two percent of average net profit of the company as per Section 135(5) | ₹ 496.88 |
| b. | Surplus arising out of the CSR projects or programmes or activities of the previous financial years | – |
| c. | Amount required to be set off for the financial year, if any | – |
| d. | Total CSR obligation for the financial year (7a+7b-7c): | ₹ 496.88 |

## 8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (₹ in lakhs) | Amount Unspent (₹ in lakhs) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5). | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 455.32 | 42.00 | 30.04.2022 | - | NIL | Not Applicable |

## (b) Details of CSR amount spent against ongoing projects for the financial year:

| -1 | -2 | -3 | -4 | -5 | | -6 | -7 | -8 | -9 | -10 | -11 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sr. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Project duration | Amount allocated for the project (₹ in lakhs) | Amount spent in the current financial Year (₹ in lakhs) | Amount transf-erred to Unspent CSR Account for the project as per Section 135(6) (₹ in lakhs) | Mode of Imple-mentation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| 1. | Infrastructure at school premises | Promoting education and special education | Yes | Gujarat | Anand | One Year | 42.00 | - | 42.00 | No | Nesco Foundation for Innovation and Development | CSR00000877 |
| | **Total** | | | | | | 42.00 | - | 42.00 | | | |

# CSR

## (c) Details of CSR amount spent against other than ongoing projects for the financial year:

| Sr. No. | Name of the Project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Amount spent for the project (₹ in lakhs) | Mode of imple-mentation Direct (Yes/No) | Mode of implementation - Through implementing agency | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | Name | CSR registration number |
| 1. | Supporting Covid Care Centre | Promoting Health care and preventive health care | Yes | Maharashtra | Mumbai | 3.91 | Yes | Not Applicable | Not Applicable |
| 2. | Providing infrastructure at Schools | Promoting education and special education | Yes | Gujarat | Anand | 29.84 | No | Nesco Foundation for Innovation and Development | CSR00000877 |
| 3. | Construction of Borewell at a school | Providing Safe drinking water, sanitation | Yes | Gujarat | Anand | 0.99 | No | Nesco Foundation for Innovation and Development | CSR00000877 |
| 4. | Distribution of Sanitizers | Promoting Health care and preventive health care | Yes | Gujarat | Anand | 62.82 | No | Nesco Foundation for Innovation and Development | CSR00000877 |
| 5. | Providing affordable education | Promoting education and special education | Yes | Uttar Pradesh | Mathura | 100.00 | No | Jan Jagrati Sevarth Sansthan | CSR00006903 |
| 6. | Providing vocational and self-employment training | Promoting education and special education | Yes | Gujarat | Bhavnagar | 125.00 | No | Brahmarshi Gyan Savrdhak Trust | CSR00010542 |
| 7. | Providing affordable medical facilities | Promoting Health care and preventive health care | Yes | Gujarat | Mansa, Ahmedabad, Gandhinagar | 125.00 | No | Motiba Memorial Seva Samaj Trust | CSR00006721 |
| | **Total** | | | | | **447.56** | | | |

**(d) Amount spent in Administrative Overheads:** ₹ 7.76 lakhs

**(e) Amount spent on Impact Assessment, if applicable:** Not Applicable

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 497.32 lakhs*

* Includes an amount of ₹ 42.00 lakhs earmarked for ongoing projects transferred to Unspent CSR Account in terms of Section 135(6) of the Companies Act, 2013 for the Financial Year 2021-22

## (g) Excess amount for set off, if any

| Sr. No. | Particular | Amount (₹ in lakhs) |
|---|---|---|
| (i) | Two percent of average net profit of the Company as per Section 135(5) | ₹ 496.88 |
| (ii) | Total amount spent for the financial year* | ₹ 497.32 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | ₹ 0.44 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | – |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | ₹ 0.44 |

* Includes an amount of ₹ 42.00 lakhs earmarked for ongoing projects transferred to Unspent CSR Account in terms of Section 135(6) of the Companies Act, 2013 for the Financial Year 2021-22.

### 9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sr. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under Section 135 (6) (₹ in lakhs) | Amount spent in the Reporting Financial Year (₹ in lakhs) | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any | | | Amount remaining to be spent in succeeding financial years (₹ in lakhs) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (₹ in lakhs) | Date of transfer | |
| 1. | 2020-21 | 190.00 | 168.47 | Not Applicable | | | 21.53 |
| | **Total** | **190.00** | **168.47** | **Not Applicable** | | | **21.53** |

### (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| Sr. No. | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount Allocated for the project (₹ in lakhs) | Amount spent on the project in the reporting Financial Year (₹ in lakhs) | Cumulative amount spent at the end of reporting Financial Year (₹ in lakhs) | Status of the project Completed /Ongoing |
|---|---|---|---|---|---|---|---|
| 1. | Expansion of S J Patel English Medium School | 2020-21 | Two Years | 167.59 | 0.40 | 121.40 | Ongoing |
| 2. | Construction at C J Patel English Medium School, Karamsad for new KG Section | 2020-21 | Two Years | 170.08 | 135.90 | 162.25 | Completed |
| 3. | Support to Gurukrupa | 2020-21 | One Year | 6.91 | 6.28 | 6.91 | Completed |
| 4. | Support to Aquibots | 2020-21 | One Year | 3.90 | - | - | Ongoing |
| 5. | Support to Testomatic | 2020-21 | One Year | 2.80 | 0.30 | 2.80 | Completed |
| 6. | Atal Tinkering Lab at C J Patel English medium school, Karamsad | 2020-21 | One Year | 16.56 | 6.76 | 6.76 | Ongoing |
| 7. | Fire Protection System for C J Patel Eng. Med. School, Karamsad (New Building) | 2020-21 | One Year | 4.84 | 4.84 | 4.84 | Completed |
| 8. | Fire Protection System for C J Patel Eng. Med. School, Karamsad (Old Building) | 2020-21 | One Year | 5.31 | 5.31 | 5.31 | Completed |
| 9. | Fire Protection System for S J Patel Eng. Med. School, Karamsad (CBSE) | 2020-21 | One Year | 3.84 | 3.84 | 3.84 | Completed |
| 10. | Fire Protection System for S J Patel Eng. Med. School, Tarapur | 2020-21 | One Year | 4.84 | 4.84 | 4.84 | Completed |
| | **Total** | | | **386.67** | **168.47** | **318.95** | |

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:** Not Applicable

**11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5).**

The Unspent CSR amount pertains to Ongoing Projects where the duration of the Project continued beyond one financial year. The balance amount to be spent on such projects will be incurred within the prescribed time limit in accordance with the CSR Amendment rules and have been transferred to 'Nesco Limited Unspent CSR Account for Financial Year 2021-22'.

**For and on behalf of the CSR Committee**

**Sudha S. Patel**
**Chairperson, CSR Committee**
**DIN: 00187055**

**Krishna S. Patel**
**Chairman & Managing Director**
**DIN: 01519572**

**Mumbai**
**25 May 2022**

**ANNEXURE B**

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

[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 Center,
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 electronic and physical 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 physically and electronically 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 2022 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 physically and electronically the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2022 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
- The Contract Labour (Regulation & Abolition) Act, 1970
- The Payment of Bonus Act, 1965
- Electricity Act, 2003
- Negotiable Instrument Act, 1881
- Goods and Services Tax Act, 2017
- Customs Act, 1962
- Water (Prevention & Control of Pollution) Act 1974 and rules thereunder
- Air (Prevention & Control of Pollution) Act 1981 and rules thereunder
- 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.

**The Company has paid dividend in the audit period and has complied with the dividend related and IEPF related compliances as per Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.**

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.

**During the year Mr. Sumant J. Patel, Executive Director & Chief Mentor left for heavenly abode on 17 November 2021. The designation of Mr. Krishna S. Patel was changed from Vice Chairman & Managing Director to Chairman & Managing Director.**

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) Foreign technical collaborations.

**We report that during the audit period the process of merger of its wholly owned subsidiary M/s. Nesco Hospitality Private Limited (NHPL) (Transferor Company) with the holding Company (Nesco Limited) (Transferee Company) was rejected by the Regional Director vide Order no. RD/WR/Sec.233/Nesco/R29440013/2020/1178 dated 30 July 2021 on certain technical requirement pursuant to Section 233(1)(b) of the Companies Act, 2013. Hence, now NHPL has made an application for Voluntary winding up pursuant to the provisions of Section 59 of Insolvency and Bankruptcy Code, 2016 and other applicable provisions of all other applicable statutes read with applicable provisions of Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017.**

We further report that during the audit period, the Company has accomplished the CSR activities through the newly incorporated wholly owned Section 8 Company for executing its CSR activities.

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. Our responsibility is to express an opinion on these secretarial records based on our 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.

**For ND & Associates**
**(Peer Reviewed)**

**Mumbai**
**16 May 2022**
**UDIN : F003262D000328334**

**Neeta H. Desai**
**Practising Company Secretary**
**COP No. 4741**

ANNEXURE C

## 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:**

| Executive Director | Ratio to median remuneration |
|---|---|
| Mr. Sumant J. Patel* | 72.52 |
| Mr. Krishna S. Patel | 119.77 |

| Non- executive Directors | Ratio to median remuneration |
|---|---|
| NIL | NIL |

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

| Name | % increase / (decrease) |
|---|---|
| Mr. Krishna S. Patel, Chairman & Managing Director | (19.30) |
| Mr. Sumant J. Patel, Executive Director & Chief Mentor* | (49.27) |
| Mr. Dipesh R. Singhania, Chief Financial Officer | (45.34) |
| Ms. Jinal J. Shah, Company Secretary and Compliance Officer | (9.27) |

* Mr. Sumant J. Patel, Executive Director & Chief Mentor of the Company left for his heavenly abode on 17 November 2021.

**c. The percentage increase in the median remuneration of employees in the financial year: 31%**

**d. The number of permanent employees on the rolls of the Company:** 118 (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 2.74%, after accounting for promotions and other event based compensation revisions.

There was a decrease in the managerial remuneration for the year by 34.75%.

**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.** The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is available on the website of the Company at https://www.nesco.in/financials.

**ANNEXURE D**

## 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 the financial year 2021-22.

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

All contracts or arrangements or transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any material contract or arrangement or transaction with related parties which is required to be reported in Form No. AOC-2 in terms of Section 134(3)(h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### A. Business Groups and Developments

#### Nesco IT Park

Nesco Realty has carved a benchmark with its premium Nesco IT Park. A self-sustained facility, the Park is laid out over several million square feet. It accommodates the world's leading multinationals such as HSBC, KPMG, PWC, MSCI, BlackRock, Here Solution, Framestore, Priceline, WeWork, Apollo Global and several others.

#### Developments

Our Company had retained JLL's landlord representative team for sales and marketing activities of Nesco IT Park Tower 04. JLL comes with strong Tenant Representative and landlord representative practice; technology platform and reach to their strong client network globally.

Due to the ongoing COVID-19 Pandemic where movement of people was restricted virtual tour of the IT Park was introduced as a method to let the potential clients have a look at the office space and facilities offered. From this year onwards, physical visits to the location has also started.

The division has prepared and is monitoring a tracker for Grade A properties, Clients and their contractual details to explore potential clients for its IT Park. Marketing activities like Email, Whatsapp, JLL Client Event, Linkedin Post, Roadshows in different cities were used for bringing in new and reputed clients from around the Country. Incentive Schemes for financial year 2021-22 was launched for clients coming through IPCs /Brokers, Email Flyer, Whatsapp Flyer, Linkedin Post or clients approaching directly.

#### Bombay Exhibition Centre

Bombay Exhibition Centre (BEC) reflects Belief and Opportunity. Bringing over millions of ideas to life, the Center has helped the globe converge in Mumbai with a common purpose.

The exhibition industry sector enables trade/business transaction of over ₹ 3,00,000 crore, annually boosting and supporting the growth of various spectrum of industries while also being a colossal employment provider with nearly 1,20,000 people employed in this industry. Normally, during the year 745 events are conducted, average event size is of 9.8 thousand gross sq. meters.

Bombay Exhibition business includes 73% of exhibition area within Western and Northern region - Western (38%), Northern (35%), Southern (24%), Central (2%), Eastern (1%) and it primarily focus on B2B events.

As a space of limitless possibility, Bombay Exhibition Centre is endlessly customizable. With robust infrastructure, the center paces itself to global standards. The wide options of venues, the versatility packed within, are topped with helpful services.

With the continued expansion of Bombay Exhibition Centre, there is now a versatile solution for any trade fair. The BEC is already India's largest exhibition venue in the private sector, hosting exhibition for most of the large and reputed organisers from India and across the Globe.

Nesco Exhibitions is into the business of organising Exhibitions and Conferences. We have events of different topics varying from B2B, B2C as well as B2G. The focus of each event is to create a huge business platform where the buyer and the seller come face to face and benefit commercially not only for themselves but also in the development of the Nation.

Our foray into the event space has been buoyed with excitement. Nesco Events has created unique properties that have quickly become resounding successes. This is taking the business off to an impressive start and is enhancing the Group's strengths to deliver quality entertainment to a burgeoning audience of eager enthusiasts.

Bombay Exhibition Centre has attained historical status in Mumbai as the ideal location for exhibitions, MICE, trade shows, business displays, events and entertainment.

### Developments

#### Guest Exhibitions and Events

From November 2021, 12 exhibitions were scheduled and held in Halls I, VI and VII. It is expected to receive other Halls back from MCGM during financial year 2022-23. There are 21 exhibitions scheduled till now for the financial year 2022-23.

#### Nesco Exhibitions

In financial year 2021-22, exhibitions were scheduled but couldn't be held due to second wave of COVID-19, reduced participants and footfalls. The exhibitions were then postponed to financial year 2022-23. Exhibition scheduled is 3rd edition of India Auto Show which will be held in the month of May 2022.

#### Nesco Events

Rangilo Re – Utsav Gujarat no, Navaratri festival spread across 9 days was not organised during the financial year 2020-21 and 2021-22 due to on-going pandemic. However, Rangilo Re now will be organized in the financial year 2022-23 at a large scale. There is tremendous revenue opportunity in form of ticket sales and event sponsorship.

Paddy Fields – Folk & Fusion music festival, was also not organised during the financial year 2020-21 and 2021-22 due to on-going pandemic. Paddy Fields also helps us in generating inquiries and business from third party B2C events like the Filmfare Marathi, Enchanted Valley Carnival music festival, DID Little Champs, Awards Night, COBEX etc.

#### Nesco Foods

Nesco Foods caters to all levels of social, business and luxury events. It is one of Mumbai's most preferred hospitality providers, well-recognized for their varied capability and array of cuisines. The division operates the largest non-flight kitchen in the city.

### Developments

A team of experienced personnel from the industry have been taken on board to drive revenues for this division. We are developing market awareness & presence of banquet segment with ballroom in both corporate and social segment. Marketing tools and aids are shaping up for a better reach and stronger brand recall. We participate in various Industry forums for increasing recognition of this new division. Nesco Foods also catered to Dedicated Covid and Health Centre (DCHC) and provided them packed meals during the Pandemic.

#### Indabrator

Indabrator, our engineering division is a pioneer in the surface-preparation category. Backed by best-in-class technology, Indabrator boasts one of the largest manufacturing units. Today, it remains a Company with impressive market share and multiple innovations in the pipeline and only manufacturer in India for equipments, spares and abrasives all in one location.

### Developments

Indabrator seized all the opportunities from firms that showed interest in setting-up or expanding green field and brown field projects. Abrasive sales continues its upward trend. Activities related to expansion of abrasive plant capacity at Karamsad was completed during the year.

## B. Opportunities and Threats

### Nesco IT Park

Mumbai Suburban area is home to lot of MNCs, Banks and Global Shared Services. There is huge opportunity as the existing tenants in this location will either look to expand or relocate in the nearby IT Parks. Having said the micro-market lacks 'A' category supply. Landlord with the supply at the right time will be a key differentiation.

Occupier may increase their focus on Environmental, Social and Corporate governance as key consideration while choosing building premises to occupy. Adoption of Green building is likely to act catalyst for preference of occupiers.

Tech enhancement spaces and increase in the flexibility of leasing portfolio will be long term outlook.

The only threat to Nesco IT Park business is from the office space providers in the nearby vicinity and more established Business Parks.

### Bombay Exhibition Centre

### Guest Exhibitions and Events

Bombay Exhibition Centre couldn't provide its space for exhibitions during the year due to ongoing Pandemic. Once the pandemic scenario improves, it is expected that the show size would increase due to increased participation by exhibitors seeking added business and markets to make up for the lost period. This would increase BEC revenues.

In the scenario that few states fare well in managing covid whereas Mumbai, Maharashtra faces worsening scenario, few organisers could be compelled to move their exhibitions to other cities or states.

However, the situation is improving. Some of our Halls which were occupied by MGCM were released during the year. Though on a smaller scale but we could give our halls for exhibitions. From November 2021 to March 2022, 12 shows were conducted in the Halls which were available with us such as ACETECH 2021, Tech Textile India 2021, International Health, Sports 2021.

On one side, we are procuring new clients since organisers are venturing outside their established zones which is an opportunity for the Company to attract new clients.

On the other side, we are losing voluminous business due to unavailability of Halls and due to new trend of having multi city exhibitions.

### Nesco Exhibitions and Events

In Nesco Exhibitions and Events, the opportunities are endless, as we can work on various topics that are not being organised otherwise. Opportunities to an open international market to meet and greet the Indian market at India's number one privately owned venue. Getting the exhibitors, visitors and the Government on one single platform is the biggest opportunity. There is also an opportunity of potential strategic tie-ups with third party exhibitions and events as partners, wherein the benefits could range from revenues to brand building and increased footfalls to the venue. Launching new IP's in B2C space (Music Festivals, Food Festivals, Kids festivals).

However, due to ongoing Pandemic COVID-19 we could not organize any shows during the financial year 2021-22. Once the pandemic scenario improves, it is expected that we will be able to organize more shows with increased participation from around the Country.

However, after span of 2 years, the Exhibition business is getting back to track slowly. Since, the market is opening up after the Pandemic COVID -19, lot of existing exhibitions are finding their footings gain albeit on smaller scale.

Industries have still not recovered from the shock of Covid; hence their spending has reduced substantially and hence shows are becoming small.

The Impact of 3rd wave as well as the threat of 4th wave of Covid has impacted the Exhibition business, which makes it more difficult for us to start new shows in this scenario.

**Nesco Foods**

The Pandemic has created a backlog of events that could not take place due to the environment. This includes the Social & Corporate segment and this is seen as an opportunity to grab for the Banqueting business for Nesco Foods.

The Covid Center tag for Nesco remains a soft deterrent of sorts. But the larger worry would be the non-availability of the 4 Halls still with MCGM. The situation also prohibits confirmation of Event bookings on the campus in the big Halls.

**Indabrator**

The biggest opportunity for Indabrator is the longevity in the business, strong and wide client base, its capability & capacity of handling large projects. Division has integrated manufacturing set-up under one roof. Export of Equipment, Spares and Abrasives can be a good opportunity for the Company.

However, Compliance to international standards, their requirements and local and international competition from established suppliers is a challenge for the Company.

## C. Risks and Concerns

Current and immediate risk to the Company is due to the pandemic where public gathering is restricted.

Common and General risk or concern which may impact the Company's business are Statutory permissions, market conditions, natural concerns, riots, uprisings, religious holidays, acceptance of the exhibitions and events concept by the targeted audience and potential sponsors.

The Company has a Risk Management Policy, which provides overall framework of Risk Management appropriate to it and to the business environment under which it operates. Risks are being identified at regular intervals by the Company's Board of Directors and key management personnel and their mitigations plans are discussed at the Risk Management Committee meetings.

**Nesco IT Park**

Companies have experienced work from home and have been under stress to improve their profitability after Covid period. Hence, for reducing cost, they may consider reducing their spaces or move out to spaces with lower rentals. This will create pressure on renegotiating the rent escalation due in this year.

Many Companies have also started mapping their workforce footprints basis they may spread their office location in western and eastern suburbs in Mumbai.

**Bombay Exhibition Centre**

The major concern of the Company currently is making BEC Halls available for conducting exhibitions and events. Currently, only three Halls are available with us. We are expecting to get the other Halls back in this financial year. The Impact of 2nd and 3rd wave and the threat of 4th wave of Covid due to increase in number of daily cases in Mumbai as well as throughout the country has made it difficult for launching of any new show.

Since spending in Exhibitions is tertiary and is dependent on how the primary Industry operates in that sector, any slowdown in the sector will affect the Exhibition industry substantially. Due to Covid-19, cash flow and price pressures will be felt in the industry. Hybrid model will play a big role in the revenues of Exhibitions.

### Nesco Foods

While the city is creeping into normalcy, the fear of the 4th wave creates a sense of uncertainty and concern in the industry. The Bureaucracy is also not taking a defined stand on the future. With the experience of the pandemic period, the industry is not taking any risks and only working on recovery and sustenance.

While Nesco Foods does get an impetus from the Exhibitions held on campus, the Exhibition industry itself is in a state of turmoil.

Also, the launch of the new Convention Centre in Mumbai brings in a noteworthy competition, which will have to be faced with aggressive marketing and high service standards.

### Indabrator

Availability of raw material and its price, restrictions on local and international travel, imports to India at a cheaper rate, high logistics cost, uncertain demand scenario around the globe are the matter of concerns for the Company.

### Investment

Your Company has invested mostly in Mutual Funds, Corporate Deposits, Non-Convertible Debentures, Bonds and Preference Shares. The volatility in the market may adversely affect the Company due to Mark to Market losses. To overcome this risk, the management reviews the investments on regular basis and verify the returns and present the same before the Board for their consideration every quarter.

## D. Internal Control Systems

The Company has proper and adequate system of internal controls which ensure that all the assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorised, recorded and reported correctly.

Our internal financial control framework is commensurate with the size and operations of the business and is in line with requirements of the regulations. We have laid down adequate procedures and policies to guide the operations of our business. Divisional Heads are responsible for ensuring compliance with the policies and procedures laid down by the management.

Our internal control systems are routinely tested by the Management, Statutory Auditors and Internal Auditors. All major findings and suggestions arising out of internal audit are reported to and reviewed by the Audit committee.

The management ensures implementation of these suggestions and reviews them periodically. The Company continuously strives to evolve, improve and implement the best practices for each of its major functional areas with a view to strengthen its internal control systems.

## E. Internal Audit

The internal audit is conducted by an independent audit firm comprising of chartered accountants. The internal auditors on carries audit basis quarterly / calendar plan. Internal audit comprises risk based approach and also transaction audit for certain identified areas and processes.

## F. Development in Human Resources and Industrial Relations

The Company's vision is to create a cohesive work environment that encourages the employees to pursue their professional and self-development goals in addition to building operational excellence and a sense of belonging. The Company believes that human resources are a critical factor for its growth. The emphasis is on grooming inhouse talent enabling them to take on larger responsibilities. The relations with the employees and workers remained cordial and harmonious throughout the year. The year 2021-22 saw a drop in overall employee benefit expense as compared to the

previous year. There was approx.16% drop in the said expenditure from the previous year; this drop is due to attrition and delayed replacements due to covid-19 as well as voluntary pay cuts to KMPs.

## G. Financial Review

During the year under review, certain businesses were impacted due to the lockdown measures to contract ongoing pandemic situation resulting in reduction in revenue and profits. The Standalone and Consolidated financial highlights for financial year 2021-22 are as follows:

(₹ in lakhs)

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | 2021-22 | 2020-21 | 2021-22 | 2020-21 |
| Revenue from Operations and Other Income | 38,241.21 | 35,569.72 | 38,216.37 | 35,565.77 |
| EBIDTA | 26,398.49 | 25,025.63 | 26,401.82 | 25,029.90 |
| Profit Before Tax | 22,646.00 | 21,630.61 | 22,651.18 | 21,634.97 |
| Profit After Tax | 18,917.12 | 17,245.56 | 18,922.24 | 17,249.92 |

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | 2021-22 | 2020-21 | 2021-22 | 2020-21 |
| Debtors Turnover Ratio | 13.99 | 12.61 | 13.99 | 12.61 |
| Inventory Turnover Ratio | 7.65 | 4.88 | 7.67 | 4.91 |
| Current Ratio | 3.73 | 1.73 | 3.70 | 1.70 |
| Operating Profit Margin | 69.85% | 77.13% | 69.87% | 77.15% |
| Net Profit Margin | 49.47% | 48.48% | 49.51% | 48.50% |
| Return on Net worth | 11.17% | 11.23% | 11.19% | 11.25% |

## H. Capital Expenditure and Expansion Plan

During the financial year 2021-22, expansion plans for IT Park and for BEC were deferred due to continued effects of the Covid-19 pandemic. The Company's Exhibition Halls were occupied by the Municipal Corporation of Greater Mumbai (MCGM) to operate a Jumbo Dedicated Covid Health Centre which included a Quarantine Centre, Hospital, ICU, as well as a Vaccination Centre.

- **Nesco IT Park** has completed the designing & finalization of plans for the new Tower 02 which will be located in place of legacy IT building 02 and the adjoining areas. The designs are made by Singapore Based Architects – Aedas and the total development size will be about 4.6 million sq. ft. that includes office space, hotel, car parking and other amenities.

  The estimated cost for Tower 02 is around ₹ 2,00,000 lakhs, with outflow spread across over more than 5 years and civil work expected to start shortly after approvals from various authorities.

  The Company is now commencing part of its various F&B and Retail areas in Tower 04 which includes new Restaurants, Food Court, Gym, Convenience Store, Salon and a Coffee Shop. The expected cost is approximately ₹ 5,000 lakhs.

  The Company has completed conceptualisation for landscaping of its Tower 03 which is estimated at a cost of ₹ 400 lakhs and shall be undertaken in financial year 2022-23 for overall upgradation of the facility.

- **Bombay Exhibition Centre** has obtained the clearance of State Government to the suggestion of objection filed in respect of DP 2034 which were included in the Excluded Portion (EP).

  Company has plans to develop a large world class integrated Exhibition Centre comprising of Exhibition Centre, Convention Centre, Hotel and other amenities in the coming years.

- For the financial year 2022-23, **Nesco Foods** is planning to increase its revenue stream by foraying into outdoor catering and B2B contracts outside the Nesco Center and operating two brands in food court named as 'Indic' & 'Daily Dely', serving authentic Indian cuisines. This additional business will be managed within its existing production capacity.

- At **Indabrator,** the abrasive plant manufacturing capacity of 2000 MT/annum has been ramped-up to 6000 MT/annum and can generate revenue of approximately ₹ 2,500 lakhs on full capacity basis.

  The division is also undertaking upgradation of its process as well as infrastructure. The infrastructure enhancement includes beautification of the existing structures and is estimated at approximately ₹ 530 lakhs

- The Company has implemented SAP (SG/HANA) for all its accounting functions and business processes across all divisions. It is now working on digitization of various aspects of other business processes. Furthermore, Company is in the process of implementing "LS Retail" as a front end solution for all its food courts and restaurants.

- Company has completed upgradation of the existing storm water drain within the Nesco Center in the financial year 2021-22 and is awaiting completion certificate from the relevant authorities. This will help eliminate the risk of water logging during monsoon season. The cost of completion for the same was ₹ 1,000 lakhs.

- A new sub-division under Nesco foods, named as **'Restaurant & Outlets'** has been developed to run the business of restaurants, food court and lounge bar. It is projected that this division will be gearing its operation from second quarter in alliance with some reputed brands of the City.

## REPORT ON CORPORATE GOVERNANCE

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

The year under review was another challenging year with some sign of relief from the pandemic. Corporates have incorporated several new methods of conducting business activities with renewed focus on employees and sustainability.

Nesco has always adopted a robust governance framework which played a critical role in ensuring that we remain true to our culture and values. The high standard of corporate governance is the cornerstone of our long termism and continued success.

Your Company believes in maximising the interests of Shareholders & Stakeholders alike. Hence, we are also working on Environmental, Social & Governance (ESG) agenda with renewed focus. Nesco is committed to adopt best governance standards & sustainability practices, and sustainable development of communities around our areas of businesses. We have a board which is striving to provide effective oversight and maintain a culture of transparency, accountability and equanimity. This culture inspires trust among all stakeholders.

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.

Customers, Employees, Shareholders and Stakeholders form the nucleus of NESCOs sphere of business. Therefore, the products & services that we provide and the customer satisfaction it generates, gives a special joy to us and to everyone involved. We believe in enriching and uplifting people's lives and that is what makes people believe in us!

### 2. Board of Directors:

The Board has an optimum mix of Executive, Non-executive and Independent Directors, who have proficiency in their respective fields including competencies required in context of Company's businesses.

The composition and strength of the Board is reviewed periodically to ensure that the Board is a wholesome blend of Directors with complementary skill set and for ensuring compliance with the statutory requirements.

We have a cohesive board with diversity of domain expertise as well as gender diversity. The present strength of the Board of Directors is seven members. The Board comprises of Chairman & Managing Director and six other Non-executive Directors, out of which five are Independent Directors.

Day to day management of the business is conducted by the Head of Departments with Chairman & Managing Director of the Company subject to direction, control and effective oversight by the Board of Directors.

The composition of the Board is in conformity with the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations) as well as the Companies Act, 2013 read with the rules issued thereunder.

Details of composition of the Board and summary of other Directorships and Committee Memberships or Chairmanships of each of the Directors as on 31 March 2022 are as follows:

| Name of the Directors | Nature of Directorship | Directorship in other Companies * | Membership held in Committees # | Chairmanship held in Committee of Directors ## |
|---|---|---|---|---|
| Mr. Krishna S. Patel | Promoter / Executive/ Chairman & Managing Director | --- | 02 | --- |
| Mr. Mahendra K. Chouhan | Non-Executive and Independent | 02 | 02 | 01 |
| Mr. Jai S. Diwanji | Non-Executive and Independent | 02 | 05 | --- |
| Mr. K. S. Srinivasa Murty | Non-Executive and Independent | --- | 02 | --- |
| Mr. Manu M. Parpia | Non-Executive and Independent | 01 | 02 | 01 |
| Mrs. Sudha S. Patel | Promoter / Non-Executive | --- | 01 | 01 |
| Mrs. Amrita Verma Chowdhury | Non-Executive and Independent | 02 | 03 | --- |

* 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.
\# Membership in Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies including Nesco Limited.
\## Chairmanship in Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies including Nesco Limited.

The Details of Directors, their inter-se relationship, directorships held in other listed companies, their shareholding in the Company as on 31 March 2022 and their areas of expertise.

| Name of the Directors | Relationship with each other | Directorships held in other listed entities | No. of shares and percentage held in the Company by Non-Executive Directors |
|---|---|---|---|
| Mr. Krishna S. Patel | Son of Shri. Sumant J. Patel and Mrs. Sudha S. Patel | -- | Not Applicable |
| Mr. Mahendra K. Chouhan | * | Independent Director of Fino Payments Bank Limited and Allcargo Logistics Limited | NIL |
| Mr. Jai S. Diwanji | * | Independent Director of Elecon Engineering Company Limited and Kiara Can Company Limited | 2,500 (0.004%) |
| Mr. K. S. Srinivasa Murty | * | -- | NIL |
| Mr. Manu M. Parpia | * | -- | 20,000 (0.03%) |
| Mrs. Sudha S. Patel | Wife of Shri. Sumant J. Patel, Mother of Mr. Krishna S. Patel | -- | 45,74,720 (6.49%) |
| Mrs. Amrita Verma Chowdhury | * | Independent Director of Simmond Marshall Limited and Mahindra Lifespace Developers Limited | NIL |

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

The Company has received declarations from the Independent Directors that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations.

As required under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors have completed the registration with the Independent Directors Databank.

### Key Board qualifications, expertise and attributes

Our Company is diversified in four business segments:

- **Nesco IT Park:** Our IT Towers 03 and 04 provides office space on lease to some of the world's leading Companies.
- **Bombay Exhibition Centre (BEC):** BEC provides infrastructure to leading Indian and Foreign organizers for Guest Exhibitions and Events. Nesco also holds its own Exhibitions and Events.
- **Nesco Foods:** Our Foods division caters to Banquets, Exhibitions, F&Bs and offices situated in the Nesco Premises. On the days of exhibitions Nesco Foods prepares and serves over 20,000 meals per day.
- **Indabrator:** Our Indabrator division is a leading manufacturer of surface preparation equipment with integrated manufacturing facilities for Equipment, Spares and Abrasives in Gujarat.

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's aforesaid business(es) for it to function effectively and those available with the Board as a whole.

| | |
|---|---|
| Corporate Governance | Experience in developing and implementing good corporate governance practices, maintaining board and management accountability, managing stakeholders' interests. Experience in boards and committees of other large companies. |
| Legal | Understanding legal and regulatory aspects, mergers and acquisition, etc. |
| Finance | Understanding the financial statements, financial controls, risk management, accounting aspects in mergers and acquisition, etc. |
| Information Technology | A significant background in technology, digitization resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business. |
| Wide management and leadership experience | Strong management and leadership experience, including in areas of business development, strategic planning, operations in technology, manufacturing, investments and finance. |
| Diversity | Diversity of thought, experience, knowledge, perspective and culture brought to the Board by individual members. Varied mix of strategic perspectives. |
| Personal values | Personal characteristics matching the Company's values, such as integrity, accountability and high performance standards. |

Given below is a list of core skills, expertise and competencies of the individual Directors:

| Name of Director | Skills / Expertise / Competencies | | | | | | |
|---|---|---|---|---|---|---|---|
| | Corporate Governance | Legal | Finance | Information Technology | Wide management and leadership experience | Diversity | Personal values |
| Mr. Krishna S. Patel | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Mahendra K. Chouhan | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Jai S. Diwanji | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. K. S. Srinivasa Murty | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Manu M. Parpia | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Sudha S. Patel | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Amrita Verma Chowdhury | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

### Familiarization Programme:

The Company conducts familiarization programme for Independent Directors to enable them to understand their roles, rights and responsibilities. Presentations are also made at the Board meetings which facilitates them to clearly understand the business of the Company and the environment in which the Company operates. Field visits are also done to various locations of the Company to enable the directors to have a better understanding of the Company's processes. They are also provided a platform to interact with multiple levels of management and are provided with all the documents required and/or sought by them to have a good understanding of Company's operations, businesses and the industry as a whole.

Majority of the Non-executive Independent Directors are associated with the Company for several years. Besides, regular presentations are made to all Non-executive Independent Directors, an update and details of Company's operations, including new activities undertaken and details of the proposed activities is also provided to the Independent Directors.

Brief details of the Familiarization Programme for Independent Directors are put up on the Company's website at www.nesco.in.

### 3. 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 Director & Chief Mentor and Chairman & Managing Director.

During the financial year, five meetings of the Board of Directors of the Company were held on 28 May 2021, 15 June 2021, 11 August 2021, 12 November 2021 and 03 February 2022.

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 Director | Number of board meetings during the year 2021-22 | | Attendance at the last AGM held on 11 August 2021* |
|---|---|---|---|
| | Held* | Attended* | |
| Mr. Sumant J. Patel** | 5 | 3 | Yes |
| Mr. Mahendra K. Chouhan | 5 | 5 | Yes |
| Mr. Jai S. Diwanji | 5 | 5 | Yes |
| Mr. K. S. Srinivasa Murty | 5 | 5 | Yes |
| Mr. Manu M. Parpia | 5 | 5 | Yes |
| Mrs. Sudha S. Patel | 5 | 5 | Yes |
| Mr. Krishna S. Patel | 5 | 5 | Yes |
| Mrs.Amrita Verma Chowdhury | 5 | 5 | Yes |

* As per the Companies (Meetings of Board and its Powers) Amendment Rules, 2020, all meetings were held through VC/OAVM.
** Mr. Sumant J. Patel, Executive Director & Chief Mentor of the Company left for his heavenly abode on 17 November 2021.

## 4. 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 Director of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2021-22 is detailed below:

During the year, Committee met four times on 27 May 2021, 10 August 2021, 11 November 2021 and 03 February 2022. The attendance of each director at the meeting was as follows:

| Sr. no. | Name of the Member | Nature of membership | No. of Committee meetings during the year 2021-22 | |
|---|---|---|---|---|
| | | | Held* | Attended* |
| a. | Mr. Mahendra K. Chouhan | Chairman | 4 | 4 |
| b. | Mr. K. S. Srinivasa Murty | Member | 4 | 4 |
| c. | Mr. Jai S. Diwanji | Member | 4 | 4 |
| d. | Mr. Manu M. Parpia | Member | 4 | 4 |
| e. | Mr. Krishna S. Patel | Member | 4 | 4 |
| f. | Mrs. Amrita Verma Chowdhury | Member | 4 | 4 |

* As per the Companies (Meetings of Board and its Powers) Amendment Rules, 2020, all meetings were held through VC/OAVM.

Ms. Jinal J. Shah, Company Secretary and Compliance Officer of the Company 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 ₹ 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 2021-22 is detailed below:

During the year, Committee met two times on 28 May 2021 and 15 June 2021. The attendance of each director at the meeting was as follows:

| Sr. no. | Name of the Member | Nature of membership | No. of Committee meetings during the year 2021-22 | |
|---|---|---|---|---|
| | | | Held* | Attended* |
| a. | Mr. Jai S. Diwanji | Chairman | 2 | 2 |
| b. | Mr. Mahendra K. Chouhan | Member | 2 | 2 |
| c. | Mrs. Sudha S. Patel | Member | 2 | 2 |

* As per the Companies (Meetings of Board and its Powers) Amendment Rules, 2020, all meetings were held through VC/OAVM

### 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.

The Nomination and Remuneration Committee has determined a process for evaluating the performance of every Director, Committees of the Board and the Board on an annual basis.

### 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 Director & Chief Mentor and Chairman & 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 Director & Chief Mentor and Chairman & 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 Director & Chief Mentor and Chairman & Managing Director.

The Nomination and Remuneration Policy of the Company has been uploaded on the Company's website and can be accessed at www.nesco.in.

### Details of Remuneration of the Directors of the Company for the financial year 2021-22 are as follows:

(₹ in lakhs)

| Name of Directors | Designation | Sitting fees | Salary | Perquisites and allowance | Commission | Provident Fund | Total |
|---|---|---|---|---|---|---|---|
| Mr. Sumant J. Patel (upto 17 November 2021) | Executive Director & Chief Mentor | --- | 30.27 | --- | 300.00 | --- | 330.27 |
| Mr. Krishna S. Patel | Chairman & Managing Director | --- | 54.00 | --- | 485.00 | 6.48 | 545.48 |
| Mr. Mahendra K. Chouhan | Director | 6.05 | --- | --- | --- | --- | 6.05 |
| Mr. Jai S. Diwanji | Director | 6.55 | --- | --- | --- | --- | 6.55 |
| Mr. K. S. Srinivasa Murty | Director | 5.05 | --- | --- | --- | --- | 5.05 |
| Mr. Manu M. Parpia | Director | 4.55 | --- | --- | --- | --- | 4.55 |
| Mrs. Sudha S. Patel | Director | 3.50 | --- | --- | --- | --- | 3.50 |
| Mrs. Amrita Verma Chowdhury | Director | 4.55 | --- | --- | --- | --- | 4.55 |
| **Total** | | **30.25** | **84.27** | **---** | **785.00** | **6.48** | **906.00** |

### 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.

### Performance Evaluation

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the Committees. The Company has a structured assessment process for evaluation of performance of the Board, Committees of the Board and individual performance of each Director including an Executive Director & Chief Mentor, Chairman & Managing Director and Non-executive Directors.

The Independent Directors at their separate meeting reviewed the performance of Non-Independent Directors and the Board as a whole, Chairperson of the Company after taking into account the views of Non-executive Directors, 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. During the year under review, evaluation of performance of Directors, Board as a whole and Committees of the Board were carried out. Based on the inputs received from the Directors, a separate meeting of the Board would be held to discuss and draw up a plan of action.

## 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 2021-22 is detailed below:

During the year, Committee met twice on 28 May 2021 and 12 November 2021. The attendance of each director at the meeting was as follows:

| Sr. no. | Name of the Member | Nature of membership | No. of Committee meetings during the year 2021-22 | |
|---|---|---|---|---|
| | | | Held* | Attended* |
| a. | Mrs. Sudha S. Patel | Chairperson | 2 | 2 |
| b. | Mr. K. S. Srinivasa Murty | Member | 2 | 2 |
| c. | Mr. Jai S. Diwanji | Member | 2 | 2 |
| d. | Mr. Krishna S. Patel | Member | 2 | 2 |

* As per the Companies (Meetings of Board and its Powers) Amendment Rules, 2020, all meetings were held through VC/OAVM.

Ms. Jinal J. Shah, Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

### Scope of Stakeholders Relationship Committee:

The Committee administers the following activities:

a. 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.

b. Reviewing measures taken for effective exercise of voting rights by shareholders.

c. 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 2021-22:

| Sr. no. | Nature of Complaints | Pending as on 01 April 2021 | Received | Redressed | Pending as on 31 March 2022 |
|---|---|---|---|---|---|
| 1 | Delay/Non-Receipt of Annual Report | NIL | 1 | 1 | NIL |
| 2 | Delay in transfer of shares | NIL | 2 | 2 | NIL |
| 3 | Delay/Non-Receipt in issue of duplicate shares | NIL | 1 | 1 | NIL |
| 4 | Non-Receipt of shares/dividend/rights/bonus shares | NIL | 1 | 1 | NIL |

The Company is in constant touch with Link Intime India Private Limited, 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 2021-22 is detailed below:

During the year Committee met twice on 28 May 2021 and 11 November 2021. The attendance of each director at the meeting was as follows:

| Sr. no. | Name of the Member | Nature of membership | No. of Committee meetings during the year 2021-22 | |
|---|---|---|---|---|
| | | | Held* | Attended* |
| a. | Mrs. Sudha S. Patel$ | Chairperson | 2 | 0 |
| b. | Mr. Sumant J. Patel** | Member | 2 | 1 |
| c. | Mr. Krishna S. Patel | Member | 2 | 2 |
| d. | Mr. Mahendra K. Chouhan | Member | 2 | 2 |
| e. | Mr. Jai S. Diwanji | Member | 2 | 2 |

* As per the Companies (Meetings of Board and its Powers) Amendment Rules, 2020, all meetings were held through VC/OAVM.
$ Mrs. Sudha S. Patel, Non-executive Director was appointed as member of the Committee w.e.f. 12 November 2021 and was appointed as Chairperson in the meeting held on 24 May 2022.
** Mr. Sumant J. Patel, Executive Director & Chief Mentor of the Company left for his heavenly abode on 17 November 2021.

### Scope of Corporate Social Responsibility Committee:

The Committee administers the following activities:

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

The details of CSR initiatives forms part 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.

## 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. Krishna S Patel – Chairman & Managing Director as Chairman, Mr. Jai S. Diwanji - Independent Director, Mr. Mahendra K. Chouhan - Independent Director and Mr. Dipesh R. Singhania - Chief Financial Officer as members.

During the year Committee met twice on 11 August 2021 and 03 February 2022. The attendance of each director at the meeting was as follows:

| Sr. no. | Name of the Member | Nature of membership | No. of Committee meetings during the year 2021-22 | |
|---|---|---|---|---|
| | | | Held* | Attended* |
| a. | Mr. Krishna S. Patel | Chairman | 2 | 2 |
| b. | Mr. Mahendra K. Chouhan | Member | 2 | 2 |
| c. | Mr. Jai S. Diwanji | Member | 2 | 2 |
| d. | Mr. Dipesh R. Singhania | Member | 2 | 2 |

* As per the Companies (Meetings of Board and its Powers) Amendment Rules, 2020, all meetings were held through VC/OAVM.

**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.

## 5. Independent Directors Meeting:

During the year under review, a meeting of the Independent Directors of the Company was held on 10 August 2021 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 :

- Review the performance of Non-Independent Directors and the Board as a whole.
- Review the performance of the Chairman of the Company, taking into account the views of executive directors and Non-Executive Directors.
- 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.

## 6. 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 |
|---|---|---|---|---|---|
| 2018-19 | 60th | Tower 04, Nesco IT Park, Western Express Highway, Goregaon East, Mumbai – 400063. | 05 August 2019 | 3.30 P.M. | 1 |
| 2019-20 | 61st | Nesco Center, Western Express Highway, Goregaon East, Mumbai – 400063. | 14 August 2020 | 2.30 P.M. | 0 |
| 2020-21 | 62nd | Nesco Center, Western Express Highway, Goregaon East, Mumbai – 400063. | 11 August 2021 | 3.30 P.M. | 0 |

**Postal Ballot:**

Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules (including any statutory amendments(s) or re-enactment(s) thereof made thereunder), no Special Resolution was passed through Postal Ballot during financial year 2021-22. Further, no Special Resolution is proposed to be passed through Postal Ballot as on the date of this report.

## 7. 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 at www.nesco.in.

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

## 8. Compliance Officer:

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

## 9. 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".**

## 10. 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 provided by Practicing Company Secretaries 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.

## 11. 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 promoters, directors, employees and other connected persons is already in place.

## 12. Managing Director and 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 E".**

## 13. Other Disclosures:

### a. Related Party Transactions

The Company has a process for monitoring the related party transactions. The Audit Committee, during the financial year 2021-22, 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 for Determining Material Related Party Transactions has been uploaded on the website of the Company at www.nesco.in.

All the transactions entered into by the Company with the related parties, during the financial year 2021-22, 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.

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 Companies

The Company does not have any material unlisted subsidiaries in terms of Regulation 16 of the Listing Regulations. However, Nesco Hospitality Private Limited and Nesco Foundation for Innovation and Development are wholly owned subsidiaries of Nesco Limited.

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

The management of the unlisted subsidiaries 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.

### c. Vigil Mechanism and Whistle Blower Policy

Our Company believes in conducting its business and working with all its stakeholders, including employees, customers, suppliers, shareholders and business associates in an ethical and lawful manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. Accordingly, the Company has adopted a Whistle Blower Policy and an effective vigil mechanism system to provide a formal mechanism to its Directors, employees to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organisation and also safeguards against victimisation of Directors / employees who avail of the mechanism. Whistle Blower Policy and Vigil Mechanism are also placed on the website on the Company.

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

The Company has complied with all mandatory requirements of Regulation 34 of the Listing Regulations. The Company has adopted the following discretionary requirements of the Listing Regulations:

#### Audit Qualification

The Company is in the regime of unmodified opinions on financial statements.

#### Reporting of Internal Auditor

The Internal Audit Department of the Company, co-sourced with professional firms of Chartered Accountants, reports directly to the Audit Committee.

### 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 25 May 2022. The Certificate is enclosed as **"Annexure F"** in the Annual Report.

### g. Recommendations of Committees of the Board

There were no instances during the financial year 2021-22, 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 ₹ 31.27 lakhs (Rupees Thirty One Lakhs and Twenty Seven Thousand only) for financial year 2021-22, for all services, was paid by the Company and its subsidiaries, 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 2021-22 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.

k. The Company has duly complied with the requirements specified in Regulations 17 to 27 and clause (b) to (i) of Sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

l. 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**

**Krishna S. Patel**
**Chairman and Managing Director**
**DIN: 01519572**

**Mumbai**
**25 May 2022**

ANNEXURE E

## MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

To
**The Board of Directors**
Nesco Limited
Mumbai

Dear Members of the Board,

We, Krishna S. Patel, Chairman and 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.

**Krishna S. Patel**
**Chairman and**
**Managing Director**
**DIN: 01519572**

**Dipesh R. Singhania**
**Chief Financial Officer**

**Mumbai**
**25 May 2022**

**ANNEXURE F**

## 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 Center,
Western Express Highway,
Goregaon East, Mumbai – 400 063

We have examined electronically the relevant registers, records, forms, returns and disclosure received from the Directors of Nesco Limited having CIN L17100MH1946PLC004886 and having registered office at Nesco Center, Western Express Highway, Goregaon East, Mumbai – 400063 (hereinafter referred to as 'the Company') produced before us by the Company by e-mail 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 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 ending on 31 March 2022 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.

| Sr. No. | Name of The Director | DIN | Date of appointment in the Company |
|---|---|---|---|
| 1. | Sudhaben Sumant Patel | 00187055 | 16/07/2001 |
| 2. | Mahendrakumar Chouhan | 00187253 | 19/04/2005 |
| 3. | Krishna Sumant Patel | 01519572 | 30/06/2008 |
| 4. | Srinivasa Murty Sesha Kuruganti | 00499663 | 30/07/2007 |
| 5. | Jai Shishir Diwanji | 00910410 | 03/11/2012 |
| 6. | Manu Mahmud Parpia | 00118333 | 10/05/2017 |
| 7. | Amrita Verma Chowdhury | 02178520 | 14/05/2019 |

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 electronic 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.

**For ND & Associates**
**(Peer Reviewed)**

**Neeta H. Desai**
**Practising Company Secretary**
**COP No. 4741**

**Mumbai**
**29 April 2022**
**UDIN: F003262D000237034**

## DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

To,
The Members of Nesco Limited

I, Krishna S. Patel, Chairman and Managing Director of the Company hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31 March 2022.

**Krishna S. Patel**
**Chairman and**
**Managing Director**
**DIN:01519572**

**Mumbai**
**25 May 2022**

## INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

**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 2022 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 the 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 2022.

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**
**25 May 2022**
**UDIN: 22103750AJOUOR1199**

## SHAREHOLDERS INFORMATION

### 1. General Shareholders Information

| | | |
|---|---|---|
| 1 | Annual General Meeting | The 63rd Annual General Meeting (AGM) will be held on 08 August 2022 at 2.30 p.m. through Video Conference and Other Audio Visual Means (OAVM). |
| 2. | Schedule for declaration of Financial Results during the financial year 2022-23 | Financial Year: 01 April 2022 to 31 March 2023<br><br>First quarterly results: On or before 2nd week of August 2022<br><br>Second quarterly results: On or before 2nd week of November 2022<br><br>Third quarterly results: On or before 2nd week of February 2023<br><br>Annual accounts 2022-23: Last week of May 2023 |
| 3. | Date of Book Closure | 30 July 2022 to 08 August 2022 (both days inclusive) |
| 4. | Listing on Stock Exchange | The Company's equity shares are listed on:<br><br>**BSE Limited**<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.<br><br>**National Stock Exchange of India Limited**<br>5th Floor, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051. |
| 5. | Stock Code | BSE 505355<br>NSE NESCO |
| 6. | Demat ISIN in NSDL and CDSL for Equity Shares | INE 317F01035 |
| 7. | Payment of Dividend<br><br>Final Dividend for financial year 2021-22 of ₹ 3 per equity share recommended by the Board of Directors at its meeting held on 25 May 2022. | On or after 11 August 2022<br><br>(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.

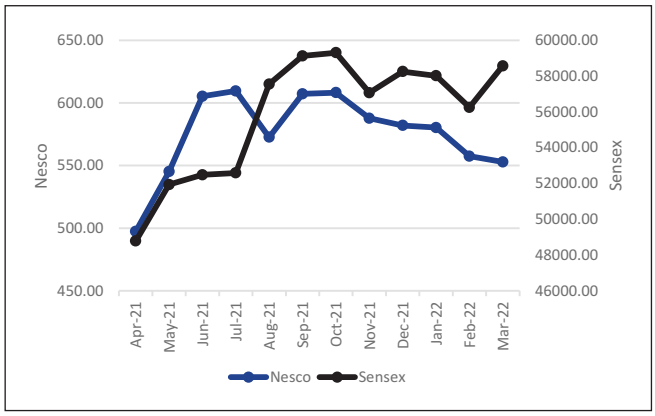
## 2. Stock Market data

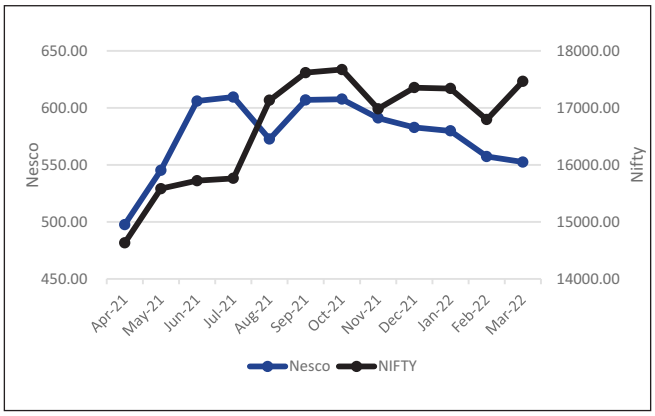
Monthly high and low prices of equity shares of the Company quoted at BSE Limited and National Stock Exchange of India Limited during the financial year 2021-22.

| BSE | | | NSE | | |
|---|---|---|---|---|---|
| **Month** | **High** | **Low** | **Month** | **High** | **Low** |
| April 2021 | 534.90 | 463.50 | April 2021 | 534.65 | 465.00 |
| May 2021 | 572.50 | 488.55 | May 2021 | 572.95 | 488.55 |
| June 2021 | 641.35 | 534.80 | June 2021 | 641.80 | 535.00 |
| July 2021 | 697.00 | 577.00 | July 2021 | 696.80 | 577.00 |
| August 2021 | 658.00 | 554.20 | August 2021 | 658.75 | 561.00 |
| September 2021 | 642.95 | 565.00 | September 2021 | 645.00 | 569.05 |
| October 2021 | 687.00 | 595.00 | October 2021 | 687.15 | 594.95 |
| November 2021 | 648.00 | 572.85 | November 2021 | 649.40 | 570.00 |
| December 2021 | 613.50 | 555.65 | December 2021 | 615.00 | 550.00 |
| January 2022 | 621.00 | 562.00 | January 2022 | 621.00 | 560.50 |
| February 2022 | 605.65 | 523.70 | February 2022 | 605.00 | 528.00 |
| March 2022 | 569.70 | 513.70 | March 2022 | 570.00 | 513.95 |

### 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 2022 (based on month end closing):



### 3. Share Transfer System

Link Intime India Private Limited is the Registrar and Share Transfer Agent (RTA) of the Company. The Securities and Exchange Board of India has mandated transfer of securities only in dematerialized form with effect from 01 April 2019, baring certain instances. The shares lodged for transfer, transmission, etc. are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects.

A summary of approved transfers, transmission, dematerialization of shares etc. is placed before the Board of Directors from time to time as per the Listing Regulations.

### 4. Dematerialization of Shares

As an on-going measure to enhance ease of dealing in securities markets by the investors, SEBI vide Circular No. SEBI/HO/MIRSD/ MIRSD_RTAMB /P/CIR/ 2022/8 dated 25 January 2022 declared that Listed Companies shall issue the securities in dematerialized form only while processing the following service request with immediate effect -

a) Issue of duplicate securities certificate;

b) Claim from Unclaimed Suspense Account;

c) Renewal / Exchange of securities certificate;

d) Endorsement;

e) Sub-division / Splitting of securities certificate;

f) Consolidation of securities certificates/folios;

g) Transmission;

h) Transposition;

For this purpose, the Securities holder/claimant shall submit a duly filled up Form ISR-4.

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

| Sr. no. | Particulars | Equity |
|---|---|---|
| a. | Number of demat requests | 32 |
| b. | Number of shares dematted | 65,300 |

### 5. Updation of PAN, KYC and Nomination details

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 03 November 2021 has provided common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC and Nomination details.

As per the said Circular, it is mandatory for the shareholders holding securities in physical form to inter alia furnish PAN, KYC and Nomination details. Physical folios wherein the PAN, KYC and Nomination details are not available on or after 01 April 2023, shall be frozen by the RTA and will be eligible for lodging any service request or receiving payment including dividend only after registering the required details.

Your Company had intimated all the shareholders holding securities in physical mode to provide their KYC details. All these documents are also available on the website of the Company

## 6. Categories of Shareholding as on 31 March 2022

| Sr. No. | Category | Number of shares held | % of share holding |
|---|---|---|---|
| **A** | **Promoters holding** | | |
| 1. | Indian | 4,38,18,313 | 62.19 |
| 2. | Foreign | 44,72,000 | 6.35 |
| | **Sub-total (A)** | **4,82,90,313** | **68.54** |
| **B** | **Non-promoters holding** | | |
| 1. | Institutional investors | | |
| a. | Mutual funds | 26,38,222 | 3.74 |
| b. | Banks, financial institution, insurance companies (central / state govt. institution / non-government institution) | 15,50,857 | 2.20 |
| c. | Alternate investment fund | 3,16,363 | 0.45 |
| d. | FII (s) | 13,99,046 | 1.99 |
| | **Sub-total (B1)** | **59,04,488** | **8.38** |
| 2. | Others | | |
| a. | Private bodies corporate | 12,34,171 | 1.75 |
| b. | Indian public | 1,35,44,383 | 19.22 |
| c. | NRIS / OCBS | 9,48,936 | 1.35 |
| d. | Trusts | 4,250 | 0.01 |
| e. | NBFCs register with RBI | 3,000 | 0.00 |
| f. | Any other – Foreign companies | 0 | 0.00 |
| | - Director and Director's Relatives | 43,525 | 0.06 |
| | - HUF | 4,06,616 | 0.58 |
| | - Clearing members | 80,278 | 0.11 |
| | **Sub-total (B2)** | **1,62,65,159** | **23.08** |
| | **Sub-total (B=B1+B2)** | **2,21,74,647** | **31.46** |
| | **Grand total (A+B)** | **7,04,59,960** | **100.00** |

### Distribution of shareholding as on 31 March 2022 is as follows

| SHARE | NO OF HOLDERS | (%) OF HOLDERS | TOTAL SHARES | % OF SHARES |
|---|---|---|---|---|
| UPTO TO 100 | 25,996 | 70.97 | 7,69,137 | 1.10 |
| 101 TO 200 | 3,045 | 8.31 | 4,86,965 | 0.69 |
| 201 TO 500 | 3,295 | 8.99 | 11,51,596 | 1.63 |
| 501 TO 1000 | 1,863 | 5.09 | 14,36,155 | 2.04 |
| 1001 TO 5000 | 1,883 | 5.14 | 41,70,809 | 5.92 |
| 5001 TO 10000 | 319 | 0.87 | 22,62,809 | 3.21 |
| 10001 TO 100000 | 204 | 0.56 | 49,46,003 | 7.02 |
| 100001 TO ABOVE | 25 | 0.07 | 5,52,36,486 | 78.39 |
| **TOTAL** | **36,630** | **100.00** | **7,04,59,960** | **100.00** |

## 7. Unclaimed / unpaid dividends

Final dividend for the financial year ended 31 March 2015 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 claimed or 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. Link Intime India Private Limited.

| Sr. No. | For the financial year ended | Date of declaration | Due for transfer to IEPF |
|---|---|---|---|
| 1 | 31.03.2015 | 03.08.2015 | 09.09.2022 |
| 2 | 31.03.2016 | 17.03.2016 | 23.04.2023 |
| 3 | 31.03.2017 | 14.08.2017 | 20.09.2024 |
| 4 | 31.03.2018 | 08.08.2018 | 14.09.2025 |
| 5 | 31.03.2019 | 05.08.2019 | 11.09.2026 |
| 6 | 31.03.2020 | 26.03.2020 | 02.05.2027 |
| 7 | 31.03.2021 | 11.08.2021 | 17.09.2028 |

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

The Company has not issued any GDRs/ ADRs/ Warrants/ Convertible Instruments in past and hence, the Company does not have any outstanding GDRs/ ADRs/ Warrants/ Convertible Instruments as on 31 March 2022.

## 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 2022. 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,
Website: www.nesco.in

**Nodal Officer**
Ms. Jinal J. Shah
Nesco Limited
Nesco Center, Western Express Highway,
Goregaon (East), Mumbai 400063.
Tel: 022 66450123
Fax: 022 66450101
Email: companysecretary@nesco.in,
Website: www.nesco.in

**Registrar & Share Transfer Agent**
Link Intime India Private Limited
C-101, 247 Park,
LBS Marg, Vikhroli (West),
Mumbai – 400083.
Tel: 022 49186270
Fax: +91 22 28512885
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

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

**Krishna S. Patel**
**Chairman and Managing Director**
**DIN:01519572**

**Mumbai**
**25 May 2022**

## 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 2021 to 31 March 2022
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

| NPCS Product Code | Description |
|---|---|
| 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**

| Business | Products/Services |
|---|---|
| **Manufacturing** | |
| Indabrator | • Shot blasting, Shot peening and other surface preparation equipment and systems.<br>• Spares and Abrasives for shot blasting, peening, etc |
| **Facility Development and Management** | |
| Bombay Exhibition Centre (BEC) | • Space and related infrastructure for exhibitions, conventions and conferences |
| Nesco Exhibitions and Events | • Convening own Exhibitions and Events |
| Nesco IT Park | • Space and related infrastructure at Nesco IT Park |
| Nesco Foods | • Provide food catering services |

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:

| | |
|---|---|
| **Manufacturing**<br>• Indabrator | 1. Karamsad, Gujarat<br>2. Vishnoli, Gujarat |
| **Facility Development and Management**<br>• Bombay Exhibition Centre (BEC)<br>• Nesco Exhibitions and Events<br>• Nesco IT Park<br>• Nesco Foods | 1. Mumbai |
| **Corporate Office** | 1. Mumbai |
| **Branch Offices** | 1. New Delhi<br>2. Kolkata<br>3. Chennai |

**10. Markets Served by the Company**

| Business | Markets Served | Sectors |
|---|---|---|
| Indabrator | Domestic and International | Automotive Industry, Railway Workshops, Heavy Engineering, Forging Industry, Foundries and several other industries |
| Bombay Exhibition Centre (BEC) | Domestic and International | Domestic and International Exhibitions and Events |
| Nesco Foods | Domestic and International | Caters Foods to Exhibitors, Visitors visiting Domestic and International Exhibitions |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR):** 1,409.20 lakhs
2. **Total Turnover (INR):** 33,739.87 lakhs
3. **Total profit after taxes (INR):** 18,922.24 lakhs
4. **Total Spending on CSR (as % of PAT) (INR):** 496.88 lakhs (2.63% 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 2021-22 were focused on these areas. This included support to set up smart classes in three English medium schools; expansion of existing English medium school and providing Infrastructure facilities; providing safe drinking water to the school students, contribution towards improvement of Health Care and preventive Health Care. During the year, Company continued supporting young Innovative entrepreneurs through its Wholly Owned Subsidiary.

## SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Nesco Hospitality Private Limited and Nesco Foundation for Innovation and Development are wholly owned subsidiaries of Nesco Limited.

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

   Our Subsidiary Companies 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 |
|---|---|---|
| 01519572 | Mr. Krishna S. Patel | Chairman and Managing Director |
| 00187253 | Mr. Mahendra K. Chouhan | Independent Director |
| 00910410 | Mr. Jai S. Diwanji | Independent Director |
| 00187055 | Mrs. Sudha S. Patel | Non-Executive Director |

**Details of the BR Head**

| | | |
|---|---|---|
| Name | : | Mr. Krishna S. Patel |
| Designation | : | Chairman and Managing Director |
| 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 on a periodic basis.

**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.

## 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.
- Designated Persons, 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 2022) |
|---|---|---|---|
| **Investors** | 5 | 5 | NIL |
| **Suppliers** | NIL | NIL | NIL |
| **Local Communities** | NIL | NIL | NIL |
| **Customers** | 160 | 155 | 5 |

There are 5 complaints pending as on 31 March 2022.

## 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 Tower 03 and Tower 04 are a Platinum LEED Certified Green Buildings. Both the towers have recently received 100% Green Energy Certificate. The buildings have green activities that achieved outcomes of energy efficient design, reduction of water use, selection and development of sustainable site, responsible material selection, waste management and enhanced indoor environmental quality.

b) We have rain water harvesting at Nesco IT Building Tower 03 and Tower 04. The rain water collected is going to recharge the ground water and will help in maintaining the Green Belt.

c) About 100 kilo litres of water used in Tower 03 and 150 kilo litres used in Tower 04 is recycled per day.

d) There are approximately 1500 trees planted in Nesco Complex which provide clean air and oxygen in the nearby vinicity. Temperature at Nesco Complex is lower than the surrounding areas by 2 to 3 degrees due to greenery in and around the complex.

**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 Tower 03 and Tower 04**

There is almost 20% reduction in use of energy and water for the offices because of the Green Building features. Now Tower 03 and Tower 04 have received 100% Green Energy Certificate.

**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 facilities development & management and for manufacturing businesses. The Company aims for sustainability in logistics to be achieved by using less polluting and less fuel consuming transport options or selecting vendors who are close to the manufacturing locations (wherever possible and delivering cost efficient products).

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

**Manufacturing**

Materials in terms of volume were sourced from top five suppliers within a radius of 100 kms 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

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.

5% of our products are recycled every year and 60% of waste generated at our Nesco IT Park is recycled every year. This year due to ongoing restrictions and Work from Home Policies adopted by the Companies operating from our premises, there was reduction in wastage at Nesco Premises.

## Principle 3 Promote the wellbeing of all employees

**1. Total number of employees by category as on 31 March 2022.**
**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 | |
| **Karamsad Plant** | 10 | 0 | 10 | 1 | 0 | 1 | 10 |
| **Vishnoli Plant** | 53 | 0 | 53 | 0 | 0 | 0 | 87 |
| **Facilities Development & Management** | 50 | 8 | 58 | 13 | 4 | 17 | 155 |
| **Total** | **113** | **8** | **121** | **14** | **4** | **18** | **252** |

**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.**

There are no permanent employees who are a part of recognized employee association.

**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 2021-22.

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

| Training by Topics | | | |
|---|---|---|---|
| Karamsad and Vishnoli | Security Personnel | First Aid, Fire Safety | Every quarter |
| Karamsad and Vishnoli | Employees | Tool Box Talks | Daily |
| 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, BEC, Nesco Exhibitions and Nesco Foods | Security Personnel | First Aid, Fire Safety | Daily |
| IT Park, BEC, Nesco Exhibitions and Nesco Foods | Employees | POSH Seminar | Once a year |

| Quality, Management Systems and Skill Upgradation Training | | | |
|---|---|---|---|
| **Business** | **Location** | **Contractual** | **Permanent** |
| **Manufacturing** | Karamsad Plant | 100% | 100% |
| | Vishnoli Plant | 100% | 100% |
| **Facilities Development and Management** | Nesco IT Park | 100% | 100% |
| | Nesco Foods | 100% | 100% |
| | Bombay Exhibition Hall | 100% | 100% |
| | Nesco Exhibitions | 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, Vendors, Suppliers, Business Partners, NGOs, Local Communities, Police Department, Law and Order, Municipal Authorities, Bankers. |

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

Our CSR Activities like contribution towards health care and spread awareness about preventive healthcare; providing education to vulnerable class; setting up of English medium schools; encouraging women in villages; enhancing their skills in various fields and encouraging women empowerment and construction of drinking 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 Companies, Nesco Hospitality Private Limited and Nesco Foundation for Innovation and Development.

**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 (2021-22) | No of Complaints pending as on 31 March 2022 |
|---|---|---|
| Vishnoli | NIL | NIL |
| Karamsad | NIL | NIL |
| Mumbai | 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 an Environmental Health and Safety Policy for Indabrator in Karamsad and Vishnoli and the Facilities Management Services at Nesco Center in Mumbai. The policy also applies to the subsidiary Companies.

**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 | 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. | Nesco IT Building, Tower 03 and Tower 04 which are now operational are a Platinum LEED Certified Green Buildings and have received 100% green certificate. |

**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, 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.

- At Nesco IT Park, we have installed Solar Street Lights in the Campus of IT Tower 04 which helps in reducing electricity consumption. Recently, our IT Tower 03 and Tower 04 both received 100% Green Energy Certificate.
- At the Bombay Exhibition Centre, we installed power factor capacitor panels. These 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 2021-22, 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

- Indian Exhibition Industry Association (IEIA).
- Indo German Chambers of Commerce (IGCC).
- Maharashtra Economic Development Council
- 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, healthcare and safe drinking water. The community development initiatives taken in the reporting year are:

### Health and Hygiene

- A Borewell was constructed for providing clean drinking water to the students of S J Patel Kinder Garden kids and students from C J Patel English Medium School-Primary and Secondary sections.
- Sanitizers were distributed at S J Patel English Medium School, C J Patel English Medium School – Primary and Secondary, C J Patel English Medium School – Higher Secondary and Charutar Vidhya Mandal University to prevent students from getting affected with COVID-19.
- All our Halls were provided to Municipal Corporation of Greater Mumbai (MCGM) for Jumbo Dedicated Health Centre and Vaccination Centre for curbing spread of and preventing COVID-19. During the year, Company supported MCGM for their relocation within the premises.

### Education and Special Education

- Construction work of New KG section at Smt. C J Patel English Medium School (Karamsad) and development of smart classes was almost completed during the year.
- Previous year, Company had supported construction of a new floor at S J Patel English Medium School (CBSE Board), Karamsad. Construction of the floor was completed during the year. Now we supported in the making of furnitures & fixtures and preparing a laboratory at the said floor.
- During the year, Company supported establishment of Atal Tinkering Lab at C J Patel English Medium School, Karamsad.
- Contribution was made to Jan Jagrati Sevarth Sansthan and Brahmarshi Gyan Savrdhak Trust for promoting affordable, quality education and special education for the relevant activities or programmes.
- We are supporting young entrepreneurs in developing their creative or innovative ideas.

### Promoting Healthcare and Preventive Healthcare

- Contribution was made to Motiba Memorial Seva Samaj Trust, Mansa, Gandhinagar for supporting projects at various hospitals for promotion of healthcare and preventive healthcare.

**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 and through own foundation. However, sometimes small CSR projects are also taken and managed by Inhouse CSR team.

| Initiative | Institutions |
|---|---|
| Construction work of New KG section at Smt. C J Patel English Medium School (Karamsad) and development of smart classes | Karamsad Kelavani Mandal, Karamsad |
| Furnitures & fixtures and construction of Laboratory at S J Patel English Medium School, Karamsad (CBSE) | Nesco Foundation for Innovation and Development |
| Construction of Borewell at C J Patel English Medium School - Primary and Secondary sections | Nesco Foundation for Innovation and Development |
| Establishment of Atal Tinkering Lab at C J Patel English Medium School, Karamsad | Karamsad Kelavani Mandal, Karamsad |
| Distribution of Sanitizers at S J Patel English Medium School, C J Patel English Medium School – Primary and Secondary, C J Patel English Medium School – Higher Secondary and Charutar Vidhya Mandal University to prevent students from getting affected with COVID-19. | Nesco Foundation for Innovation and Development |
| Providing affordable Medical facilities and creating awareness towards Health Care and Preventive Health Care | Motiba Memorial Seva Samaj Trust, Gandhi Nagar |
| Vocational and self-employment training for the poor community in the rural areas of Gujarat | Brahmarshi Gyan Savrdhak Trust, Bhavnagar |
| Providing affordable Education to the poor community in the rural areas of Utter Pradesh | Jan Jagrati Sevarth Sansthan, Uttar Pradesh |

**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 FY 2021-22 (₹ in lakhs) |
|---|---|
| Furniture & fixtures and construction of Laboratory at S J Patel English Medium School, Karamsad (CBSE) | 29.84 |
| Construction work of New KG section at Smt. C J Patel English Medium School (Karamsad) | 0.99 |
| Distribution of sanitizers at -<br>S J Patel English Medium School<br>CVM University<br>C J Patel English Medium School - Primary and Secondary<br>C J Patel English Medium School - Higher Secondary | 62.82 |
| Relocation of Covid Care Centre | 3.91 |
| Providing affordable Medical facilities through Motiba Memorial Seva Samaj Trust | 125.00 |
| Vocational and self-employment training to poor community through Brahmarshi Gyan Savrdhak Trust | 125.00 |
| Providing affordable Education to the poor community through Jan Jagrati Sevarth Sansthan | 100.00 |

**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, repairs, 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.

**Bombay Exhibition Centre:** Complaints received from exhibitors & organizers of exhibitions are related to AC temperature, Wi Fi, power tripping etc. However, all complaints are resolved during the event. As there were only few exhibitions held during the year, there were no complaints received.

**Nesco Foods:** We provide food to all our exhibition halls during exhibitions, we also cater weddings held at Nesco Center. Complaints received from customers are usually related to Lightings in Halls, more options for Jain food, more staff be to allotted for starter services, etc. However, due to the ongoing Pandemic, Nesco Foods was catering to the food requirements of MCGM. We had received 2 complaints during the year and both the complaints were resolved.

**Nesco IT Park:** We maintain excellent quality of infrastructure, security and housekeeping. All feedback received from the occupants is taken seriously and considered. During the financial year we had received 30 complaints from our licensees at Nesco IT Park. All 30 complaints were resolved.

**Indabrator:** 60-70% of the products manufactured at Indabrator are non-standard products customized as per customer requirements. Further we provide end to end solution which includes providing product, spares and maintenance of the machinery. During the year we had received 128 complaints out of which 5 complaints (3.91%) were pending as on 31 March 2022.

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

**Manufacturing**

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.

**Facilities Development and Management**

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 IT Park.

**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.

| Particulars | Complaints Received (since last 5 yrs) | Complaints Received (2021-22) | Complaints Pending as on 31 March 2022 |
|---|---|---|---|
| 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?**

The year under review saw challenging times for the Company as well as for the world at large due to the impending COVID-19 pandemic. The situation continued to be exceptional and dynamic during the year.

Due to restrictions imposed by the State Government from time to time, there were only few exhibitions and events held in the premises during the year.

Hence, no consumer survey was carried out during the year under review.

# INDEPENDENT AUDITOR'S REPORT

**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 2022, 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 2022, 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 on the standalone financial statements.

### 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 the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matters | How was the matter addressed in our audit |
|---|---|---|
| 1. | **Recognition of lease rental income of IT Park & related disclosures.**<br><br>Lease rental income amounting to ₹26,415.15 lakhs reported in the Company's standalone financial statement is recognised based on the agreements / contract with the tenants on straight line basis over the lease term. Due to modifications in terms of agreement, risk of material misstatement on such modifications significantly increases for its accuracy, completeness, presentation, and disclosure. This can lead to revenue either being recognised in incorrect accounting periods or at incorrect value thereby impacting the results. Considering these factors, in the context of our audit this matter was of significant and hence considered as a Key Audit Matter. | • Understanding the internal control environment for revenue recognition and to test check with a view to verify its operative effectiveness.<br>• Read terms of the contract/ modified agreements / communications with the lessee's and verified accuracy of lease rental income recognition on test basis.<br>• On sample basis, examining supporting documents / emails / approval for deferments / waiver given to tenants.<br>• Performed analytical procedures.<br>• Ensured that revenue is recognized in accordance with accounting standards and policy.<br>Based on above procedures performed, we did not identify any material exceptions in the lease rental income recognized and related disclosures in the standalone financial statements. |

| | | |
|---|---|---|
| 2. | **Provision and disclosure of Contingent Liability in respect of property tax**<br><br>The Company had paid property tax amounting to ₹ 338.80 lakhs in respect of plot of land on which IT 4 is currently constructed as per the invoices received for the period from November 2014 to March 2021. However, in March 2021, the Company had received request letter with additional property tax liability for the plot and period mentioned above at ₹ 2,044.18 lakhs and asking for 50% payment. Of the said demand, the Company has paid ₹424.70 lakhs in March 2021 under dispute, made a provision of ₹ 994.73 lakhs and disclosed ₹ 619.60 lakhs as contingent liability in standalone financial statement for FY 2020-21. It has also filed a complaint on 8 April 2021 for not accepting the said liability completely on various grounds.<br><br>In FY 2021-22, the actual invoices of ₹ 1,082.97 lakhs were received and booked against provision of ₹ 920.00 lakhs. However, property tax paid under dispute shown as advance of ₹ 424.70 lakhs, provision of ₹ 74.73 lakhs and contingent liability of ₹ 429.67 lakhs are continued in standalone financial statements for the year ended 31March 2022 till the dispute is resolved. | • Gone through the request letter received and complaint filed by the Company.<br>• Obtained details of the working along with supporting documents to evaluate management's assessment of probability of outcome of the disputed liability and provision required for the same.<br>• Also, had discussion with the management's legal expert on the writ petition in the court of law with respect to retrospective application of changed method of calculating the property tax liability.<br><br>Based on above procedures performed, we did not identify any material exceptions in the provision recognized and contingent liability disclosed in the standalone financial statements. |

## 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, Business Responsibility report and Shareholder's Information, but does not include the standalone financial statements, consolidated 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 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, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure A "** a statement on matters specified in paragraphs 3 and 4 of the order

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 Flow 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 2022 taken on record by the Board of Directors, none of the director is disqualified as on 31 March 2022 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";** Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

(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 35(1) and (2) 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.

(iv) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under Sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The dividend for the year 2020-21, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

The Board of Directors of the Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

**For Manubhai & Shah LLP**
**Chartered Accountants**
Firm's Registration No: 106041W/W100136

**Ashish Shah**
**Partner**
Membership No: 103750

**Mumbai**
**25 May 2022**
**UDIN: 22103750AJOSDE8123**

## 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) i. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets;

ii. The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The Company has a program of verification to cover all items of property, plant and equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. Pursuant to the programme, a portion of the property, plant and equipment have been physically verified by the management during the year and no material discrepancies have been 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 all the immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the standalone financial statements included in Property, Plant and Equipment and Investment Property are held in the name of the Company as at balance sheet date.

(d) The company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company the Management has conducted physical verification of the inventories at reasonable intervals. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed during such verifications.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. Five crores in aggregate at point of time during the year from bank on the basis of security of Mutual Funds under lien. The company has utilised non fund based limit only and thus there was no requirement to submit the quarterly statement with the bank.

(iii) (a) The company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or any other parties during the year and hence sub clause iii (a), (c), (d), (e ), (f) under clause (iii) of the Order is not applicable.

(b) The investments made, during the year are, prima facie, not prejudicial to the interest of 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 Companies Act, 2013 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.

(vi) We are informed that maintenance of cost records prescribed by the Central Government of India under Section 148(1) of the Act, is not applicable in respect of 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, Excise Duty, 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 payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Custom Duty, Goods and Service Tax, Cess and other material statutory dues, as applicable were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(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, Excise Duty, Custom Duty, Value Added Tax, Goods and Service Tax, Cess and other statutory dues as at 31 March 2022 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 Act, 1961 | Income Tax | 7.07 | FY 2007-08 | ITAT |
| Income Tax Act, 1961 | Income Tax | 38.62 | FY 2009-10 | ITO |
| Income Tax Act, 1961 | Income Tax | 113.08 | FY 2010-11 | ITO |
| Income Tax Act, 1961 | Income Tax | 13.15 | FY 2011-12 | ITO |
| Income Tax Act, 1961 | Income Tax | 0.18 | FY 2012-13 | ITO |
| Income Tax Act, 1961 | Income Tax | 2.88 | FY 2014-15 | ITO |
| Income Tax Act, 1961 | Income Tax | 18.80 | FY 2015-16 | ITO |
| Income Tax Act, 1961 | Income Tax | 92.46 | FY 2017-18 | ITO |
| Municipal Corporation Act 1949 | Property Tax | 510.02 | FY 2020-21 | Municipal Corporation (Maharashtra) |

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) According to the records of the Company examined by us and the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution, bank, and Government as at the balance sheet date and hence, reporting under clause (ix) (a) of the order is not applicable.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) The Company has not taken any term loan during the year and there are no unutilized term loans at the beginning of the year and hence, reporting under clause (ix) ( c) of the order is not applicable.

(d) On an overall examination of the financial statements of the Company, there were no funds raised on short-term basis during the year and hence, reporting under clause (ix) (d) of the order is not applicable.

(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries during the year and hence the reporting requirements of clause (ix) (e) of the Order is not applicable.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, and hence the reporting requirements of clause (ix) (f) of the Order is not applicable.

(x) (a) 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) during the year.

(b) 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.

(xi) (a) To the best of our knowledge, no material fraud on or by the Company has been noticed or reported during the year nor have we been informed of any such case by the Management.

(b) No report under Sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report

(c) As represented by the management, there are no whistle blower complaints received by the company during the year.

(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 clause (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) (a) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company, in determining nature, timing and extent of our audit procedure.

(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, reporting as per clause (xv) of the Order is not required.

(xvi) (a) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, hence reporting requirement of clause (xvi) (a), (b), (c) and (d) of the Order are not applicable to the Company.

(xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to Sub-section (5) of Section 135 of the said Act.

(b) During the year the Company has transferred unspent amounts towards Corporate Social Responsibility (CSR) ongoing project to special account in compliance with provision of Sub- section (6) of Section 135 of the said Act.

**For Manubhai & Shah LLP**
**Chartered Accountants**
Firm's Registration No: 106041W/W100136

**Ashish Shah**
**Partner**
Membership No: 103750

**Mumbai**
**25 May 2022**
**UDIN: 22103750AJOSDE8123**

## 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 2022 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 Company's management is 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 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 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 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, 2022, 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**
Firm's Registration No: 106041W/W100136

**Ashish Shah**
**Partner**
Membership No: 103750

**Mumbai**
**25 May 2022**
**UDIN: 22103750AJOSDE8123**

**CIN : L17100MH1946PLC004886**
**BALANCE SHEET**

(₹ in lakhs)

| Particulars | Note No | As at 31 March | |
|---|---|---|---|
| | | 2022 | 2021 |
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 4 | 17,169.35 | 8,465.20 |
| Capital work-in-progress | 4a | 8,206.20 | 5,073.05 |
| Investment Property | 5 | 67,267.70 | 67,177.48 |
| Other Intangible Assets | 6 | 204.41 | 228.98 |
| Intangible Assets Under Development | 6a | 29.43 | 27.39 |
| **Financial Assets** | | | |
| Investments | 7 | 64,955.27 | 68,572.31 |
| Other Non Current Financial Assets | 8 | 7,730.31 | 7,650.05 |
| Non Current Tax Assets(Net) | 9 | 1,733.54 | 1,509.91 |
| Other Non Current Assets | 10 | 1,440.23 | 2,303.36 |
| **Total Non Current Assets** | | **1,68,736.44** | **1,61,007.72** |
| **Current Assets** | | | |
| Inventories | 11 | 752.13 | 735.30 |
| **Financial assets** | | | |
| Investments | 7 | 19,697.91 | 12,455.69 |
| Trade Receivables | 12 | 1,862.90 | 2,959.69 |
| Cash and Cash Equivalents | 13a | 376.63 | 323.41 |
| Other Balances with Banks | 13b | 273.95 | 259.38 |
| Other Current Financial Assets | 14 | 3,120.18 | 2,250.88 |
| Other Current Assets | 15 | 2,077.98 | 1,912.29 |
| **Total Current Assets** | | **28,161.68** | **20,896.62** |
| | | | |
| **Total Assets** | | **1,96,898.12** | **181,904.34** |

**CIN : L17100MH1946PLC004886**
**BALANCE SHEET (Contd.)**

(₹ in lakhs)

| Particulars | Note No | As at 31 March | |
|---|---|---|---|
| | | 2022 | 2021 |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity Share Capital | 16 | 1,409.20 | 1,409.20 |
| Other Equity | 17 | 1,68,096.21 | 1,51,239.98 |
| **Total Equity** | | **1,69,505.41** | **1,52,649.18** |
| **Liabilities** | | | |
| **Non-current Liabilities** | | | |
| **Financial Liabilities** | | | |
| Lease Liabilities | | 40.94 | - |
| Other Non Current Financial Liabilities | 18 | 12,747.15 | 10,559.83 |
| Provisions | 19 | 546.35 | 537.50 |
| Deferred Tax Liabilities(Net) | 20 | 3,138.58 | 3,586.99 |
| Other Non-Current Liabilities | 21 | 3,307.04 | 2,311.37 |
| **Total Non-current Liabilities** | | **19,780.06** | **16,995.69** |
| **Current Liabilities** | | | |
| **Financial Liabilities** | | | |
| Lease Liabilities | | 14.07 | - |
| Trade Payables | 22 | | |
| Total Outstanding Dues of Micro Enterprises and Small Enterprises | | 88.80 | 196.49 |
| Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises | | 791.47 | 862.36 |
| Other Current Financial Liabilities | 23 | 2,731.82 | 5,678.26 |
| Other Current Liabilities | 24 | 3,955.84 | 5,485.98 |
| Provisions | 25 | 30.65 | 36.39 |
| **Total Current Liabilities** | | **7,612.65** | **12,259.47** |
| **Total Equity and Liabilities** | | **1,96,898.12** | **1,81,904.34** |

Notes forming part of the financial statements 1 to 51
As per our report of even date

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

Ashish Shah
Partner
Membership No : 103750
Mumbai, 25 May 2022

For and on behalf of the Board

Krishna S. Patel
Chairman and Managing Director
DIN- 01519572

Mahendra K. Chouhan
Independent Director
DIN - 00187253

Dipesh R. Singhania
Chief Financial Officer

Mumbai, 25 May 2022

Jinal J. Shah
Company Secretary and
Compliance Officer
Mumbai, 25 May 2022

**CIN : L17100MH1946PLC004886**

## STATEMENT OF PROFIT AND LOSS

(₹ in lakhs)

| Particulars | Note No | For the Year | |
|---|---|---|---|
| | | 2021-2022 | 2020-2021 |
| **Revenue** | | | |
| Revenue from Operations | 26 | 33,739.87 | 29,109.44 |
| Other Income | 27 | 4,476.50 | 6,456.33 |
| **Total Income** | | **38,216.37** | **35,565.77** |
| **Expenses** | | | |
| Cost of Materials Consumed | 28 | 2,534.97 | 1,554.05 |
| Change in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade | 29 | 35.83 | 148.04 |
| Employee Benefits Expenses | 30 | 1,339.99 | 1,599.77 |
| Finance Cost | 31 | 921.48 | 821.96 |
| Depreciation and Amortisation Expenses | 4,5 & 6 | 2,829.16 | 2,572.97 |
| Other Expenses | 32 | 7,903.76 | 7,234.01 |
| **Total Expenses** | | **15,565.19** | **13,930.80** |
| **Profit before tax** | | **22,651.18** | **21,634.97** |
| **Tax expense** | 44 | | |
| Current Tax | | 4,223.72 | 3,368.00 |
| Deferred Tax | | (439.49) | 1,017.05 |
| Income Tax for Earlier Year | | (55.29) | - |
| **Total tax expense** | | **3,728.94** | **4,385.05** |
| **Profit after tax** | | **18,922.24** | **17,249.92** |
| **Other Comprehensive Income (OCI)** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of Defined Benefit Plans - Net of Tax | | 44.40 | (78.13) |
| Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income | | 3.39 | 7.69 |
| **Total Other Comprehensive Income** | | **47.79** | **(70.44)** |
| **Total Comprehensive Income for the year** | | **18,970.03** | **17,179.48** |
| Earning Per Equity Share (face value of ₹ 2 each) | | | |
| Basic & Diluted ( In ₹) | 41 | 26.86 | 24.48 |

Notes forming part of the financial statements 1 to 51
As per our report of even date

For and on behalf of the Board

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

Krishna S. Patel
Chairman and Managing Director
DIN- 01519572

Mahendra K. Chouhan
Independent Director
DIN - 00187253

Ashish Shah
Partner
Membership No : 103750
Mumbai, 25 May 2022

Dipesh R. Singhania
Chief Financial Officer

Mumbai, 25 May 2022

Jinal J. Shah
Company Secretary and
Compliance Officer
Mumbai, 25 May 2022

**CIN : L17100MH1946PLC004886**
**STATEMENT OF CHANGES IN EQUITY**

## A) EQUITY SHARE CAPITAL

(₹ in lakhs)

| Balance as at 01 April 2021 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 01 April 2021 | Changes in equity share capital during the year | Balance as at 31 March 2022 |
|---|---|---|---|---|
| 1,409.20 | - | - | - | 1,409.20 |

| Balance as at 01 April 2020 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 01 April 2020 | Changes in equity share capital during the year | Balance as at 31 March 2021 |
|---|---|---|---|---|
| 1,409.20 | - | - | - | 1,409.20 |

## B) OTHER EQUITY

(₹ in lakhs)

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | Total Other Equity |
|---|---|---|---|---|---|---|
| | Retained Earnings | Preference Shares Redemption Reserve | General Reserve | Equity Instruments | Other items | |
| **Balance as at 01 April 2020 (A)** | **50.00** | **9.56** | **1,33,992.06** | **8.88** | **-** | **1,34,060.50** |
| **Additions during the year** | | | | | | |
| Profit for the year | 17,249.92 | - | - | - | - | 17,249.92 |
| **Items of OCI for the year, net of tax** | | | | | | |
| Remeasurement of the Defined Benefit Plans | (78.13) | - | - | - | - | (78.13) |
| Net fair value gain/(loss) on investment in equity instruments Through Other Comprehensive Income | - | - | - | 7.69 | - | 7.69 |
| **Total Comprehensive Income for the year 2020-21 (B)** | **17,171.79** | **-** | **-** | **7.69** | **-** | **17,179.48** |
| **Transfers during the year** | | | | | | |
| Retained earnings transferred to General reserve | (17,171.79) | - | 17,171.79 | - | - | - |
| **Total (C)** | **(17,171.79)** | **-** | **17,171.79** | **-** | **-** | **-** |
| **Balance as at 31 March 2021 { D = ( A + B + C) }** | **50.00** | **9.56** | **1,51,163.85** | **16.57** | **-** | **1,51,239.98** |
| **Additions during the year** | | | | | | |
| Profit for the year | 18,922.24 | - | - | - | - | 18,922.24 |
| **Items of OCI for the year, net of tax** | | | | | | |
| Remeasurement of Defined Benefit Plans | 44.40 | - | - | - | - | 44.40 |
| Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income | - | - | - | 3.39 | - | 3.39 |
| **Total Comprehensive Income for the year 2021-22 (E)** | **18,966.64** | **-** | **-** | **3.39** | **-** | **18,970.03** |

(₹ in lakhs)

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | Total Other Equity |
|---|---|---|---|---|---|---|
| | Retained Earnings | Preference Shares Redemption Reserve | General Reserve | Equity Instruments | Other items | |
| **Reductions during the year** | | | | | | |
| Dividend | (2,113.80) | - | - | - | - | (2,113.80) |
| **Total (F)** | **(2,113.80)** | **-** | **-** | **-** | **-** | **(2,113.80)** |
| **Transfers during the year** | | | | | | |
| Retained earnings transferred to General reserve | (16,852.84) | - | 16,852.84 | - | - | - |
| **Total (G)** | **(16,852.84)** | **-** | **16,852.84** | **-** | **-** | **-** |
| **Balance as at 31 March 2022 H = (D + E + F + G)** | **50.00** | **9.56** | **1,68,016.69** | **19.96** | **-** | **1,68,096.21** |

Notes forming part of the financial statements 1 to 51
As per our report of even date

For and on behalf of the Board

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

Krishna S. Patel
Chairman and Managing Director
DIN- 01519572

Mahendra K. Chouhan
Independent Director
DIN - 00187253

Ashish Shah
Partner
Membership No : 103750
Mumbai, 25 May 2022

Dipesh R. Singhania
Chief Financial Officer

Mumbai, 25 May 2022

Jinal J. Shah
Company Secretary and Compliance Officer
Mumbai, 25 May 2022

**CIN : L17100MH1946PLC004886**
**CASH FLOW STATEMENT**

(₹ in lakhs)

| Particulars | For the Year | | | |
|---|---|---|---|---|
| | 2021-2022 | | 2020-2021 | |
| **A) Cash Flow from operating activities** | | | | |
| **Net Profit before income tax** | | **22,651.18** | | **21,634.97** |
| **Add / (Less):** | | | | |
| Depreciation | 2,829.16 | | 2,572.97 | |
| Interest income | (2,189.88) | | (2,278.97) | |
| Brokerage Income | (26.29) | | (27.44) | |
| Dividend income | (37.03) | | (55.02) | |
| (Profit) / Loss on Sale of Asset | 130.77 | | (0.28) | |
| Finance Cost | 921.48 | | 821.96 | |
| Net (Gain)/Loss Arising On Financial Assets Measured at FVTPL | (2,288.67) | | (3,887.19) | |
| Net (Gain)/Loss Arising On Redemption of Bonds | 296.22 | | (29.43) | |
| Prepaid License Fee Amortised | (929.98) | | (851.41) | |
| Lease Rental Income | (985.25) | | (2,088.77) | |
| Bad debts/sundry balance written off | 73.00 | | 289.26 | |
| Allowance for Doubtful Bad Debts | 86.10 | | (50.33) | |
| Provision for Warranty Expenses | 7.36 | | (3.82) | |
| Sundry creditors/liabilities written back (net) | (165.63) | (2,278.64) | (86.43) | (5,674.90) |
| **Operating profit before change in operating assets and liabilities** | | **20,372.54** | | **15,960.07** |
| **Add / (Less):** | | | | |
| (Increase)/Decrease in Inventory | (16.83) | | 120.80 | |
| (Increase)/Decrease in Trade & other receivable | 937.69 | | (1,541.39) | |
| (Increase)/Decrease in Other operating assets | 718.54 | | (287.81) | |
| Increase/(Decrease) in Trade payables | (12.95) | | (315.11) | |
| Increase/(Decrease) in Provisions | 31.23 | | 40.59 | |
| Increase/(Decrease) in Other operating liabilities | (1,274.10) | 383.58 | 3,348.21 | 1,365.30 |
| **Cash generated from operations** | | **20,756.12** | | **17,325.37** |
| **Add / (Less):** | | | | |
| Income Tax paid (Net of refund) | (4,392.06) | (4,392.06) | (3,458.49) | (3,458.49) |
| **Net Cash generated from operating activities - [A]** | | **16,364.06** | | **13,866.88** |
| **B) Cash Flow from investing activities** | | | | |
| Purchase of fixed assets / Capital work in Progress / Capital Advances | (14,864.91) | | (6,666.33) | |
| Purchase of investments | (56,462.72) | | (17,534.02) | |
| Investments in deposits | - | | (2.00) | |
| Proceeds from sale of investments | 54,833.37 | | 7,680.64 | |
| Interest received | 2,189.88 | | 2,278.97 | |
| Brokerage Income | 26.29 | | 27.44 | |
| Dividend received | 37.03 | (14,241.05) | 55.02 | (14,160.28) |
| **Net Cash used in investing activities - [B]** | | **(14,241.05)** | | **(14,160.28)** |
| **C) Cash Flow used in financing activities** | | | | |
| Finance costs paid | (10.99) | | (16.63) | |
| Increase in Lease Liability | 55.02 | | - | |
| Dividend Paid to Shareholders | (2,113.80) | (2,069.77) | - | (16.63) |
| **Net Cash used in financing activities - [C]** | | **(2,069.77)** | | **(16.63)** |
| **Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C)** | | **53.22** | | **(310.03)** |
| Cash/Cash Equivalents at the beginning of the year | | 323.41 | | 633.44 |
| **Cash/Cash Equivalents at the end of the year** | | **376.63** | | **323.41** |

(₹ in lakhs)

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| **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 | | |
| **b) Cash and Cash Equivalent comprises of** | | |
| Cash on hand | 0.10 | 0.02 |
| Balances with Banks in Current Account | 376.53 | 323.39 |
| **Cash and Cash Equivalents in Cash Flow Statements** | **376.63** | **323.41** |

Notes forming part of the financial statements 1 to 51
As per our report of even date

For and on behalf of the Board

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

Krishna S. Patel
Chairman and Managing Director
DIN- 01519572

Mahendra K. Chouhan
Independent Director
DIN - 00187253

Ashish Shah
Partner
Membership No : 103750
Mumbai, 25 May 2022

Dipesh R. Singhania
Chief Financial Officer

Mumbai, 25 May 2022

Jinal J. Shah
Company Secretary and Compliance Officer
Mumbai, 25 May 2022

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### Company 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, Goregaon (East), Mumbai 400063 and listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The Company is mainly engaged in the following:

i) Licencing premises in IT park buildings and providing related services.
ii) Licencing 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.

## 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.

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.

### c) 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 is mentioned below:

| Asset Class | Years |
|---|---|
| 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 |

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortised over the period of the lease. Depreciation Methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**d) 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.

**e) 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 6 years.

**f) Impairment of Assets:**

At each balance sheet date, the Company's carrying amount of assets are reviewed to determine whether there is any indication of impairment. 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.

**g) 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.

**h) 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. 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. Dividend from such investments is 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.

### i) 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.

### j) 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 Management 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.

### k) Revenue Recognition:

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 income from renting of halls for exhibitions, events and providing other related services to the organisers. Revenue from such renting activity 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 of 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.

### l) 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.

### m) 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.

### n) 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.

### o) Leases

The Company's lease asset classes primarily consist of license for land for office premises. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 01 April 2020.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 1,00,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

**Leases as lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue from operation'.

**p) 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

**q) 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 Unit Credit 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.

**r) 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.

**s) Recent Accounting pronouncements:**

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March, 2021 except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of 01 April, 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Company applies, for the first time, following new interpretations and amendments w.e.f., 01 April, 2021 and do not have material impact on the financial statements of the Company.

a) Amendments to Ind AS 109, Ind AS 107 and Ind AS 116;

b) Amendment conceptual framework for financial reporting under Ind AS issued by ICAI;

c) Amendments to Ind AS 116: Covid-19-Related Rent Concessions;

d) Amendments to Ind AS 16 ;

Other amendments do not have any material impact on the Financial Statements of the company.

## 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 and Investment Property:**

Property, Plant and Equipment and Investment Property 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 since 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 financials 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.

**e) Estimates of uncertainties relating to the global health pandemic from COVID-19:**

The Company has considered the possible effects that may result from the pandemic relating to COVID -19 on the carrying amounts of receivables, investments etc. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

## 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 2022

(₹ in lakhs)

| Particulars | Freehold land | Right of Use - Leasehold Land* | Freehold building | Plant and machinery | Electrical Installations | Furniture, fixture & office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| **Opening gross carrying amount** | **638.23** | **-** | **4,612.45** | **4,111.68** | **1,344.49** | **825.62** | **445.99** | **11,978.44** |
| Additions | - | 68.17 | 9,248.80 | 283.81 | 8.22 | 15.72 | 43.32 | 9,668.05 |
| Deductions / Adjustments | - | - | - | - | - | (0.53) | (124.65) | (125.18) |
| **Closing gross carrying amount (A)** | **638.23** | **68.17** | **13,861.25** | **4,395.49** | **1,352.71** | **840.81** | **364.66** | **21,521.31** |
| Opening accumulated depreciation | - | - | 573.04 | 1,635.50 | 535.76 | 525.60 | 243.34 | 3,513.24 |
| Depreciation during the year | - | 14.87 | 421.68 | 222.03 | 128.68 | 100.03 | 40.70 | 927.99 |
| Deductions / Adjustments | - | - | - | - | - | (0.51) | (88.76) | (89.27) |
| **Closing accumulated depreciation and impairment (B)** | **-** | **14.87** | **994.72** | **1,857.53** | **664.44** | **625.12** | **195.28** | **4,351.96** |
| **Net carrying amount (A-B)** | **638.23** | **53.30** | **12,866.53** | **2,537.96** | **688.26** | **215.69** | **169.37** | **17,169.35** |

* Lease Agreement is duly executed in favour of the Company.

### Changes in carrying value of Property, Plant and Equipment for the year ended 31 March 2021

(₹ in lakhs)

| Particulars | Freehold land | Freehold building | Plant and machinery | Electrical Installations | Furniture, fixture & office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Opening gross carrying amount** | **638.23** | **4,611.57** | **4,096.04** | **1,344.49** | **778.86** | **438.73** | **11,907.93** |
| Additions | - | 0.88 | 15.64 | - | 47.13 | 8.53 | 72.19 |
| Deductions / Adjustments | - | - | - | - | (0.37) | (1.28) | (1.67) |
| **Closing gross carrying amount (A)** | **638.23** | **4,612.45** | **4,111.68** | **1,344.49** | **825.62** | **445.99** | **11,978.44** |
| Opening accumulated depreciation | - | 446.01 | 1,347.27 | 407.39 | 421.88 | 198.75 | 2,821.31 |
| Depreciation during the year | - | 127.03 | 288.23 | 128.37 | 104.00 | 45.23 | 692.87 |
| Deductions / Adjustments | - | - | - | - | (0.29) | (0.65) | (0.94) |
| **Closing accumulated depreciation and impairment (B)** | **-** | **573.04** | **1,635.50** | **535.76** | **525.60** | **243.34** | **3,513.24** |
| **Net carrying amount(A-B)** | **638.23** | **4,039.41** | **2,476.18** | **808.73** | **300.02** | **202.64** | **8,465.20** |

Title deeds of all immovable properties are in the name of the Company.

### 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 | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Plant and machinery | 36.66 | 211.26 | - | 237.65 | 36.66 | 448.92 |
| Freehold building | 531.85 | 3,193.00 | 7,637.69 | 922.84 | 8,169.54 | 4,115.84 |
| Electrical Installations | - | 5.59 | - | 337.24 | - | 342.83 |
| Furniture, fixture & office equipment | - | - | - | 165.46 | - | 165.46 |
| **Total** | **568.51** | **3,409.86** | **7,637.69** | **1,663.19** | **8,206.20** | **5,073.05** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Capital Work in Progress (CWIP)

### a) CWIP Ageing Schedule as at 31 March 2022

(₹ in lakhs)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Projects in progress | 7,399.77 | 682.17 | 124.26 | - | 8,206.20 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **7,399.77** | **682.17** | **124.26** | **-** | **8,206.20** |

### b) CWIP Ageing Schedule as at 31 March 2021

(₹ in lakhs)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Projects in progress | 4,942.60 | 130.45 | - | - | 5,073.05 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **4,942.60** | **130.45** | **-** | **-** | **5,073.05** |

There are no projects whose completion is overdue or has exceeded the cost compared to its original budget as on 31 March 2022 & 31 March 2021.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 5 - Investment Property

**Changes in carrying value of Investment property for the year ended 31 March 2022**

(₹ in lakhs)

| Particulars | Freehold building | Plant and machinery | Electrical Installations | Furniture, fixture & office equipment | Total |
|---|---|---|---|---|---|
| **Opening gross carrying amount** | **63,107.70** | **3,344.30** | **4,990.37** | **636.55** | **72,078.92** |
| Additions | 282.81 | 305.36 | 475.70 | 1,390.45 | 2,454.32 |
| Deductions / Adjustments | (22.37) | (100.54) | (157.44) | (378.72) | (659.07) |
| **Closing gross carrying amount (A)** | **63,368.14** | **3,549.12** | **5,308.63** | **1,648.28** | **73,874.17** |
| Opening accumulated depreciation | 2,585.24 | 773.12 | 1,291.85 | 251.24 | 4,901.44 |
| Depreciation during the year | 1,008.92 | 234.69 | 508.71 | 101.84 | 1,854.16 |
| Deductions / Adjustments | - | - | - | (149.13) | (149.13) |
| **Closing accumulated depreciation and impairment (B)** | **3,594.16** | **1,007.81** | **1,800.56** | **203.95** | **6,606.47** |
| **Net carrying amount (A-B)** | **59,773.98** | **2,541.32** | **3,508.07** | **1,444.33** | **67,267.70** |

**Changes in carrying value of Investment property for the year ended 31 March 2021**

(₹ in lakhs)

| Particulars | Freehold building | Plant and machinery | Electrical Installations | Furniture, fixture & office equipment | Total |
|---|---|---|---|---|---|
| **Opening gross carrying amount** | **62,635.48** | **3,271.58** | **4,829.31** | **602.96** | **71,339.33** |
| Additions | 472.22 | 72.72 | 161.05 | 33.57 | 739.56 |
| Deductions / Adjustments | - | - | 0.01 | 0.02 | 0.03 |
| **Closing gross carrying amount (A)** | **63,107.70** | **3,344.30** | **4,990.37** | **636.55** | **72,078.92** |
| Opening accumulated depreciation | 1,565.82 | 546.60 | 777.83 | 175.58 | 3,065.82 |
| Depreciation during the year | 1,019.42 | 226.52 | 514.02 | 75.66 | 1,835.62 |
| Deductions / Adjustments | - | - | - | - | - |
| **Closing accumulated depreciation and impairment (B)** | **2,585.24** | **773.12** | **1,291.85** | **251.24** | **4,901.44** |
| **Net carrying amount** | **60,522.46** | **2,571.18** | **3,698.52** | **385.32** | **67,177.48** |

Title deeds of all immovable properties are in the name of the Company.

**Note:-**

The fair value of freehold building as at 31 March 2022 is ₹ 3,53,326.16 lakhs (previous year ₹ 3,53,326.16 lakhs) which is based on Stamp Duty Ready Reckoner published by Government of India every year.

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 | 26,415.15 |
| 2) Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period | 5,809.12 |
| 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 - Other Intangible Assets

### Changes in carrying value of Other Intangible Assets for the year ended 31 March 2022

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Opening gross carrying amount** | **287.58** | **280.65** |
| Additions | 22.43 | 6.94 |
| Deductions / Adjustments | - | (0.01) |
| **Closing gross carrying amount(A)** | **310.01** | **287.58** |
| | | |
| **Opening accumulated depreciation** | **58.60** | **14.10** |
| Depreciation during the year | 47.00 | 44.50 |
| Deductions / Adjustments | - | - |
| **Closing accumulated depreciation and impairment (B)** | **105.60** | **58.60** |
| **Net carrying amount (A-B)** | **204.41** | **228.98** |

### Note 6a - Intangible assets under development:

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Software | 29.43 | 27.39 |
| **Total** | **29.43** | **27.39** |

### Intangible assets under development ageing schedule as at 31 March 2022

(₹ in lakhs)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Projects in progress | 2.04 | 2.40 | 24.99 | - | 29.43 |

### Intangible assets under development ageing schedule as at 31 March 2021

(₹ in lakhs)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Projects in progress | 2.40 | 24.99 | - | - | 27.39 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 7 - Investments

(₹ in lakhs)

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **Investments - Non-Current** | | | | |
| **Unquoted** | | | | |
| Investment in Equity Instruments - Subsidiary measured at cost | | 26.10 | | 26.10 |
| Other Investment measured at cost | 1.03 | | 1.03 | |
| Less :- Provision for Diminution in value of investments | (1.03) | - | (1.03) | - |
| **Total** | | **26.10** | | **26.10** |
| **Quoted** | | | | |
| **Investment carried at fair value through OCI** | | | | |
| Fully paid equity shares | | 20.00 | | 16.62 |
| **Total** | | **20.00** | | **16.62** |
| **Investment in Mutual Funds carried at fair value through profit and loss** | | | | |
| Fixed Maturity Plans | | - | | 4,366.90 |
| Debt Funds | | 18,707.60 | | 14,460.09 |
| Short Term Debt Funds | | 10,388.41 | | 15,036.63 |
| Balanced Funds | | 770.23 | | 724.26 |
| Equity Funds | | 3,553.63 | | 122.50 |
| Dynamic Asset Allocation Fund | | 519.11 | | - |
| Liquid Funds | | 1,740.57 | | - |
| **Total** | | **35,679.54** | | **34,710.38** |
| **Investment carried at amortised cost** | | | | |
| Corporate Deposits | | - | | 400.00 |
| Non Convertible Debentures and Bonds | | 29,029.62 | | 32,719.22 |
| Preference Shares | | 200.00 | | 700.00 |
| **Total** | | **29,229.62** | | **33,819.22** |
| **Total Non Current Investments** | | **64,955.27** | | **68,572.31** |
| **Total aggregate amount of quoted and unquoted investment at cost** | | **60,435.76** | | **62,837.74** |
| **Aggregate amount of impairment in value of investments** | | **1.03** | | **1.03** |
| **Investments - Current** | | | | |
| **Investment in Mutual Funds carried at fair value through profit and loss** | | | | |
| Fixed Maturity Plans | | 4,561.36 | | 7,367.22 |
| Debt funds - ultra short term bond funds | | 13,051.70 | | 3,868.69 |
| **Total (A)** | | **17,613.06** | | **11,235.91** |
| **Investment carried at amortised cost** | | | | |
| Non Convertible Debentures and Bonds | | 1,684.85 | | 819.77 |
| Corporate Deposits | | 400.00 | | 400.00 |
| **Total (B)** | | **2,084.85** | | **1,219.77** |
| **Total (A)+(B)** | | **19,697.91** | | **12,455.69** |
| **Total Current Investments** | | **19,697.91** | | **12,455.69** |
| **Total aggregate amount of Quoted and Unquoted Investment at Cost** | | **18,042.08** | | **10,619.77** |
| **Aggregate amount of impairment in value of investments** | | **-** | | **-** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Note 8 Other Non Current Financial Assets** | | |
| Security Deposits (Unsecured, Considered Good) | 431.92 | 433.56 |
| Lease Rental Receivables | 7,298.39 | 7,216.49 |
| | **7,730.31** | **7,650.05** |
| **Note 9 Non Current Tax Assets(Net)** | | |
| Advance Payment of Income Tax (Net) | 1,733.54 | 1,509.91 |
| | **1,733.54** | **1,509.91** |
| **Note 10 Other non current assets** | | |
| Capital Advances | 55.06 | 903.66 |
| Other Long Term Advances | 1,385.17 | 1,399.70 |
| | **1,440.23** | **2,303.36** |
| **Note 11 Inventories (At lower of cost and net realisable value)** | | |
| Raw Materials | 559.61 | 511.11 |
| Work in Progress | 163.70 | 199.53 |
| Stores and Spares | 28.82 | 24.67 |
| | **752.13** | **735.30** |
| **Note 12 Trade Receivables** | | |
| a) Unsecured - Considered Good | 1,862.90 | 2,959.69 |
| b) Credit Impaired | 134.24 | 134.18 |
| | **1,997.14** | **3,093.87** |
| Less : Allowances for Doubtful Trade Receivables | (134.24) | (134.18) |
| | **1,862.90** | **2,959.69** |

### Trade Receivables ageing schedule for the year ended 31 March 2022

(₹ in lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | |
| (i) Undisputed Trade receivables – considered good | 622.38 | 1,102.85 | 82.87 | 10.91 | 17.10 | 26.78 | 1,862.90 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | 15.07 | 32.50 | 17.13 | 7.90 | 8.05 | 80.65 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | 17.45 | 20.58 | 15.56 | 53.59 |
| **Total** | **622.38** | **1,117.92** | **115.37** | **45.49** | **45.58** | **50.39** | **1,997.14** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Trade Receivables ageing schedule for the year ended 31 March 2021

(₹ in lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | |
| (i) Undisputed Trade receivables – considered good | 220.96 | 2,443.14 | 170.76 | 81.78 | 23.07 | 19.99 | 2,959.69 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | 45.09 | 21.82 | 22.35 | 15.58 | 9.20 | 114.04 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | 20.14 | 20.14 |
| **Total** | **220.96** | **2,488.23** | **192.58** | **104.13** | **38.65** | **49.33** | **3,093.87** |

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Note 13 Cash and Bank Balances** | | |
| **a) Cash and cash equivalents** | | |
| Balances With Banks in Current Accounts | 376.53 | 323.39 |
| Cash On Hand | 0.10 | 0.02 |
| | **376.63** | **323.41** |
| **b) Other balances with banks** | | |
| Bank Deposits With Less Than 12 Months of Original Maturity | 61.86 | 59.14 |
| Earmarked Balances with banks | | |
| Unclaimed Dividend* | 190.56 | 200.24 |
| Unspent CSR** | 21.53 | - |
| | **273.95** | **259.38** |
| *The Company can utilise these balances only towards settlement of unclaimed dividend. | | |
| **The Company can utilise these balances only towards CSR Activities. | | |
| **Note 14 Other financial assets** | | |
| Deposits(Others) | 30.59 | 51.50 |
| Other Receivables | 3,089.59 | 2,199.38 |
| | **3,120.18** | **2,250.88** |
| **Note 15 Other current assets** | | |
| Advance Recoverable in Cash Or Kind | 186.96 | 125.65 |
| Balances with Government Authorities | | |
| Sales Tax and GST | 587.60 | 673.99 |
| Advances to Suppliers | 632.10 | 525.99 |
| Advance to Staff | 10.96 | 16.45 |
| Other Receivables | 660.36 | 570.19 |
| | **2,077.98** | **1,912.29** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 16 Equity Share Capital

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Share Capital** | | |
| **Authorised** | | |
| 7,37,50,000 Equity Shares of ₹ 2 each | 1,475.00 | 1,475.00 |
| (Previous year 7,37,50,000 Equity Shares of ₹ 2 each) | | |
| 2,50,000 Preference Shares of ₹ 10 each | 25.00 | 25.00 |
| (Previous year 2,50,000 Preference Shares of ₹ 10 each) | | |
| **Total** | **1,500.00** | **1,500.00** |
| **Issued, Subscribed and Paid up Capital** | | |
| 7,04,59,960 Equity Shares of ₹ 2 each, fully paid up | 1,409.20 | 1,409.20 |
| (Previous year 7,04,59,960 Equity Shares of ₹ 2 each) | | |
| **Total** | **1,409.20** | **1,409.20** |

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

| Particulars | As at 31 March 2022 Equity Shares | | As at 31 March 2021 Equity Shares | |
|---|---|---|---|---|
| | Number | ₹ | Number | ₹ |
| At the beginning of the year | 7,04,59,960 | 14,09,19,920 | 7,04,59,960 | 14,09,19,920 |
| Changes in Equity Share Capital during the year | - | - | - | - |
| At the end of the year | 7,04,59,960 | 14,09,19,920 | 7,0459,960 | 14,09,19,920 |

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

The Company has only one class referred to as 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 also made in foreign currency to shareholders outside India.

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) Proposed Dividend

The Board of Directors at its meeting held on 25 May 2022 have recommended a payment of dividend of ₹ 3.00 (Rupees Three) per equity share of face value ₹ 2 each for the financial year ended 31 March 2022 amounting to ₹ 2,113.80 lakhs and subject to approval at the ensuing AGM of the Company and hence is not recognized as a liability.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### d) Details of Shareholders holding more than 5% Equity Shares in the company - @

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | No. of Shares Held | % of Holding | No. of Shares Held | % of Holding |
| Chandler & Price India Pvt. Ltd. | 1,95,84,718 | 27.80 | 1,95,84,718 | 27.80 |
| Mr. Sumant J. Patel* | 88,67,335 | 12.58 | 88,67,335 | 12.58 |
| Patel Consultancy Services Pvt. Ltd. | 53,62,500 | 7.61 | 53,62,500 | 7.61 |
| 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

### e) Details of Shareholding of Promoters

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | | % of change during the year |
|---|---|---|---|---|---|
| | No. of Shares Held | % of Holding | No. of Shares Held | % of Holding | |
| Chandler & Price India Pvt. Ltd. | 1,95,84,718 | 27.80 | 1,95,84,718 | 27.80 | - |
| Mr. Sumant J. Patel* | 88,67,335 | 12.58 | 88,67,335 | 12.58 | - |
| Patel Consultancy Services Pvt. Ltd. | 53,62,500 | 7.61 | 53,62,500 | 7.61 | - |
| 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 | - |
| Sumant J Patel HUF | 31,63,640 | 4.49 | 31,63,640 | 4.49 | - |
| Mr. Krishna S. Patel | 21,25,400 | 3.02 | 21,25,400 | 3.02 | - |
| Aarav K. Patel | 1,40,000 | 0.20 | 1,40,000 | 0.20 | - |

*Shri Sumant J. Patel left for his heavenly abode on 17 November 2021.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 17 - Other Equity

(₹ in lakhs)

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | Total Other Equity |
|---|---|---|---|---|---|---|
| | Retained Earnings | Preference Shares Redemption Reserve | General Reserve | Equity Instruments | Other items | |
| **Balance as at 01 April 2020 (A)** | **50.00** | **9.56** | **1,33,992.06** | **8.88** | **-** | **1,34,060.50** |
| **Additions during the year** | | | | | | |
| Profit for the year | 17,249.92 | - | - | - | - | 17,249.92 |
| **Items of OCI for the year, net of tax** | | | | | | |
| Remeasurement of Defined Benefit Plans | (78.13) | - | - | - | - | (78.13) |
| Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income | - | - | - | 7.69 | - | 7.69 |
| **Total Comprehensive Income for the year 2020-21 (B)** | **17,171.79** | **-** | **-** | **7.69** | **-** | **17,179.48** |
| **Transfers during the year** | | | | | | |
| Retained earnings transferred to General reserve | (17,171.79) | - | 17,171.79 | - | - | - |
| **Total (C)** | **(17,171.79)** | **-** | **17,171.79** | **-** | **-** | **-** |
| **Balance as at 31 March 2021 D = ( A + B + C )** | **50.00** | **9.56** | **1,51,163.85** | **16.57** | **-** | **1,51,239.98** |
| **Additions during the year** | | | | | | |
| Profit for the year | 18,922.24 | - | - | - | - | 18,922.24 |
| **Items of OCI for the year, net of tax** | | | | | | |
| Remeasurement of Defined Benefit Plans | 44.40 | - | - | - | - | 44.40 |
| Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income | - | - | - | 3.39 | - | 3.39 |
| **Total Comprehensive Income for the year 2021-22 (E)** | **18,966.64** | **-** | **-** | **3.39** | **-** | **18,970.03** |
| **Reductions during the year** | | | | | | |
| Dividend | (2,113.80) | - | - | - | - | (2,113.80) |
| **Total (F)** | **(2,113.80)** | **-** | **-** | **-** | **-** | **(2,113.80)** |
| **Transfers during the year** | | | | | | |
| Retained earnings transferred to General reserve | (16,852.84) | - | 16,852.84 | - | - | - |
| **Total (G)** | **(16,852.84)** | **-** | **16,852.84** | **-** | **-** | **-** |
| **Balance as at 31 March 2022 H = (D + E + F + G)** | **50.00** | **9.56** | **1,68,016.69** | **19.96** | **-** | **1,68,096.21** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 purposes.General Reserve is created by a transfer from one 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 irrevicable 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 gain and losses on revaluation of long term employee benefits |
| Retained Earnings | Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders |

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Note 18 Other financial liabilities** | | |
| Security Deposits from IT Park Licensees and Others | 12,747.15 | 10,559.83 |
| | **12,747.15** | **10,559.83** |
| **Note 19 Provisions** | | |
| a) Provision for Employee benefits (Refer Note 43) | | |
| Gratuity | 304.86 | 291.75 |
| Leave Encashment | 76.49 | 74.40 |
| b) Compensation Payable (Refer Note 47) | 165.00 | 171.36 |
| | **546.35** | **537.50** |
| **Note 20 Deferred tax liabilities (Net)** | | |
| Opening Balance | 3,586.99 | 2,596.22 |
| Difference between written down value of fixed assets as per the Companies Act, 2013 and Income tax Act,1961 | (44.08) | 165.48 |
| Provision for expenses allowed for tax purpose on payment basis | 235.85 | (257.49) |
| Difference in carrying value and tax base of investments measured at FVTPL | (816.23) | 736.51 |
| Allowance of doubtful debts and advances | (14.89) | 10.76 |
| Lease Equalisation Reserve assets | 173.58 | 368.03 |
| Remeasurement of the defined benefit plan through OCI | 17.36 | (32.52) |
| | **3,138.58** | **3,586.99** |
| (Refer Note 44 "Income Taxes" for further details) | | |
| **Note 21 Other non-current liabilities** | | |
| Advance Lease Rentals | 2,353.73 | 2,311.37 |
| Advance from Customers | 953.31 | - |
| | **3,307.04** | **2,311.37** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 22 - Trade Payables

### Trade Payables ageing schedule for the year ended 31 March 2022

(₹ in lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | |
| (I) MSME | 46.52 | 38.56 | 1.00 | 2.72 | - | 88.80 |
| (ii) Others | 295.83 | 349.07 | 23.04 | 4.59 | 7.31 | 679.85 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | 0.68 | 11.45 | 98.68 | 0.82 | 111.62 |
| **Total** | **342.35** | **388.31** | **35.49** | **105.99** | **8.13** | **880.27** |

### Trade Payables ageing schedule for the year ended 31 March 2021

( ₹ in lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | |
| (I) MSME | 76.94 | 119.55 | - | - | - | 196.49 |
| (ii) Others | 201.91 | 419.99 | 73.01 | 47.73 | 1.86 | 744.50 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | 5.18 | 4.32 | 107.13 | 1.23 | 117.86 |
| **Total** | **278.85** | **544.72** | **77.33** | **154.86** | **3.09** | **1,058.85** |

(₹ in lakhs)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| **Note 23 Other financial liabilities** | | |
| Unclaimed dividend | 190.56 | 200.24 |
| Payable to Employees | 43.76 | 46.36 |
| Payable towards Capital Expenditure | 379.05 | 2,377.49 |
| Security Deposits | 1,083.98 | 909.07 |
| Other Payables | 1,034.47 | 2,145.10 |
| | **2,731.82** | **5,678.26** |
| **Note 24 Other current liabilities** | | |
| a) Revenue received in advance | | |
| Advance from Customers | 3,079.38 | 4,686.21 |
| b) Others | | |
| Statutory Payables | | |
| Payable Towards VAT | 1.26 | - |
| Payable Towards GST | 449.62 | 215.51 |
| Payable Towards TDS/TCS | 415.79 | 574.18 |
| Payable Towards PF/ESIC/PT | 9.79 | 10.08 |
| | **3,955.84** | **5,485.98** |
| **Note 25 Provisions** | | |
| Provision for Employee benefits (Refer Note 43) | | |
| Gratuity | 4.44 | 15.63 |
| Leave Encashment | 5.86 | 7.77 |
| Provision for Warranty (Refer Note 47) | 20.35 | 12.99 |
| | **30.65** | **36.39** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Particulars | For the year 2021-2022 | For the year 2020-2021 |
|---|---|---|
| **Note 26 Revenue from Operations** | | |
| **a) Sale of Products** | | |
| Sales of Machines and Spares | 4,393.98 | 2,511.97 |
| **b) Sale of Services** | | |
| Bombay Exhibition Centre (Rental and Services) | 1,618.33 | 595.11 |
| Nesco IT Park (Rental and Services) | 26,415.15 | 24,606.29 |
| Hospitality Services | 1,135.27 | 1,299.28 |
| Engineering Fees, Services and Other Charges | 177.14 | 96.79 |
| | **33,739.87** | **29,109.44** |
| **Note 27 Other income** | | |
| Interest Income | 2,189.88 | 2,278.97 |
| Dividend from Mutual Fund Investments | 37.03 | 55.02 |
| Net Gain Arising on Financial Assets Measured at FVTPL | 2,288.67 | 3,887.19 |
| Net (Loss) / Gain Arising on Redemption of Bonds | (296.22) | 29.43 |
| Sundry Creditors/Liabilities written back(net) | 165.63 | 86.43 |
| Other Miscellaneous Income | 91.51 | 119.29 |
| | **4,476.50** | **6,456.33** |
| **Note 28 Cost of Materials Consumed** | | |
| Opening Stock | 511.11 | 487.16 |
| Add: Purchases | 2,583.47 | 1,578.00 |
| | 3,094.58 | 2,065.16 |
| Less: Closing Stock | 559.61 | 511.11 |
| Cost of Materials Consumed | **2,534.97** | **1,554.05** |
| **Note 29 Changes in Inventories of finished goods and work in progress** | | |
| Opening Stock of work in progress | 199.53 | 347.57 |
| Less: Closing Stock of work in progress | (163.70) | (199.53) |
| | **35.83** | **148.04** |
| **Note 30 Employee Benefits expense** | | |
| Salaries and Wages | 1,222.53 | 1,498.66 |
| Contribution to Provident and other funds | 55.43 | 60.50 |
| Gratuity (Refer Note 43) | 44.98 | 36.56 |
| Staff welfare expenses | 17.05 | 4.05 |
| | **1,339.99** | **1,599.77** |
| **Note 31 Finance Costs** | | |
| Interest on Financial Liabilities Carried at Amortised Cost | 910.49 | 805.33 |
| Bank Charges & Guarantee Commission | 8.66 | 8.29 |
| Others | 2.33 | 8.34 |
| | **921.48** | **821.96** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Particulars | For the year 2021- 2022 | | For the year 2020-2021 | |
|---|---|---|---|---|
| **Note 32 Other Expenses** | | | | |
| Consumption of Stores and Spares | | 148.45 | | 105.43 |
| Power, Fuel & Electricity | | 568.18 | | 365.28 |
| Contract Manpower | | 891.05 | | 846.95 |
| Repairs and maintenance of : | | | | |
| - Buildings & Property | 986.76 | | 230.83 | |
| - Plant & Machinery | 180.10 | | 129.49 | |
| - Other Assets | 261.77 | 1,428.63 | 398.71 | 759.03 |
| Printing, Stationery, Postage and Communication expenses | | 29.14 | | 25.28 |
| Rent | | 6.81 | | 33.27 |
| Hire Charges | | 39.20 | | 48.14 |
| Catering and Other operating supplies | | 87.84 | | 107.92 |
| Rates and Taxes | | 1,325.00 | | 1,651.84 |
| Water Charges | | 22.77 | | 24.70 |
| Advertisement and Sales Promotion | | 48.28 | | 93.44 |
| Membership and Subscription | | 5.43 | | 6.04 |
| Insurance | | 106.34 | | 107.62 |
| Housekeeping and Other Office Expenses | | 55.03 | | 86.08 |
| Exchange Loss on Foreign Currency Transactions | | 1.46 | | 1.28 |
| Travelling, Conveyance and vehicle expenses | | 89.18 | | 56.26 |
| Payment to Auditors:- | | | | |
| - Audit Fees | 30.00 | | 20.75 | |
| - Certification work | 0.28 | 30.28 | 0.31 | 21.06 |
| Legal & professional fees | | 547.86 | | 340.41 |
| Event Expenses | | 2.40 | | 31.69 |
| CSR Expenses | | 496.88 | | 543.89 |
| Donation | | 1.95 | | 0.25 |
| Freight and handling charges | | 125.12 | | 73.22 |
| Commission to Directors | | 785.00 | | 1,110.00 |
| Directors' sitting fees | | 30.25 | | 27.25 |
| Security charges | | 79.78 | | 56.84 |
| Bad Debts/Sundry Balance Written Off | | 73.00 | | 289.26 |
| Loss on Sale / Asset Written off | | 130.77 | | - |
| Allowance for Doubtful Bad Debts,Stock and Deposits | | 86.10 | | (50.33) |
| Commission Brokerage | | 605.87 | | 423.91 |
| Software and IT Expenses | | 39.11 | | 33.30 |
| Miscellaneous Expenses | | 16.60 | | 14.70 |
| | | **7,903.76** | | **7,234.01** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 33 Category wise classification of financial instruments

**The carrying value of financial instruments by categories as of 31 March 2022 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 |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Investments | | | | |
| Equity Instruments | - | - | 20.00 | 20.00 |
| Mutual Funds | - | 53,292.60 | - | 53,292.60 |
| Corporate Deposits, Non-convertible Debentures, Bonds and Preference Shares | 31,314.47 | - | - | 31,314.47 |
| Other Investments | 26.10 | - | - | 26.10 |
| Trade Receivables | 1,862.90 | - | - | 1,862.90 |
| Cash and Cash Equivalents | 376.63 | - | - | 376.63 |
| Other Balances with Banks | 273.95 | - | - | 273.95 |
| Other financial assets | 10,850.50 | - | - | 10,850.50 |
| **Total Financial Assets** | **44,704.55** | **53,292.60** | **20.00** | **98,017.15** |
| **Financial Liabilities** | | | | |
| Trade Payables | 880.27 | - | - | 880.27 |
| Lease Liabilities | 55.02 | - | - | 55.02 |
| Other financial liabilities | 15,478.97 | - | - | 15,478.97 |
| **Total Financial Liabilities** | **16,414.26** | **-** | **-** | **16,414.26** |

**The carrying value of financial instruments by categories as of 31 March 2021 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 |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Investments | | | | |
| Equity Instruments | - | - | 16.62 | 16.62 |
| Mutual Funds | - | 45,946.29 | - | 45,946.29 |
| Corporate Deposits, Non-convertible Debentures, Bonds and Preference Shares | 35,038.99 | - | - | 35,038.99 |
| Other Investments | 26.10 | - | - | 26.10 |
| Trade Receivables | 2,959.69 | - | - | 2,959.69 |
| Cash and Cash Equivalents | 323.41 | - | - | 323.41 |
| Other Balances with Banks | 259.38 | - | - | 259.38 |
| Loans / Sundry Deposits | 433.56 | - | - | 433.56 |
| Other financial assets | 9,467.36 | - | - | 9,467.36 |
| **Total Financial Assets** | **48,508.49** | **45,946.29** | **16.62** | **94,471.40** |
| **Financial Liabilities** | | | | |
| Trade Payables | 1,058.85 | - | - | 1,058.85 |
| Other financial liabilities | 16,238.09 | - | - | 16,238.09 |
| **Total Financial Liabilities** | **17,296.94** | **-** | **-** | **17,296.94** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Fair value hierarchy**

**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:**

(₹ in lakhs)

| Particulars | As of 31 March 2022 | Fair value hierarchy at the end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Investments in Equity Instruments | 20.00 | 20.00 | - | - |
| Investments in Mutual Funds | 53,292.60 | 53,292.60 | - | - |

| Particulars | As of 31 March 2021 | Fair value hierarchy at the end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Investments in Equity Instruments | 16.62 | 16.62 | - | - |
| Investments in Mutual Funds | 45,946.29 | 45,946.29 | - | - |

**Financial instrument measured at amortised cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the company did not anticipate that the carrying amounts would be significantly different from the values that would be received or settled.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 34 - 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 to minimize any adverse effects of the risk exposure on the financial performance of the Company.

The Board has been monitoring the risks that the Company is exposed to due to outbreak of COVID 19 closely. The Board has taken all necessary actions to mitigate the risks identified basis the information and situation present.

**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)

| Particulars | Liabilities | | Assets | |
|---|---|---|---|---|
| Currency | As at 31 March 2022 | As at 31 March 2021 | As at 31 March 2022 | As at 31 March 2021 |
| USD | NIL | NIL | 3.84 | 1.04 |

The Company has not entered into any forward contract during the year ended 31 March 2022 and 31 March 2021.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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**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 ₹ 1,862.90 lakhs and ₹ 2,959.69 lakhs as on 31 March 2022 and 31 March 2021 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.
- Hospitality customers are required to pay advances to 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 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 2022 and 31 March 2021 was ₹ 134.24 lakhs and ₹ 134.18 lakhs respectively.

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Balance at the beginning | 134.18 | 129.76 |
| Loss allowance measured at lifetime expected credit losses | 0.06 | 4.41 |
| Balance at the end | 134.24 | 134.18 |

**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 lease rentals receivables and 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.

The allowance for lifetime expected credit loss on current license and other fees receivables as on 31 March 2022 and 31 March 2021 was ₹120.83 lakhs and ₹61.74 lakhs respectively.

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Balance at the beginning | 61.74 | 54.10 |
| Loss allowance measured at lifetime expected credit losses | 59.09 | 7.64 |
| Balance at the end | 120.83 | 61.74 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 ₹ 376.63 lakhs and ₹ 323.41 lakhs as on 31 March 2022 and 31 March 2021 respectively

The table below provides details regarding the contractual maturities of significant financial liabilities as on 31 March 2022:

(₹ in lakhs)

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Other financial liabilities (non-current)** | | | | |
| Lease Liabilities | - | 40.94 | - | 40.94 |
| Security Deposits from IT Park Licensees and Others | - | 12,747.15 | - | 12,747.15 |
| **Other financial liabilities (current)** | | | | |
| Lease Liabilities | 14.07 | - | - | 14.07 |
| Security deposit from licensees and customers | 1,083.98 | - | - | 1,083.98 |
| Trade Payables | 880.27 | - | - | 880.27 |
| Other financial liabilities | 1,647.84 | - | - | 1,647.84 |
| **Total** | **3,626.16** | **12,788.09** | **-** | **16,414.25** |

Details regarding contractual maturities of significant financial liabilities as on 31 March 2021: (₹ in lakhs)

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Other financial liabilities (non-current)** | | | | |
| Security Deposits from IT Park Licensees and Others | - | 10,559.83 | - | 10,559.83 |
| **Other financial liabilities (current)** | | | | |
| Security deposit from licensees and customers | 909.07 | - | - | 909.07 |
| Trade Payables | 1,058.85 | - | - | 1,058.85 |
| Other financial liabilities | 4,769.18 | - | - | 4,769.18 |
| **Total** | **6,737.10** | **10,559.83** | **-** | **17,296.93** |

### 4. Risk due to Outbreak of COVID 19 Pandemic

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. The disruption to regular business operations continues due to the measures taken to curb the impact of the pandemic from time to time, since start of it. The Company has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

### 5. Capital Management

For the purpose of the Company's capital management, capital includes issued capital, and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As of 31 March 2022, the Company has only one class of shares referred to as Equity Shares and has nil debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long-term financial plans.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 35 - Contingent Liabilities and Commitments:

1 Income tax demand disputed by the Company ₹ 286.24 lakhs (previous year ₹ 139 lakhs)

2 Claims against the Company not acknowledged as debts ₹ 3,256.67 lakhs (previous year ₹ 2,053.65 lakhs)

3 Estimated value of contracts remaining to be executed on capital account and not provided for is ₹ 2,605.91 lakhs (previous year ₹ 2,623.35 lakhs) against which an advance of ₹ 55.06 lakhs (previous year ₹ 903.66 lakhs) has been paid

4 Bank Guarantees given by Indian Bank on Company's behalf ₹ 694.89 lakhs (previous year ₹ 721.95 lakhs) secured by lien on Mutual Fund (Fixed Maturity Plan) of value ₹ 1,009.70 lakhs ( previous year ₹ 1,224.72 lakhs).

### Note 36 - Disclosure under the MSMED Act 2006:

Disclosure under the MSMED Act 2006 is provided as under for the year 2021-22, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

(₹ in lakhs)

| Particulars | As at 31 March | |
|---|---|---|
| | 2022 | 2021 |
| 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)<br>Principal amount due to Micro and Small Enterprise | 88.80 | 196.49 |
| 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 | 0.69 | 0.43 |
| 4. The amount of interest accrued and remaining unpaid at the end of each accounting year | 1.84 | 1.15 |
| 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 | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified based on information collected by the Management. This has been relied upon by the auditors.

### Note 37 - Details of Hedged and Unhedged exposure in foreign currency denominated monetary items.

a) Exposure in Foreign Currency – Hedged: - The company has not entered into any foreign exchange contract. The Company does not enter into any derivative instruments for trading or speculative purpose.

b) Exposure in Foreign Currency – Un Hedged: - The foreign currency exposure not hedged as on 31 March 2022 are as under:

(₹ in lakhs)

| Currency | Payables | | Receivables | |
|---|---|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 | As at 31 March 2022 | As at 31 March 2021 |
| USD | NIL | NIL | 3.84 | 1.04 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 38 - Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

a) Details of Investments made are given in Note 7.

b) There are no loans given to any related party during the year.

c) There are no guarantees issued by the Company in accordance with Section 186 of the Companies Act, 2013 read with rules issued thereunder

### Note 39 - Corporate Social Responsibility expense (CSR):

1. Gross amount required to be spent by the Company during the year 2021-22 ₹496.88 lakhs (Previous year ₹ 537.37 lakhs) towards CSR activities prescribed under Schedule VII of the Companies Act, 2013.

2. **Amounts spent during the year on:**

(₹ in lakhs)

| Nature of activities | Year 2021-2022 | | | Year 2020-2021 | | |
|---|---|---|---|---|---|---|
| | In Cash** | Yet to be paid in cash | Total | In Cash | Yet to be paid in cash | Total |
| **Promoting Education: -** | | | | | | |
| i) Construction/Acquisition of any assets | - | - | - | 170.44 | 143.73 | 314.17 |
| ii) Purpose other than i) above | 455.32 | 41.56 | 496.88 | 183.45 | 46.27 | 229.72 |
| **Total** | **455.32** | **41.56** | **496.88** | **353.89** | **190.00** | **543.89** |

3. **Related party transactions in relation to Corporate Social Responsibility**

(₹ in lakhs)

| Nature of activities | Year 2021-2022 | | | Year 2020-2021 | | |
|---|---|---|---|---|---|---|
| | In Cash** | Yet to be paid in cash | Total | In Cash | Yet to be paid in cash | Total |
| Related party transactions | 93.64 | - | 93.64 | 9.84 | - | 9.84 |

** Represents actual outflow during the year.

4. **Provision movement during the year**

(₹ in lakhs)

| Particulars | Year 2021-2022 | Year 2020-2021 |
|---|---|---|
| **Opening Provision** | 190.00 | - |
| Addition during the year | 41.56 | 190.00 |
| Utilised during the year | 168.47 | - |
| **Closing Provision** | 63.09 | 190.00 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. **Amount earmarked for ongoing project**

(₹ in lakhs)

| Particulars | Year 2021-2022 | | | Year 2020-2021 | | |
|---|---|---|---|---|---|---|
| | With Company Unspent | In separate CSR | Total | With Company Unspent | In separate CSR | Total |
| **Opening Balance** | **190.00** | **-** | **190.00** | **-** | **-** | **-** |
| Amount required to be spent during the year | 41.56 | - | 41.56 | 190.00 | - | 190.00 |
| Transfer to CSR Unspent A/c | (190.00) | 190.00 | - | - | - | - |
| Amount spent during the year | - | (168.47) | (168.47) | - | - | - |
| **Closing Balance** | **41.56** | **21.53** | **63.09** | **190.00** | **-** | **190.00** |

There is no unspent amount at the end of the year to be deposited in specified fund of Schedule VII under Section 135(5) of the Companies Act, 2013.

6. **Details of Excess Amount spent**

| Particulars | Opening Balance | Amount required to be spent during the year | Amount spent during the year | Closing balance |
|---|---|---|---|---|
| Details of excess amount spent | 6.52 | 496.88 | 497.32* | 6.96 |

* Includes an amount of ₹ 42.00 lakhs earmarked for ongoing projects transferred to Unspent CSR Account in terms of Section 135(6) of the Companies Act, 2013 for the Financial Year 2021-22.

7. **Nature of CSR Activities undertaken by the company**

The Company's CSR activities primarily include one or more of the items covered under Schedule VII of the Act with special focus on the following:

(i) Promoting preventive health care and sanitation and making available safe drinking water;

(ii) Promoting education, including special education and employment enhancing vocational skills especially among children, setting up Atal Tinkering Labs (ATL);

(iii) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine;

(iv) Extending support to Jumbo Covid Centre managed by MCGM at Nesco Premises.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 40 - Leases:

Pursuant to Ind AS 116 – Leases, following information is disclosed:

**Company as Lessor:**

Ind AS 116 "Leases" requires the lessor to recognize income from operating leases on a straight-line basis over the lease term which includes rent free period. Thus, contracted lease rental income including future escalation is straight lined over the lease term. This has resulted in recognizing unearned lease income amounting to ₹ 985.25 lakhs for the year ended 31 March 2022.

The Company has entered into operating leases on its Investment Property 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 2022 | As at 31 March 2021 |
|---|---|---|
| Within one year | 26,065.16 | 23,026.17 |
| After one year but not more than five years | 40,301.47 | 51,345.07 |
| More than 5 years | 77.06 | 110.12 |

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

Lease income recognized during the year in Statement of profit and loss is ₹ 26,415.15 lakhs (previous year ₹ 24,606.29 lakhs)

**Company as Lessee:**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Company has taken factory land at Karamsad, Gujarat under non-cancellable Operating Lease. These lease rentals are payable by the Company on a monthly basis. Company recognizes this lease as right of use assets and lease liability.

The Company recognises the lease payments associated with these leases as an expense over the lease term. There is no contingent rent payable to lessors under the lease agreements.

The following is the carrying amounts of Company's Right of Use assets (ROU), Movement in liabilities, amount recognized in Profit & Loss and Cash outflow for ROU assets: -

(₹ in lakhs)

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Additions to Right of Use Assets | 68.17 | - |
| Depreciation for Right of Use Assets | 14.87 | - |
| Carrying Amount of Right of Use Assets | 53.30 | - |
| Interest Expense on Lease Liabilities | 4.77 | - |
| Expense relating to Short term Leases | 6.81 | 33.27 |
| Repayment of Right of Use Assets | 17.93 | - |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Contractual maturity analysis of undiscounted lease liabilities is given below:-

(₹ in lakhs)

| Particulars | As at 31 March | |
|---|---|---|
| | 2022 | 2021 |
| Less than one year | 17.93 | - |
| One to two years | 17.93 | - |
| Two to five years | 28.38 | - |
| More than five years | - | - |
| **Total** | **64.24** | **-** |

### Note 41 - Earnings per share:

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Profit after Tax as per statement of Profit and Loss (₹ in lakhs) | 18,922.24 | 17,249.92 |
| 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) | 26.86 | 24.48 |

### Note 42 - Related party disclosures:

**1. List of related parties and relationships:**

| | |
|---|---|
| **Subsidiaries** | Nesco Hospitality Pvt Ltd<br>Nesco Foundation for Innovation and Development |
| **Entities in which KMPs have significant influence** | Patel Consultancy Pvt Ltd<br>J V Patel Investment and Trading Co. Pvt. Ltd.<br>Engineering Global Pte Limited<br>Chandler and Price India Private Limited<br>K S Patel Finance & Investment Company Pvt Ltd |
| **Key Management Personnel** | Mr. Sumant J. Patel – Executive Director and Chief Mentor (till 17 November 2021)<br>Mr. Krishna S. Patel – Chairman and Managing Director<br>Mr. Dipesh R. Singhania – Chief Financial Officer<br>Ms. Jinal J. Shah – Company Secretary and Compliance Officer |
| **Relative of Key Management Personnel** | Mrs. Sudha S. Patel - Non-executive Director |
| **Independent Non-Executive Directors** | Mr. Mahendra K. Chauhan<br>Mr. Manu M. Parpia<br>Mr. Jai S. Diwanji<br>Mr. K. S. Srinivasa Murty<br>Mrs. Amrita Verma Chowdhury |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 2. Related Party Transactions:

(₹ in lakhs)

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| **Brokerage Income** | | |
| Chandler and Price (India) Private Limited | 26.29 | 27.44 |
| **Rent Expense** | | |
| Mr. Sumant J. Patel | 17.93 | 18.84 |
| **Corporate Social Responsibility Expense** | | |
| Nesco Foundation for Innovation and Development | 93.64 | 9.84 |
| **Remuneration, perquisites, commission** | | |
| Mr. Sumant J. Patel | 330.27 | 651.00 |
| Mr. Krishna S. Patel | 545.48 | 675.96 |
| Mr. Dipesh R. Singhania | 64.50 | 118.00 |
| Ms. Jinal J. Shah | 9.00 | 9.92 |
| **Director sitting fees** | | |
| Mrs. Sudha S. Patel | 3.50 | 2.75 |
| Mr. Mahendra K. Chauhan | 6.05 | 5.55 |
| Mr. Manu M. Parpia | 4.55 | 4.30 |
| Mr. Jai S. Diwanji | 6.55 | 5.80 |
| Mr. K. S. Srinivasa Murty | 5.05 | 4.55 |
| Mrs. Amrita Verma Chowdhury | 4.55 | 4.30 |
| **Amount paid on behalf of Subsidiary** | | |
| Nesco Hospitality Private Limited | -* | 21.89 |
| **Security Deposit Transferred from Subsidiary** | | |
| Nesco Hospitality Private Limited | 6.88 | - |
| **Amount Payable / (Receivable)** | | |
| Mr. Sumant J. Patel | 165.08 | 313.40 |
| Mr. Krishna S. Patel | 244.98 | 306.88 |
| Nesco Hospitality Private Limited | - | (54.67) |

* Represents amount less than ₹ 1000/-.

Employee benefits for Key Management Personnel is as follows: -

(₹ in lakhs)

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Short-term employee benefits | 949.25 | 1,454.88 |
| Post-employment benefits | 159.15 | 158.04 |
| Other long-term benefits | 26.62 | 25.99 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 43 - 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 2022 | As at 31 March 2021 |
| Present Value of Benefit Obligation at the Beginning of the Period | 307.38 | 200.05 |
| Interest Cost | 20.11 | 13.39 |
| Current Service Cost | 24.86 | 23.16 |
| Benefit Paid Directly by the Employer | (7.57) | (33.64) |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | (19.00) | 100.50 |
| Demographic Assumptions | 21.44 | - |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | (37.92) | 3.92 |
| Present Value of Benefit Obligation at the End of the Period | 309.30 | 307.38 |

| **Amount Recognized in the Balance Sheet** | | |
|---|---|---|
| (Present Value of Benefit Obligation at the end of the Period) | 309.30 | 307.38 |
| Funded Status (Surplus/ (Deficit)) | (309.30) | (307.38) |
| Net (Liability)/Asset Recognized in the Balance Sheet | (309.30) | (307.38) |

| **Expenses Recognized in the Statement of Profit or Loss for Current Period** | | |
|---|---|---|
| Current Service Cost | 24.86 | 23.16 |
| Net Interest Cost | 20.11 | 13.39 |
| Expenses Recognized | 44.98 | 36.56 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| **Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period** | | |
|---|---|---|
| Actuarial (Gains)/Losses on Obligation for the Period | (35.48) | 104.41 |
| Net (Income)/Expense for the Period Recognized in OCI | (35.48) | 104.41 |

| **Balance Sheet Reconciliation** | | |
|---|---|---|
| Opening Net Liability | 307.38 | 200.05 |
| Expenses Recognized in Statement of Profit or Loss | 44.98 | 36.56 |
| Expenses Recognized in OCI | (35.48) | 104.41 |
| Benefit Paid Directly by the Employer | (7.57) | (33.64) |
| Net Liability/(Asset) Recognized in the Balance Sheet | 309.30 | 307.38 |

| **Other Details** | | |
|---|---|---|
| No of Active Members | 121 | 133 |
| Per Month Salary for Active Members | 44.02 | 46.75 |
| Average Past Services (Years) | 6.73 | 6.33 |
| Average Age (Years) | 39.18 | 39.26 |
| Average Expected Future Service | 18.82 | 18.74 |
| Projected Benefit Obligation | 309.30 | 307.38 |

| **Assumptions** | | |
|---|---|---|
| Expected Return on Plan Assets | N.A. | N.A. |
| Rate of Discounting | 7.20% | 6.55% |
| Rate of Salary Increase | 10.00% | 10.00% |
| Rate of Employee Turnover | 2.00% | 5.00% |
| Mortality Rate During Employment | Indian Assured Lives Mortality (2012-14) | Indian Assured Lives Mortality (2012-14) |
| Mortality Rate After Employment | N.A. | N.A. |

| **Maturity Analysis of the Benefit Payments: From the Employer** | | |
|---|---|---|
| Projected Benefits Payable in Future Years from the Date of Reporting | | |
| 1st Following Year | 4.44 | 15.63 |
| 2 to 5 Years | 41.21 | 70.63 |
| 6 to 10 Years | 121.19 | 122.50 |
| More than 10 Years | 662.66 | 459.64 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Sensitivity Analysis | | |
|---|---|---|
| Projected Benefit Obligation on Current Assumptions | 309.30 | 307.38 |
| Delta Effect of +1% Change in Rate of Discounting | (11.2%) | (9.6%) |
| Delta Effect of -1% Change in Rate of Discounting | 13.1% | 11.1% |
| Delta Effect of +1% Change in Rate of Salary Increase | 12.7% | 10.7% |
| Delta Effect of -1% Change in Rate of Salary Increase | (11.1%) | (9.4%) |
| Delta Effect of +50% Change in Rate of Employee Turnover | (1.5%) | (2.2%) |
| Delta Effect of -50% Change in Rate of Employee Turnover | 1.6% | 2.4% |

The sensitivity analysis has 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 2022, based on actual valuation carried out by using the project accrued benefit method amount to ₹ 6.22 lakhs (previous year ₹ 47.73 lakhs) has been recognized on the Statement of Profit and Loss.

### Note 44 - Income Taxes :

**A. The major components of Income Tax expense for the year are as under :**

(₹ in lakhs)

| Particulars | Year 2021-2022 | Year 2020-2021 |
|---|---|---|
| Current Taxes | 4,223.72 | 3,368.00 |
| Deferred Taxes | (439.49) | 1,017.05 |
| Income Tax for earlier year | (55.29) | - |
| **Income Tax Expenses as per statement of Profit and Loss** | **3,728.94** | **4,385.05** |

| Income Tax Expenses recognised in OCI | Year 2021-2022 | Year 2020-2021 |
|---|---|---|
| Deferred tax benefit on remeasurement benefit of defined benefit plans | 8.92 | (26.28) |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### B Reconciliation of tax expense and the accounting profit for the year is as under:

(₹ in lakhs)

| Particulars | Year 2021-2022 | Year 2020-2021 |
|---|---|---|
| Profit before tax | 22,651.18 | 21,634.97 |
| Enacted Tax rate in India | 25.168% | 25.168% |
| **Computed enacted tax expenses** | **5,700.85** | **5,445.49** |
| Add / (Less): Expenses not allowable for tax purposes | 403.27 | 254.83 |
| Add / (Less): Income not considered for tax purpose | (1,466.65) | (413.33) |
| Add / (Less): Effect of expenses, computed differently in tax | 126.01 | 330.26 |
| Add / (Less): Effect of expenses, which are allowed on payment basis | 38.12 | 14.87 |
| Add / (Less): Effect of income, considered under other head of income | (1,017.37) | (1,247.07) |
| **Total** | **3,784.23** | **4,385.05** |
| (Excess)/Short provision of earlier years | (55.29) | - |
| **Income Tax Expense as per statement of Profit and Loss** | **3,728.94** | **4,385.05** |

The tax rate used for reconciliation above is the corporate tax rate of 25.168 % (Previous Year 25.168%) payable by corporate entities in India on taxable profits under Indian law.

- 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.

**Details of income tax assets and liabilities as of 31 March 2022 and 31 March 2021 are as follows:**

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Income Tax Assets | 1,733.54 | 1,509.91 |
| Current Income Tax Liabilities | - | - |
| Net current income tax Assets/(Liabilities) | 1,733.54 | 1,509.91 |

**The gross movement in the Current Tax assets / (liabilities) for the year ended 31 March 2022 and 31 March 2021 is as follows:**

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Net current tax Assets/(Liabilities) at the beginning of the year | 1,509.91 | 1,419.42 |
| Income tax paid : | | |
| Advance tax and TDS | 4,392.06 | 3,458.49 |
| Self-Assessment Tax paid/Previous year adjustments | 55.29 | - |
| Current income tax expenses | (4,223.72) | (3,368.00) |
| **Net current tax Assets/(Liabilities) at the end of the year** | **1,733.54** | **1,509.91** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Details of deferred tax assets and liabilities as of 31 March 2022 and 31 March 2021 are as follows:**

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Deferred tax Assets/(Liabilities) at the beginning | (3,586.99) | (2,596.22) |
| Deferred Tax Asset/(Liabilities) | 448.41 | (990.77) |
| Net deferred tax Assets/(Liabilities) at the end | (3,138.58) | (3,586.99) |

**Detailed bifurcation of deferred tax assets and liabilities as of 31 March 2022 and 31 March 2021 are as follows:**

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Net deferred tax assets/(liabilities) at the beginning | (3,586.99) | (2,596.22) |
| Difference between written down value of fixed assets as per the Companies Act, 2013 and Income tax Act,1961 | 44.08 | (165.48) |
| Provision for expenses allowed for tax purpose on payment basis | (235.85) | 257.49 |
| Difference in carrying value and tax base of investments measured at FVTPL | 816.23 | (736.51) |
| Allowance of doubtful debts and advances | 14.89 | (10.76) |
| Lease Equalisation Reserve assets | (173.58) | (368.03) |
| Remeasurement of the defined benefit plan through OCI | (17.36) | 32.52 |
| Net deferred tax assets/(liabilities) at the end | **(3,138.58)** | **(3,586.99)** |

The credits relating to temporary differences during the year ended 31 March 2022 and 31 March 2021 are primarily on account of Other income due to fair valuation of investments on mutual funds and Ind AS 116 adjustment.

### Note 45 – Proposed Dividend:

The Board of Directors at its meeting held on 25 May 2022 have recommended a payment of dividend of ₹ 3.00 (Rupees Three) per equity share of face value ₹ 2 each for the financial year ended 31 March 2022 amounting to ₹ 2,113.80 lakhs and subject to approval at the ensuing AGM of the Company and hence is not recognized as a liability.

### Note 46 - Segment Reporting:

The Company has following business segments, which are its reportable segments. Operating segment disclosures are consistent with the information provided to and reviewed by the management.

| Reportable Segment | Products / Services |
|---|---|
| IT Park | Licencing premises in IT park buildings and providing related services |
| Bombay Exhibition Center | Licencing premises for exhibitions and providing services to the organisers |
| Industrial Capital Goods Division | Manufacturing of machines and capital equipment |
| Nesco Foods | Hospitality and catering services |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| **Revenue by Segment** | | |
| IT Park | 26,415.15 | 24,606.29 |
| Bombay Exhibition Centre | 1,618.33 | 595.11 |
| Industrial Capital Goods Division | 4,571.12 | 2,608.76 |
| Nesco Foods | 1,135.27 | 1,299.28 |
| Income from Investments/Other Income | 4,476.50 | 6,456.33 |
| **Total** | **38,216.37** | **35,565.77** |
| **Segment profit before tax and finance cost** | | |
| IT Park | 21,568.00 | 20,146.49 |
| Bombay Exhibition Centre | 607.79 | (669.11) |
| Industrial Capital Goods Division | 369.74 | 62.27 |
| Nesco Foods | (219.52) | (342.10) |
| Unallocable expenses & Finance Cost net off Unallocable income | 325.18 | 2,437.42 |
| **Total Operating profit before tax** | **22,651.18** | **21,634.97** |
| **Capital Employed: -** | | |
| **Segment Assets: -** | | |
| IT Park | 87,252.01 | 83,856.96 |
| Bombay Exhibition Centre | 13,278.32 | 5,485.06 |
| Industrial Capital Goods Division | 3,805.58 | 3,403.11 |
| Nesco Foods | 2,962.14 | 3,301.87 |
| Unallocable Assets | 89,600.07 | 85,857.34 |
| **Total** | **1,96,898.12** | **1,81,904.34** |
| **Segment Liabilities: -** | | |
| IT Park | 17,228.52 | 16,464.62 |
| Bombay Exhibition Centre | 4,072.28 | 4,522.90 |
| Industrial Capital Goods Division | 835.25 | 676.38 |
| Nesco Foods | 317.61 | 280.33 |
| Unallocable Liabilities | 4,939.05 | 7,310.94 |
| **Total** | **27,392.71** | **29,255.17** |
| **Capital Employed: -** | | |
| IT Park | 70,023.50 | 67,392.34 |
| Bombay Exhibition Centre | 9,206.03 | 962.17 |
| Industrial Capital Goods Division | 2,970.34 | 2,726.73 |
| Nesco Foods | 2,644.53 | 3,021.54 |
| Unallocable Assets net of Unallocable Liabilities | 84,661.01 | 78,546.40 |
| **Total** | **1,69,505.41** | **1,52,649.18** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Capital Expenditure | 2021-2022 | 2020-2021 |
|---|---|---|
| IT Park | 8,464.49 | 2,340.28 |
| Bombay Exhibition Centre | 6,567.32 | 453.29 |
| Industrial Capital Goods Division | 145.07 | 215.72 |
| Unallocable Assets | 79.86 | 2,714.97 |
| Nesco Foods | 23.25 | 39.43 |
| **Total** | **15,279.99** | **5,763.68** |

| Revenue from Operation | 2021-2022 | 2020-2021 |
|---|---|---|
| India | 33,714.96 | 35,515.52 |
| Outside India | 24.91 | 50.25 |
| **Total Revenue** | **33,739.87** | **35,565.77** |

### Note 47 - Pursuant to the IND AS 37 – 'Provisions, Contingent Liabilities and Contingent Assets', the disclosure relating to provisions made in the accounts for the year ended 31 March 2022 is as follows.

(₹ in lakhs)

| Particulars | Compensation Payable * | | Provision for warranty # | |
|---|---|---|---|---|
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| **Opening Balance** | **171.36** | **171.36** | **12.99** | **16.80** |
| Additions | - | - | 7.36 | - |
| Utilizations / Reversals | (6.36) | - | - | (3.81) |
| **Closing Balance** | **165.00** | **171.36** | **20.35** | **12..99** |

* These provisions represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statues. The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations/ disputes. Hence, the Company is not able to reasonably ascertain the timing of the outflow.

\# Provision for warranty represents cost associated with providing post-sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of two years.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 48 - Ratio Analysis

| Sr. No. | Particulars | Numerator (₹ in lakhs) | | | Denominator (₹ in lakhs) | | | Ratio | | Variance (in %) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Particulars | 2021-22 | 2020-21 | Particulars | 2021-22 | 2020-21 | 2021-22 | 2020-21 | |
| 1 | Current Ratio | Current Assets | 28,161.68 | 20,896.62 | Current Liabilities | 7,612.65 | 12,259.47 | 3.70 | 1.70 | 117.02* |
| 2 | Debt Equity Ratio | Total Debt (Borrowings) | - | - | Shareholder's Equity | 1,69,505.41 | 1,52,649.18 | NA | NA | NA |
| 3 | Debt Service Coverage Ratio | Net Operating Income | - | - | Debt Service | - | - | NA | NA | NA |
| 4 | Return on Equity Ratio | Profit after tax | 18,922.24 | 17,249.92 | Average Shareholders Equity | 1,61,077.30 | 1,44,059.44 | 11.75% | 11.97% | (1.89) |
| 5 | Inventory Turnover Ratio | Net Sales of Indabrator & Nesco Foods Division | 5,706.39 | 3,908.04 | Average Inventory | 743.72 | 795.70 | 7.67 | 4.91 | 56.22^ |
| 6 | Trade Receivables Turnover Ratio | Revenue from Operations | 33,739.87 | 29,109.44 | Average Trade Receivables | 2,411.29 | 2,308.46 | 13.99 | 12.61 | 10.96 |
| 7 | Trade Payables Turnover Ratio | Total Purchases | 2,570.80 | 1,702.09 | Average Trade Payables | 969.56 | 1,259.61 | 2.65 | 1.35 | 96.22^^ |
| 8 | Net Capital Turnover Ratio | Net Sales | 38,216.37 | 35,565.77 | Average Working Capital | 474.48 | (4,141.94) | 80.54 | (8.59) | 1037.99" |
| 9 | Net Profit Ratio | Profit After Tax | 18,922.24 | 17,249.92 | Net Sales | 38,216.37 | 35,565.77 | 49.51% | 48.50% | 2.09 |
| 10 | Return on Capital employed | EBIT | 23,572.66 | 22,456.93 | Capital Employed | 1,69,505.41 | 1,52,649.18 | 13.91% | 14.71% | (5.47) |
| 11 | Return on Investment | Return/Profit/ Earnings | 4,223.20 | 6,274.26 | Investment | 82,840.59 | 74,139.16 | 5.11% | 8.46% | (39.62)** |

* Increase in investments maturing within 12 months and corresponding reduction in payables towards capital expenditure

^ Increase in sales of fast moving standard equipments

^^ Increase in net cash generated from operating activities

" Increase in current assets vis-à-vis reduction in current liabilities

** Impact of Market Dynamics

### Note 49 - Additional Regulatory Information required by Schedule III to the Companies Act, 2013.

(i) The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

(iii) The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

(iv) Utilisation of borrowed funds and share premium

I The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

II The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(v) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

(vi) The Company has not traded or invested in crypto currency or virtual currency during the year.

(vii) The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

(viii) During the year, the company had no transactions with struck off companies.

**Note 50 -** Previous year's figures have been regrouped / reclassified wherever necessary.

**Note 51 -** The financial statements are approved for issue by the Audit Committee and thereafter by the Board of Directors at its meeting held on 25 May 2022.

## 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 subsidiaries (the Holding company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2022, 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 subsidiaries, 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 2022, 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. | **Recognition of lease rental income of IT Park & related disclosures.**<br><br>Lease rental income of Holding Company amounting to ₹ 26,415.15 lakhs reported in the Company's consolidated financial statement is recognised based on the agreements / contract with the tenants on straight line basis over the lease term. Due to modifications in terms of agreement, risk of material misstatement on such modifications significantly increases for its accuracy, completeness, presentation, and disclosure. This can lead to revenue either being recognised in incorrect accounting periods or at incorrect value thereby impacting the results. Considering these factors, in the context of our audit this matter was of significant and hence considered as a Key Audit Matter. | • Understanding the internal control environment for revenue recognition and to test check with a view to verify its operative effectiveness.<br>• Read terms of the contract/ modified agreements / communications with the lessee's and verified accuracy of lease rental income recognition on test basis.<br>• On sample basis, examining supporting documents / emails/ approval for deferments / waiver given to tenants.<br>• Performed analytical procedures.<br>• Ensured that revenue is recognized in accordance with accounting standards and policy.<br>Based on above procedures performed, we did not identify any material exceptions in the lease rental income recognized and related disclosures in the Consolidated financial statements. |

| | | |
|---|---|---|
| 2. | **Provision and disclosure of Contingent Liability in respect of property tax**<br><br>The Holding Company had paid property tax amounting to ₹ 338.80 lakhs in respect of plot of land on which IT 4 is currently constructed as per the invoices received for the period from November 2014 to March 2021. However, in March 2021, the Holding Company had received request letter with additional property tax liability for the plot and period mentioned above at ₹ 2,044.18 lakhs and asking for 50% payment. Of the said demand, the Holding Company has paid ₹ 424.70 lakhs in March 2021 under dispute, made a provision of ₹ 994.73 lakhs and disclosed ₹ 619.60 lakhs as contingent liability in Consolidated financial statement for FY 2020-21.<br><br>It has also filed a complaint on 8 April 2021 for not accepting the said liability completely on various grounds.<br><br>In FY 2021-22, the actual invoices of ₹ 1,082.97 lakhs were received and booked against provision of ₹ 920.00 lakhs. However, property tax paid under dispute shown as advance of ₹ 424.70 lakhs, provision of ₹ 74.73 lakhs and contingent liability of ₹ 429.67 lakhs are continued in Consolidated financial statements for the year ended 31 March 2022 till the dispute is resolved. | • Gone through the request letter received and complaint filed by the Holding Company.<br>• Obtained details of the working along with supporting documents to evaluate management's assessment of probability of outcome of the disputed liability and provision required for the same.<br>• Also, had discussion with the management's legal expert on the writ petition in the court of law with respect to retrospective application of changed method of calculating the property tax liability.<br><br>Based on above procedures performed, we did not identify any material exceptions in the provision recognized and contingent liability disclosed in the Consolidated financial statements. |

## 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, Standalone 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". The consolidated financial results include the audited financial result of said subsidiary which has gone into voluntary liquidation on 17January 2022, whose financial statements reflect total assets of ₹ 295.05 lakhs as at 31March 2022, total revenues of ₹ 7.27 lakhs total comprehensive income of ₹ (13.06) lakhs and net cash flows amounting to ₹ 43.07 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 the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, with respect to the matters specified in paragraphs 3 and 4 of the order, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the management of the Holding Company, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said Companies included in the consolidated financial statements.

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 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 2022 taken on record by the Board of Directors of the Holding Company, and the report of the statutory auditors of the subsidiary companies incorporated in India, none of the director is disqualified as on 31 March 2022 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. There is no remuneration to directors in subsidiary companies of the group.

(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 35 (1) and (2) 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 and subsidiary companies.

(iv) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been received by the Holding Company or its Subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under Sub-clause (i) and (ii) of Rule 11(e), as provided under (iv) (a) and (b) above, contain any material misstatement.

(v) The dividend for the year 2020-21, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.

The Board of Directors of the Holding Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

**For Manubhai & Shah LLP**
**Chartered Accountants**
Firm's Registration No: 106041W/W100136

**Ashish Shah**
**Partner**
Membership No. 103750

**Mumbai**
**25 May 2022**
**UDIN: 22103750AJOUDZ3217**

## ANNEXURE – A 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")

In conjunction with our audit of the Consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls over financial reporting of the Nesco Limited (''the Holding Company") and its subsidiary companies which are 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 companies, which are Companies 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 companies 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 Companies 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 companies 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 companies 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 31March, 2022, 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 companies incorporated in India, is based on the corresponding report of the auditor of such company. Our opinion is not modified in respect of the above matters.

**For Manubhai & Shah LLP**
**Chartered Accountants**
Firm's Registration No: 106041W/W100136

**Ashish Shah**
**Partner**
Membership No. 103750

**Mumbai**
**25 May 2022**
**UDIN: 22103750AJOUDZ3217**

**CIN : L17100MH1946PLC004886**
**BALANCE SHEET**

(₹ in lakhs)

| Particulars | Note No | As at 31 March | |
|---|---|---|---|
| | | 2022 | 2021 |
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 4 | 17,174.03 | 8,465.20 |
| Capital work-in-progress | 4a | 8,206.20 | 5,073.05 |
| Investment Property | 5 | 67,267.70 | 67,177.48 |
| Other Intangible Assets | 6 | 204.74 | 229.41 |
| Intangible Assets Under Development | 6a | 29.43 | 27.39 |
| **Financial Assets** | | | |
| Investments | 7 | 64,929.27 | 68,546.31 |
| Other Non Current Financial Assets | 8 | 7,733.13 | 7,660.23 |
| Non Current Tax Assets(Net) | 9 | 1,733.54 | 1,510.02 |
| Other Non Current Assets | 10 | 1,440.23 | 2,303.36 |
| **Total Non-Current Assets** | | **1,68,718.27** | **1,60,992.44** |
| **Current Assets** | | | |
| Inventories | 11 | 752.13 | 740.21 |
| **Financial assets** | | | |
| Investments | 7 | 19,697.91 | 12,455.69 |
| Trade Receivables | 12 | 1,862.90 | 2,959.69 |
| Cash and Cash Equivalents | 13a | 677.86 | 661.73 |
| Other Balances with Banks | 13b | 273.95 | 259.38 |
| Other Current Financial Assets | 14 | 3,120.18 | 2,250.88 |
| Other Current Assets | 15 | 2,078.68 | 1,861.31 |
| **Total Current Assets** | | **28,463.61** | **21,188.88** |
| | | | |
| **Total Assets** | | **1,97,181.88** | **1,82,181.32** |

**CIN : L17100MH1946PLC004886**
**BALANCE SHEET (Contd.)**

(₹ in lakhs)

| Particulars | Note No | As at 31 March | |
|---|---|---|---|
| | | 2022 | 2021 |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity Share Capital | 16 | 1,409.20 | 1,409.20 |
| Other Equity | 17 | 1,68,364.82 | 1,51,513.71 |
| **Total Equity** | | **1,69,774.02** | **1,52,922.91** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| **Financial Liabilities** | | | |
| Lease Liabilities | | 44.54 | - |
| Other Non Current Financial Liabilities | 18 | 12,747.15 | 10,559.83 |
| Provisions | 19 | 546.35 | 537.50 |
| Deferred Tax Liabilities(Net) | 20 | 3,138.58 | 3,586.99 |
| Other Non-Current Liabilities | 21 | 3,307.04 | 2,311.37 |
| **Total Non-Current Liabilities** | | **19,783.66** | **16,995.69** |
| **Current Liabilities** | | | |
| **Financial Liabilities** | | | |
| Lease Liabilities | | 15.31 | - |
| Trade Payables | 22 | | |
| Total Outstanding Dues of Micro Enterprises and Small Enterprises | | 88.80 | 196.49 |
| Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises | | 800.33 | 862.59 |
| Other Current Financial Liabilities | 23 | 2,732.55 | 5,681.17 |
| Other Current Liabilities | 24 | 3,956.56 | 5,486.08 |
| Provisions | 25 | 30.65 | 36.39 |
| **Total Current Liabilities** | | **7,624.20** | **12,262.72** |
| **Total Equity and Liabilities** | | **1,97,181.88** | **1,82,181.32** |

Notes forming part of the financial statements 1 to 50
As per our report of even date

For and on behalf of the Board

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

Krishna S. Patel
Chairman and Managing Director
DIN- 01519572

Mahendra K. Chouhan
Independent Director
DIN - 00187253

Ashish Shah
Partner
Membership No : 103750
Mumbai, 25 May 2022

Dipesh R. Singhania
Chief Financial Officer

Mumbai, 25 May 2022

Jinal J. Shah
Company Secretary and
Compliance Officer
Mumbai, 25 May 2022

**CIN : L17100MH1946PLC004886**

**STATEMENT OF PROFIT AND LOSS**

(₹ in lakhs)

| Particulars | Note No | For the Year | |
|---|---|---|---|
| | | 2021-2022 | 2020-2021 |
| **Revenue** | | | |
| Revenue from operations | 26 | 33,739.87 | 29,109.77 |
| Other income | 27 | 4,501.34 | 6,459.95 |
| **Total Income** | | **38,241.21** | **35,569.72** |
| **Expenses** | | | |
| Cost of materials consumed | 28 | 2,534.97 | 1,554.83 |
| Change in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade | 29 | 35.83 | 148.04 |
| Employee Benefits Expenses | 30 | 1,339.99 | 1,599.77 |
| Finance Cost | 31 | 921.95 | 821.96 |
| Depreciation and Amortisation Expenses | 4,5 & 6 | 2,830.55 | 2,573.06 |
| Other Expenses | 32 | 7,931.92 | 7,241.45 |
| **Total Expenses** | | **15,595.21** | **13,939.11** |
| | | | |
| **Profit before tax** | | **22,646.00** | **21,630.61** |
| **Tax expense** | 42 | | |
| Current Tax | | 4,223.72 | 3,368.00 |
| Deferred Tax | | (439.49) | 1,017.05 |
| Income Tax for Earlier Year | | (55.35) | - |
| | | | |
| **Total tax expense** | | **3,728.88** | **4,385.05** |
| | | | |
| **Profit after tax** | | **18,917.12** | **17,245.56** |

**CIN : L17100MH1946PLC004886**
**STATEMENT OF PROFIT AND LOSS (Contd.)**

(₹ in lakhs)

| Particulars | Note No | For the Year | |
|---|---|---|---|
| | | 2021-2022 | 2020-2021 |
| **Other Comprehensive Income (OCI)** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement of Defined Benefit Plans - Net of Tax | | 44.40 | (78.13) |
| Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income | | 3.39 | 7.69 |
| **Total Other Comprehensive Income** | | **47.79** | **(70.44)** |
| | | | |
| **Total Comprehensive Income for the year** | | **18,964.91** | **17,175.12** |
| Profit for the year attributable to | | | |
| - Owners of the company | | 18,917.12 | 17,245.56 |
| - Non Controlling interest | | - | - |
| | | 18,917.12 | 17,245.56 |
| Other Comprehensive Income for the year attributable to | | | |
| - Owners of the company | | 47.79 | (70.44) |
| - Non Controlling interest | | - | - |
| | | 47.79 | (70.44) |
| Total Comprehensive Income for the year attributable to | | | |
| - Owners of the company | | 18,964.91 | 17,175.12 |
| - Non Controlling interest | | - | - |
| | | 18,964.91 | 17,175.12 |
| Earning Per Equity Share (face value of ₹ 2 each) | | | |
| Basic & Diluted (In ₹) | 39 | 26.85 | 24.48 |

Notes forming part of the financial statements 1 to 50
As per our report of even date
For and on behalf of the Board

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

Krishna S. Patel
Chairman and Managing Director
DIN- 01519572

Mahendra K. Chouhan
Independent Director
DIN - 00187253

Ashish Shah
Partner
Membership No : 103750
Mumbai, 25 May 2022

Dipesh R. Singhania
Chief Financial Officer

Mumbai, 25 May 2022

Jinal J. Shah
Company Secretary and
Compliance Officer
Mumbai, 25 May 2022

CIN : L17100MH1946PLC004886

## STATEMENT OF CHANGES IN EQUITY

### A) EQUITY SHARE CAPITAL

(₹ in lakhs)

| Balance as at 01 April 2021 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 01 April 2021 | Changes in equity share capital during the year | Balance as at 31 March 2022 |
|---|---|---|---|---|
| 1,409.20 | - | - | - | 1,409.20 |

| Balance as at 01 April 2020 | Changes in Equity Share Capital due to prior period errors | Restated balance as at 01 April 2020 | Changes in equity share capital during the year | Balance as at 31 March 2021 |
|---|---|---|---|---|
| 1,409.20 | - | - | - | 1,409.20 |

### B) OTHER EQUITY

(₹ in lakhs)

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | Total attributable to owners of the Company | Non Controlling Interest | Total Other Equity |
|---|---|---|---|---|---|---|---|---|
| | Retained Earnings | Preference Shares Redemption Reserve | General Reserve | Equity instruments | Other items | | | |
| **Balance as at 01 April 2020 (A)** | **50.00** | **9.56** | **1,34,270.15** | **8.88** | **-** | **1,34,338.59** | **-** | **1,34,338.59** |
| **Additions during the year** | | | | | | | | |
| Profit for the year | 17,245.56 | - | - | - | - | 17,245.56 | - | 17,245.56 |
| **Items of OCI for the year, net of tax** | | | | | | | | |
| Remeasurement of the Defined Benefit Plans | (78.13) | - | - | - | - | (78.13) | - | (78.13) |
| Net fair value gain/(loss) on investment in equity instruments Through Other Comprehensive Income | - | - | - | 7.69 | - | 7.69 | - | 7.69 |
| **Total Comprehensive Income for the year 2020-21 (B)** | **17,167.43** | **-** | **-** | **7.69** | **-** | **17,175.12** | **-** | **17,175.12** |
| **Transfers during the year** | | | | | | | | |
| Retained earnings transferred to General reserve | (17,167.43) | - | 17,167.43 | - | - | - | - | - |
| **Total (C)** | **(17,167.43)** | **-** | **17,167.43** | **-** | **-** | **-** | **-** | **-** |
| **Balance as at 31 March 2021 {D = ( A + B + C)}** | **50.00** | **9.56** | **1,51,437.58** | **16.57** | **-** | **1,51,513.71** | **-** | **1,51,513.71** |
| **Additions during the year** | | | | | | | | |
| Profit for the year | 18,917.12 | - | - | - | - | 18,917.12 | - | 18,917.12 |
| **Items of OCI for the year, net of tax** | | | | | | | | |
| Remeasurement of Defined Benefit Plans | 44.40 | - | - | - | - | 44.40 | - | 44.40 |
| Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income | - | - | - | 3.39 | - | 3.39 | - | 3.39 |
| **Total Comprehensive Income for the year 2021-22 (E)** | **18,961.52** | **-** | **-** | **3.39** | **-** | **18,964.91** | **-** | **18,964.91** |

## STATEMENT OF CHANGES IN EQUITY (Contd.)

(₹ in lakhs)

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | Total attributable to owners of the Company | Non Controlling Interest | Total Other Equity |
|---|---|---|---|---|---|---|---|---|
| | Retained Earnings | Preference Shares Redemption Reserve | General Reserve | Equity instruments | Other items | | | |
| **Reductions during the year** | | | | | | | | |
| Dividend | (2,113.80) | - | - | - | - | (2,113.80) | - | (2,113.80) |
| **Total (F)** | **(2,113.80)** | **-** | **-** | **-** | **-** | **(2,113.80)** | **-** | **(2,113.80)** |
| **Transfers during the year** | | | | | | | | |
| Retained earnings transferred to General reserve | (16,847.72) | - | 16,847.72 | - | - | - | - | - |
| **Total (G)** | **(16,847.72)** | **-** | **16,847.72** | **-** | **-** | **-** | **-** | **-** |
| **Balance as at 31 March 2022 H = (D + E + F + G)** | **50.00** | **9.56** | **1,68,285.30** | **19.96** | **-** | **1,68,364.82** | **-** | **1,68,364.82** |

Notes forming part of the financial statements 1 to 50
As per our report of even date

For and on behalf of the Board

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

Krishna S. Patel
Chairman and Managing Director
DIN- 01519572

Mahendra K. Chouhan
Independent Director
DIN - 00187253

Ashish Shah
Partner
Membership No : 103750
Mumbai, 25 May 2022

Dipesh R. Singhania
Chief Financial Officer

Mumbai, 25 May 2022

Jinal J. Shah
Company Secretary and Compliance Officer
Mumbai, 25 May 2022

**CIN : L17100MH1946PLC004886**
**CASH FLOW STATEMENT**

(₹ in lakhs)

| Particulars | For the Year 2021-2022 | | For the Year 2020-2021 | |
|---|---|---|---|---|
| **A) Cash Flow From Operating Activities** | | | | |
| **Net Profit Before Income Tax** | | **22,646.00** | | **21,630.61** |
| **Add/(Less):** | | | | |
| Depreciation | 2,830.55 | | 2,573.06 | |
| Interest Income | (2,197.16) | | (2,282.56) | |
| Dividend Income | (37.03) | | (55.02) | |
| Brokerage Income | (26.29) | | (27.44) | |
| (Profit) / Loss on Sale of Asset | 130.77 | | (0.28) | |
| Finance Cost | 921.95 | | 821.96 | |
| Net (Gain)/Loss Arising On Financial Assets Measured at FVTPL | (2,288.67) | | (3,887.19) | |
| Net (Gain)/Loss Arising On Redemption of Bonds | 296.22 | | (29.43) | |
| Prepaid License Fee amortised | (929.98) | | (851.41) | |
| Lease Rental Income | (985.25) | | (2,088.77) | |
| Bad Debts/Sundry Balance Written Off | 75.48 | | 289.26 | |
| Allowance For Doubtful Bad Debts | 86.10 | | (50.33) | |
| Provision for Warranty Expenses | 7.36 | | (3.82) | |
| Sundry Creditors/Liabilities Written Back (Net) | (165.63) | (2,281.57) | (86.47) | (5,678.44) |
| **Operating Profit Before Change In Operating Assets And Liabilities** | | **20,364.43** | | **15,952.17** |
| **Add/(Less):** | | | | |
| (Increase)/Decrease in Inventory | (11.93) | | 121.58 | |
| (Increase)/Decrease in Trade & Other Receivable | 935.21 | | (1,541.39) | |
| (Increase)/Decrease in Other Operating Assets | 674.23 | | (1,173.16) | |
| Increase/(Decrease) in Trade Payables | (169.95) | | (401.29) | |
| Increase/(Decrease) in Provisions | 38.60 | | 36.77 | |
| Increase/(Decrease) in Other Operating Liabilities | (1,117.40) | 348.75 | 3,439.47 | 481.98 |
| **Cash Generated From Operations** | | **20,713.18** | | **16,434.15** |
| **Add/(Less):** | | | | |
| Income Tax Paid (Net of Refund) | (4,391.89) | (4,391.89) | (3,459.05) | (3,459.05) |
| **Net Cash Generated from Operating Activities - [A]** | | **16,321.29** | | **12,975.10** |
| **B) Cash Flow From Investing Activities** | | | | |
| Purchase of Fixed Assets / Capital Work In Progress / Capital Advances | (14,870.89) | | (5,762.68) | |
| Purchase of Investments | (56,462.72) | | (17,534.02) | |
| Investments in Deposits | - | | (1.40) | |
| Proceeds From Sale of Investments | 54,833.38 | | 7,680.63 | |
| Interest Received | 2,197.16 | | 2,282.56 | |
| Brokerage Income | 26.29 | | 27.44 | |
| Dividend Received | 37.03 | (14,239.75) | 55.02 | (13,252.43) |
| **Net Cash Used in Investing Activities - [B]** | | **(14,239.75)** | | **(13,252.43)** |
| **C) Cash Flow Used in Financing Activities** | | | | |
| Increase in Lease Liability | 59.85 | | - | |
| Finance Costs Paid | (11.46) | | (16.63) | |
| Dividend Paid to Shareholders | (2,113.80) | (2,065.41) | - | (16.63) |
| **Net Cash Used in Financing Activities - [C]** | | **(2,065.41)** | | **(16.63)** |
| **Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)** | | **16.13** | | **(293.97)** |
| Cash/Cash Equivalents at the beginning of the year | | 661.73 | | 955.70 |
| **Cash/Cash Equivalents at the end of the year** | | **677.86** | | **661.73** |

## CASH FLOW STATEMENT (Contd.)

(₹ in lakhs)

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| **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 | | |
| **b) Cash and Cash Equivalent comprises of** | | |
| Cash on hand | 0.10 | 0.02 |
| Balances with Banks in Current Account | 677.76 | 661.71 |
| **Cash and Cash Equivalents in Cash Flow Statements** | **677.86** | **661.73** |

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, 25 May 2022

For and on behalf of the Board

Krishna S. Patel
Chairman and Managing Director
DIN- 01519572

Mahendra K. Chouhan
Independent Director
DIN - 00187253

Dipesh R. Singhania
Chief Financial Officer

Mumbai, 25 May 2022

Jinal J. Shah
Company Secretary and Compliance Officer
Mumbai, 25 May 2022

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### Company Background

Nesco Limited ("Nesco" or "Parent Company") was incorporated on 15 April 1946, under the Indian Companies Act VII of 1913. The Parent Company is domiciled in India having registered office at Nesco Center, Western Express Highway, Goregaon (East), Mumbai 400063 and listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). These consolidated financial statements comprise the Parent Company and its subsidiaries (referred to collectively as "the Group")

### The Group is mainly engaged in the following:

i) Licencing premises in IT park buildings and providing related services.
ii) Licencing premises for exhibitions and providing services to the organisers.
iii) Manufacturing of machines and capital equipment.
iv) Hospitality and catering services.
v) Providing CSR Activities

### 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 consolidated 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 Group 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.

## 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 Group 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 Group 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.

Investment properties are derecognized either when they have been disposed of or when they are being occupied by the Group 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.

### c) 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 is mentioned below:

| Asset Class | Years |
|---|---|
| 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 |

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortised over the period of the lease. Depreciation Methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**d) 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.

**e) 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 6 years.

**f) Impairment of Assets:**

At each balance sheet date, the Group's carrying amount of assets are reviewed to determine whether there is any indication of impairment. 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.

**g) 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.

**h) 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 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. Dividend from such investments is recognised in profit and loss as other income when the Group'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.

**(vii) 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.

**(viii) 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.

### (ix) 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.

### (x) 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 Group 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.

### i) 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.

**j) 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 Management 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 Group as a whole and not allocable to segments are included in un-allocable expenditure.
3. Income which relates to the Group 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 Group 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.

**k) Revenue Recognition:**

Revenue is measured at the fair value of the consideration received or receivable. The Group 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 Group'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 income from renting of halls for exhibitions, events and providing other related services to the organisers. Revenue from such renting activity 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 of 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.

**l) 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 Group:

- 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.

**m) 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.

**n) 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.

**o) Leases:**

The Group's lease asset classes primarily consist of license for land for office premises. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 01 April 2020.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 1,00,000 in value). The Group recognises the lease payments associated with these leases as an expense over the lease term.

### Leases as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue from operation'.

### p) Earnings Per Share:

Basic Earnings per share is calculated by dividing:

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

### q) 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 Group 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 Unit Credit 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 Group 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.

### r) 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.

### s) 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".

### t) Recent Accounting pronouncements:

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March, 2021 except for the adoption of new standards effective or amendments to the existing Indian Accounting Standards (Ind AS) as of 01 April, 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, following new interpretations and amendments w.e.f., 01 April, 2021 and do not have material impact on the financial statements of the Group Companies.

a) Amendments to Ind AS 109, Ind AS 107 and Ind AS 116;

b) Amendment conceptual framework for financial reporting under Ind AS issued by ICAI;

c) Amendments to Ind AS 116: Covid-19-Related Rent Concessions;

d) Amendments to Ind AS 16 ;

Other amendments do not have any material impact on the Financial Statements of the Group Companies.

## Note 3- Key Accounting Estimates and Judgements:

The preparation of the Group'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 Group'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 and Investment Property:

Property, Plant and Equipment and Investment Property represent a significant proportion of the asset base of the Group. 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 since 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 financials 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.

#### e) Estimates of uncertainties relating to the global health pandemic from COVID-19:

The Group has considered the possible effects that may result from the pandemic relating to COVID -19 on the carrying amounts of receivables, investments etc. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements

## 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 2022

(₹ in lakhs)

| Particulars | Freehold land | Right of Use - Leasehold Land* | Freehold building | Plant and machinery | Electrical Installations | Furniture, fixture & office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| **Opening gross carrying amount** | **638.23** | **-** | **4,612.45** | **4,111.68** | **1,344.49** | **825.62** | **445.99** | **11,978.44** |
| Additions | - | 74.16 | 9,248.80 | 283.81 | 8.22 | 15.73 | 43.32 | 9,674.04 |
| Deductions / Adjustments | - | - | - | - | - | (0.54) | (124.65) | (125.18) |
| **Closing gross carrying amount (A)** | **638.23** | **74.16** | **13,861.25** | **4,395.49** | **1,352.71** | **840.81** | **364.66** | **21,527.30** |
| Opening accumulated depreciation | - | - | 573.04 | 1,635.50 | 535.76 | 525.60 | 243.34 | 3,513.24 |
| Depreciation during the year | - | 16.18 | 421.68 | 222.03 | 128.68 | 100.03 | 40.70 | 929.30 |
| Deductions / Adjustments | - | - | - | - | - | (0.50) | (88.77) | (89.27) |
| **Closing accumulated depreciation and impairment (B)** | **-** | **16.18** | **994.72** | **1,857.53** | **664.44** | **625.13** | **195.28** | **4,353.27** |
| **Net carrying amount (A-B)** | **638.23** | **57.98** | **12,866.53** | **2,537.96** | **688.26** | **215.68** | **169.38** | **17,174.03** |

* Lease Agreement is duly executed in favour of the Group Companies.

### Changes in carrying value of Property, Plant and Equipment for the year ended 31 March 2021

(₹ in lakhs)

| Particulars | Freehold land | Freehold building | Plant and machinery | Electrical Installations | Furniture, fixture & office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Opening gross carrying amount** | **638.23** | **4,611.57** | **4,096.04** | **1,344.49** | **778.86** | **438.73** | **11,907.93** |
| Additions | - | 0.88 | 15.64 | - | 47.13 | 8.53 | 72.19 |
| Deductions / Adjustments | - | - | - | - | (0.37) | (1.28) | (1.67) |
| **Closing gross carrying amount (A)** | **638.23** | **4,612.45** | **4,111.68** | **1,344.49** | **825.62** | **445.99** | **11,978.44** |
| Opening accumulated depreciation | - | 446.01 | 1,347.27 | 407.39 | 421.88 | 198.75 | 2,821.31 |
| Depreciation during the year | - | 127.03 | 288.23 | 128.37 | 104.00 | 45.23 | 692.87 |
| Deductions / Adjustments | - | - | - | - | (0.29) | (0.65) | (0.94) |
| **Closing accumulated depreciation and impairment (B)** | **-** | **573.04** | **1,635.50** | **535.76** | **525.60** | **243.34** | **3,513.24** |
| **Net carrying amount(A-B)** | **638.23** | **4,039.41** | **2,476.18** | **808.73** | **300.02** | **202.64** | **8,465.20** |

Title deeds of all immovable properties are in the name of the Group Companies.

### 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 | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Plant and machinery | 36.66 | 211.26 | - | 237.65 | 36.66 | 448.92 |
| Freehold building | 531.85 | 3,193.00 | 7,637.69 | 922.84 | 8,169.54 | 4,115.84 |
| Electrical Installations | - | 5.59 | - | 337.24 | - | 342.83 |
| Furniture, fixture & office equipment | - | - | - | 165.46 | - | 165.46 |
| **Total** | **568.51** | **3,409.86** | **7,637.69** | **1,663.19** | **8,206.20** | **5,073.05** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Capital Work in Progress (CWIP)

### a) CWIP Ageing Schedule as at 31 March 2022

(₹ in lakhs)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Projects in progress | 7,399.77 | 682.17 | 124.26 | - | 8,206.20 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **7,399.77** | **682.17** | **124.26** | **-** | **8,206.20** |

### b) CWIP Ageing Schedule as at 31 March 2021

(₹ in lakhs)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Projects in progress | 4,942.60 | 130.45 | - | - | 5,073.05 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **4,942.60** | **130.45** | **-** | **-** | **5,073.05** |

There are no projects whose completion is overdue or has exceeded the cost compared to its original budget as on 31 March 2022 & 31 March 2021.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 5 - Investment Property

#### Changes in carrying value of Investment property for the year ended 31 March 2022

(₹ in lakhs)

| Particulars | Freehold building | Plant and machinery | Electrical Installations | Furniture, fixture & office equipment | Total |
|---|---|---|---|---|---|
| **Opening gross carrying amount** | **63,107.70** | **3,344.30** | **4,990.37** | **636.55** | **72,078.92** |
| Additions | 282.81 | 305.36 | 475.70 | 1,390.44 | 2,454.32 |
| Deductions / Adjustments | (22.37) | (100.53) | (157.44) | (378.72) | (659.07) |
| **Closing gross carrying amount (A)** | **63,368.14** | **3,549.13** | **5,308.63** | **1,648.27** | **73,874.17** |
| Opening accumulated depreciation | 2,585.24 | 773.12 | 1,291.85 | 251.24 | 4,901.44 |
| Depreciation during the year | 1,008.92 | 234.69 | 508.71 | 101.84 | 1,854.16 |
| Deductions / Adjustments | - | - | - | (149.13) | (149.13) |
| **Closing accumulated depreciation and impairment (B)** | **3,594.16** | **1,007.81** | **1,800.56** | **203.95** | **6,606.47** |
| **Net carrying amount (A-B)** | **59,773.98** | **2,541.32** | **3,508.07** | **1,444.33** | **67,267.70** |

#### Changes in carrying value of Investment property for the year ended 31 March 2021

(₹ in lakhs)

| Particulars | Freehold building | Plant and machinery | Electrical Installations | Furniture, fixture & office equipment | Total |
|---|---|---|---|---|---|
| **Opening gross carrying amount** | **62,635.48** | **3,271.58** | **4,829.31** | **602.96** | **71,339.33** |
| Additions | 472.22 | 72.72 | 161.05 | 33.57 | 739.56 |
| Deductions / Adjustments | - | - | 0.01 | 0.02 | 0.03 |
| **Closing gross carrying amount (A)** | **63,107.70** | **3,344.30** | **4,990.37** | **636.55** | **72,078.92** |
| Opening accumulated depreciation | 1,565.82 | 546.60 | 777.83 | 175.58 | 3,065.82 |
| Depreciation during the year | 1,019.42 | 226.52 | 514.02 | 75.66 | 1,835.62 |
| Deductions / Adjustments | - | - | - | - | - |
| **Closing accumulated depreciation and impairment (B)** | **2,585.24** | **773.12** | **1,291.85** | **251.24** | **4,901.44** |
| **Net carrying amount (A-B)** | **60,522.46** | **2,571.18** | **3,698.52** | **385.32** | **67,177.48** |

**Note:-**

The fair value of freehold building as at 31 March 2022 is ₹ 3,53,326.16 lakhs ( previous year ₹ 3,53,326.16 lakhs) which is based on Stamp Duty Ready Reckoner published by Government of India every year.

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 | 26,415.15 |
| 2) Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period | 5,809.12 |
| 3) Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period | - |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 6 - Other Intangible Assets

### Changes in carrying value of Other Intangible Assets for the year ended 31 March 2022

(₹ in lakhs)

| Particulars | As at 31 March | |
|---|---|---|
| | 2022 | 2021 |
| **Opening gross carrying amount** | **288.11** | **281.17** |
| Additions | 22.42 | 6.94 |
| Deductions / Adjustments | - | - |
| **Closing gross carrying amount(A)** | **310.53** | **288.11** |
| **Opening accumulated depreciation** | **58.70** | **14.11** |
| Depreciation during the year | 47.09 | 44.59 |
| Deductions / Adjustments | - | - |
| **Closing accumulated depreciation and impairment (B)** | **105.79** | **58.70** |
| **Net carrying amount (A-B)** | **204.74** | **229.41** |

### Note 6a - Intangible assets under development:

(₹ in lakhs)

| Particulars | As at 31 March | |
|---|---|---|
| | 2022 | 2021 |
| Software | 29.43 | 27.39 |
| **Total** | **29.43** | **27.39** |

### Intangible assets under development ageing schedule as at 31 March 2022

(₹ in lakhs)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Projects in progress | 2.04 | 2.40 | 24.99 | - | 29.43 |

### Intangible assets under development ageing schedule as at 31 March 2021

(₹ in lakhs)

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1- 2 years | 2-3 years | More than 3 years | |
| Projects in progress | 2.40 | 24.99 | - | - | 27.39 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 7 - Investments

(₹ in lakhs)

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **Investments - Non-Current** | | | | |
| **Unquoted** | | | | |
| Investment in Government Securities measured at cost | 1.00 | | 1.00 | |
| Other Investment measured at cost | 0.13 | | 0.13 | |
| Less :- Provision for Diminution in value of investments | (1.03) | 0.10 | (1.03) | 0.10 |
| **Total** | | **0.10** | | **0.10** |
| **Quoted** | | | | |
| **Investment carried at fair value through OCI** | | | | |
| Fully paid equity shares | | 20.00 | | 16.62 |
| **Total** | | **20.00** | | **16.62** |
| **Investment in Mutual Funds carried at fair value through profit and loss** | | | | |
| Fixed Maturity Plans | | - | | 4,366.90 |
| Debt Funds | | 18,707.60 | | 14,460.09 |
| Short Term Debt Funds | | 10,388.41 | | 15,036.63 |
| Balanced Funds | | 770.23 | | 724.26 |
| Equity Funds | | 3,553.63 | | 122.50 |
| Dynamic Asset Allocation Fund | | 519.11 | | - |
| Liquid Funds | | 1,740.57 | | - |
| **Total** | | **35,679.55** | | **34,710.38** |
| **Investment carried at amortised cost** | | | | |
| Corporate Deposits | | - | | 400.00 |
| Non Convertible Debentures and Bonds | | 29,029.62 | | 32,719.22 |
| Preference Shares | | 200.00 | | 700.00 |
| **Total** | | **29,229.62** | | **33,819.22** |
| **Total Non Current Investments** | | **64,929.27** | | **68,546.31** |
| **Total aggregate amount of quoted and unquoted investment at cost** | | **60,409.76** | | **62,811.74** |
| **Aggregate amount of impairment in value of investments** | | **1.03** | | **1.03** |
| **Investments - Current** | | | | |
| **Investment in Mutual Funds carried at fair value through profit and loss** | | | | |
| Fixed Maturity Plans | | 4,561.36 | | 7,367.22 |
| Debt funds - ultra short term bond funds | | 13,051.70 | | 3,868.69 |
| **Total (A)** | | **17,613.06** | | **11,235.91** |
| **Investment carried at amortised cost** | | | | |
| Non Convertible Debentures and Bonds | | 1,684.85 | | 819.77 |
| Corporate Deposits | | 400.00 | | 400.00 |
| **Total (B)** | | **2,084.85** | | **1,219.77** |
| **Total (A)+(B)** | | **19,697.91** | | **12,455.69** |
| **Total Current Investments** | | **19,697.91** | | **12,455.69** |
| **Total aggregate amount of Quoted and Unquoted Investment at Cost** | | **18,042.08** | | **10,619.77** |
| **Aggregate amount of impairment in value of investments** | | **-** | | **-** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Note 8 Other Non Current Financial Assets** | | |
| Security Deposits (Unsecured, Considered Good) | 434.74 | 443.75 |
| Lease Rental Receivables | 7,298.39 | 7,216.48 |
| | **7,733.13** | **7,660.23** |
| **Note 9 Non Current Tax Assets (Net)** | | |
| Advance Payment of Income Tax(Net) | 1,733.54 | 1,510.02 |
| | **1,733.54** | **1,510.02** |
| **Note 10 Other non current assets** | | |
| Capital Advances | 55.06 | 903.66 |
| Other Long Term Advances | 1,385.17 | 1,399.70 |
| | **1,440.23** | **2,303.36** |
| **Note 11 Inventories (At lower of cost and net realisable value)** | | |
| Raw Materials | 559.61 | 516.01 |
| Work in Progress | 163.70 | 199.53 |
| Stores and Spares | 28.82 | 24.67 |
| | **752.13** | **740.21** |
| **Note 12 Trade Receivables** | | |
| a) Unsecured - Considered Good | 1,862.90 | 2,959.69 |
| b) Credit Impaired | 134.24 | 134.18 |
| | **1,997.14** | **3,093.87** |
| Less : Allowances for Doubtful Trade Receivables | (134.24) | (134.18) |
| | **1,862.90** | **2,959.69** |

### Trade Receivables ageing schedule for the year ended 31 March 2022

(₹ in lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | |
| (i) Undisputed Trade receivables – considered good | 622.38 | 1,102.85 | 82.87 | 10.91 | 17.10 | 26.78 | 1,862.90 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | 15.07 | 32.50 | 17.13 | 7.90 | 8.05 | 80.65 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | 17.45 | 20.58 | 15.56 | 53.59 |
| **Total** | **622.38** | **1,117.92** | **115.37** | **45.49** | **45.58** | **50.39** | **1,997.14** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Trade Receivables ageing schedule for the year ended 31 March 2021

(₹ in lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | |
| (i) Undisputed Trade receivables – considered good | 220.96 | 2,443.14 | 170.76 | 81.78 | 23.07 | 19.99 | 2,959.69 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | 45.09 | 21.82 | 22.35 | 15.58 | 9.20 | 114.04 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | 20.14 | 20.14 |
| **Total** | **220.96** | **2,488.23** | **192.58** | **104.12** | **38.65** | **49.33** | **3,093.87** |

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Note 13 Cash and Bank Balances** | | |
| a) Cash and cash equivalents | | |
| Balances With Banks in Current Accounts | 677.76 | 661.71 |
| Cash On Hand | 0.10 | 0.02 |
| | **677.86** | **661.73** |
| b) Other balances with banks | | |
| Bank Deposits With Less Than 12 Months of Original Maturity | 61.86 | 59.14 |
| Earmarked Balances with banks | | |
| Unclaimed Dividend* | 190.56 | 200.24 |
| Unspent CSR** | 21.53 | - |
| | **273.95** | **259.38** |

*The Parent Company can utilise these balances only towards settlement of unclaimed dividend.

**The Parent Company can utilise these balances only towards CSR Activities.

| | | |
|---|---|---|
| **Note 14 Other financial assets** | | |
| Deposits (Others) | 30.59 | 51.50 |
| Other Receivables | 3,089.59 | 2,199.38 |
| | **3,120.18** | **2,250.88** |
| **Note 15 Other current assets** | | |
| Advance Recoverable in Cash Or Kind | 187.66 | 129.15 |
| Balances with Government Authorities | | |
| Sales Tax and GST | 587.60 | 673.99 |
| Advances to Suppliers | 632.10 | 526.19 |
| Advance to Staff | 10.96 | 16.45 |
| Other Receivables | 660.36 | 515.51 |
| | **2,078.68** | **1,861.31** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 16 Equity Share Capital

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Share Capital** | | |
| **Authorised** | | |
| 7,37,50,000 Equity Shares of ₹ 2 each<br>(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<br>(Previous year 2,50,000 Preference Shares of ₹ 10 each) | 25.00 | 25.00 |
| **Total** | **1,500.00** | **1,500.00** |
| **Issued, Subscribed and Paid up Capital** | | |
| 7,04,59,960 Equity Shares of ₹ 2 each, fully paid up<br>(Previous year 7,04,59,960 Equity Shares of ₹ 2 each) | 1,409.20 | 1,409.20 |
| **Total** | **1,409.20** | **1,409.20** |

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

| Particulars | As at 31 March 2022 Equity Shares | | As at 31 March 2021 Equity Shares | |
|---|---|---|---|---|
| | Number | ₹ | Number | ₹ |
| At the beginning of the year | 7,04,59,960 | 14,09,19,920 | 7,04,59,960 | 14,09,19,920 |
| Changes in Equity Share capital during the year | - | - | - | - |
| At the end of the year | 7,04,59,960 | 14,09,19,920 | 7,04,59,960 | 14,09,19,920 |

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

The Company has only one class referred to as 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 also made in foreign currency to shareholders outside India.

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) Proposed Dividend

The Board of Directors of Parent Company at its meeting held on 25 May 2022 have recommended a payment of dividend of ₹ 3.00 (Rupees Three) per equity share of face value ₹ 2 each for the financial year ended 31 March 2022 amounting to ₹ 2,113.80 lakhs and subject to approval at the ensuing AGM of the Company and hence is not recognized as a liability.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### d) Details of Shareholders holding more than 5% Equity Shares in the Company - @

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | No. of Shares Held | % of Holding | No. of Shares Held | % of Holding |
| Chandler & Price India Pvt. Ltd. | 1,95,84,718 | 27.80 | 1,95,84,718 | 27.80 |
| Mr. Sumant J. Patel* | 88,67,335 | 12.58 | 88,67,335 | 12.58 |
| Patel Consultancy Services Pvt. Ltd. | 53,62,500 | 7.61 | 53,62,500 | 7.61 |
| 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

### e) Details of Shareholding of Promoters

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | | % of change during the year |
|---|---|---|---|---|---|
| | No. of Shares Held | % of Holding | No. of Shares Held | % of Holding | |
| Chandler & Price India Pvt. Ltd. | 1,95,84,718 | 27.80 | 1,95,84,718 | 27.80 | - |
| Mr. Sumant J. Patel* | 88,67,335 | 12.58 | 88,67,335 | 12.58 | - |
| Patel Consultancy Services Pvt. Ltd. | 53,62,500 | 7.61 | 53,62,500 | 7.61 | - |
| 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 | - |
| Sumant J Patel HUF | 31,63,640 | 4.49 | 31,63,640 | 4.49 | - |
| Mr. Krishna S. Patel | 21,25,400 | 3.02 | 21,25,400 | 3.02 | - |
| Aarav K. Patel | 1,40,000 | 0.20 | 1,40,000 | 0.20 | - |

*Shri Sumant J. Patel left for his heavenly abode on 17 November 2021.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 17 - Other Equity

(₹ in lakhs)

| Particulars | Reserves and Surplus | | | Other Comprehensive Income | | Total attributable to owners of the Company | Non Controlling Interest | Total Other Equity |
|---|---|---|---|---|---|---|---|---|
| | Retained Earnings | Preference Shares Redemption Reserve | General Reserve | Equity instruments | Other items | | | |
| **Balance as at 01 April 2020 (A)** | **50.00** | **9.56** | **1,34,270.15** | **8.88** | **-** | **1,34,338.59** | **-** | **1,34,338.59** |
| **Additions during the year** | | | | | | | | |
| Profit for the year | 17,245.56 | - | - | - | - | 17,245.56 | - | 17,245.56 |
| **Items of OCI for the year, net of tax** | | | | | | | | |
| Remeasurement of Defined Benefit Plans | (78.13) | - | - | - | - | (78.13) | - | (78.13) |
| Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income | - | - | - | 7.69 | - | 7.69 | - | 7.69 |
| **Total Comprehensive Income for the year 2020-21 (B)** | **17,167.43** | **-** | **-** | **7.69** | **-** | **17,175.12** | **-** | **17,175.12** |
| **Transfers during the year** | | | | | | | | |
| Retained earnings transferred to General reserve | (17,167.43) | - | 17,167.43 | - | - | - | - | - |
| **Total (C)** | **(17,167.43)** | **-** | **17,167.43** | **-** | **-** | **-** | **-** | **-** |
| **Balance as at 31 March 2021 D = ( A + B + C)** | **50.00** | **9.56** | **1,51,437.58** | **16.57** | **-** | **1,51,513.71** | **-** | **1,51,513.71** |
| **Additions during the year** | | | | | | | | |
| Profit for the year | 18,917.12 | - | - | - | - | 18,917.12 | - | 18,917.12 |
| **Items of OCI for the year, net of tax** | | | | | | | | |
| Remeasurement of Defined Benefit Plans | 44.40 | - | - | - | - | 44.40 | - | 44.40 |
| Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through Other Comprehensive Income | - | - | - | 3.39 | - | 3.39 | - | 3.39 |
| **Total Comprehensive Income for the year 2021-22 (E)** | **18,961.52** | **-** | **-** | **3.39** | **-** | **18,964.91** | **-** | **18,964.91** |
| **Reductions during the year** | | | | | | | | |
| Dividend | (2,113.80) | - | - | - | - | (2,113.80) | - | (2,113.80) |
| **Total (F)** | **(2,113.80)** | **-** | **-** | **-** | **-** | **(2,113.80)** | **-** | **(2,113.80)** |
| **Transfers during the year** | | | | | | | | |
| Retained earnings transferred to General reserve | (16,847.72) | - | 16,847.72 | - | - | - | - | - |
| **Total (G)** | **(16,847.72)** | **-** | **16,847.72** | **-** | **-** | **-** | **-** | **-** |
| **Balance as at 31 March 2022 H = ( D + E + F + G)** | **50.00** | **9.56** | **1,68,285.30** | **19.96** | **-** | **1,68,364.82** | **-** | **1,68,364.82** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 purposes.General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income |
| Equity Instruments through 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 irrevicable 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 gain and losses on revaluation of long term employee benefits |
| Retained Earnings | Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders |

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Note 18 Other financial liabilities** | | |
| Security Deposits from IT Park Licensees and Others | 12,747.15 | 10,559.83 |
| | **12,747.15** | **10,559.83** |
| **Note 19 Provisions** | | |
| a) Provision for Employee benefits (Refer Note 41) | | |
| Gratuity | 304.86 | 291.75 |
| Leave Encashment | 76.49 | 74.40 |
| b) Compensation Payable (Refer Note 45) | 165.00 | 171.36 |
| | **546.35** | **537.50** |
| **Note 20 Deferred tax liabilities (Net)** | | |
| Opening Balance | 3,586.99 | 2,596.22 |
| Difference between written down value of fixed assets as per the Companies Act, 2013 and Income tax Act,1961 | (44.08) | 165.48 |
| Provision for expenses allowed for tax purpose on payment basis | 235.85 | (257.49) |
| Difference in carrying value and tax base of investments measured at FVTPL | (816.23) | 736.51 |
| Allowance of doubtful debts and advances | (14.89) | 10.76 |
| Lease Equalisation Reserve assets | 173.58 | 368.03 |
| Remeasurement of the defined benefit plan through OCI | 17.36 | (32.52) |
| | **3,138.58** | **3,586.99** |
| (Refer Note 42 "Income Taxes" for further details) | | |
| **Note 21 Other non-current liabilities** | | |
| Advance Lease Rentals | 2,353.73 | 2,311.37 |
| Advance from Customers | 953.31 | - |
| | **3,307.04** | **2,311.37** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 22 Trade Payable

### Trade Payables ageing schedule for the year ended 31 March 2022

(₹ in lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | |
| (I) MSME | 46.52 | 38.56 | 1.00 | 2.72 | - | 88.80 |
| (ii) Others | 295.83 | 357.93 | 23.04 | 4.59 | 7.31 | 688.71 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | 0.68 | 11.45 | 98.68 | 0.82 | 111.62 |
| **Total** | **342.35** | **397.17** | **35.49** | **105.99** | **8.13** | **889.13** |

### Trade Payables ageing schedule for the year ended 31 March 2021

(₹ in lakhs)

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1 - 2 Years | 2 - 3 Years | More than 3 Years | |
| (I) MSME | 76.94 | 119.55 | - | - | - | 196.49 |
| (ii) Others | 201.92 | 420.21 | 73.01 | 47.73 | 1.86 | 744.73 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues – Others | - | 5.18 | 4.32 | 107.13 | 1.23 | 117.86 |
| **Total** | **278.86** | **544.94** | **77.33** | **154.86** | **3.09** | **1,059.08** |

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Note 23 Other financial liabilities** | | |
| Unclaimed dividend | 190.56 | 200.24 |
| Payable to Employees | 43.76 | 46.40 |
| Payable towards Capital Expenditure | 379.05 | 2,377.49 |
| Security Deposits | 1,083.98 | 911.07 |
| Other Payables | 1,035.20 | 2,145.97 |
| | **2,732.55** | **5,681.17** |
| **Note 24 Other current liabilities** | | |
| a) Revenue received in advance | | |
| Advance from Customers | 3,079.38 | 4,686.21 |
| b) Others | | |
| Statutory Payables | | |
| Payable Towards VAT | 1.26 | - |
| Payable Towards GST | 449.62 | 215.51 |
| Payable Towards TDS/TCS | 416.51 | 574.28 |
| Payable Towards PF/ESIC/PT | 9.79 | 10.08 |
| | **3,956.56** | **5,486.08** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Note 25 Provisions** | | |
| Provision for Employee benefits (Refer Note 41) | | |
| Gratuity | 4.44 | 15.63 |
| Leave Encashment | 5.86 | 7.77 |
| Provision for Warranty (Refer Note 45) | 20.35 | 12.99 |
| | **30.65** | **36.39** |

(₹ in lakhs)

| Particulars | For the year 2021-2022 | For the year 2020-2021 |
|---|---|---|
| **Note 26 Revenue from Operations** | | |
| **a) Sale of Products** | | |
| Sales of Machines and Spares | 4,393.98 | 2,508.54 |
| **b) Sale of Services** | | |
| Bombay Exhibition Centre (Rental and Services) | 1,618.33 | 595.11 |
| Nesco IT Park (Rental and Services) | 26,415.15 | 24,606.29 |
| Hospitality Services | 1,135.27 | 1,299.61 |
| Engineering fees, services and other charges | 177.14 | 100.22 |
| | **33,739.87** | **29,109.77** |
| **Note 27 Other income** | | |
| Interest Income | 2,197.16 | 2,282.56 |
| Dividend from mutual fund investments | 37.03 | 55.02 |
| Net gain arising on financial assets measured at FVTPL | 2,288.67 | 3,887.19 |
| Net Gain/(Loss) Arising on Redemption of Bonds | (296.22) | 29.43 |
| Sundry Creditors/Liabilities written back(net) | 165.63 | 86.47 |
| Other Miscellaneous Income | 109.07 | 119.29 |
| | **4,501.34** | **6,459.95** |
| **Note 28 Cost of Materials Consumed** | | |
| Opening Stock | 516.01 | 492.85 |
| Add: Purchases | 2,578.57 | 1,577.99 |
| | 3,094.58 | 2,070.84 |
| Less: Closing Stock | 559.61 | 516.01 |
| Cost of Materials Consumed | **2,534.97** | **1,554.83** |
| **Note 29 Changes in Inventories of finished goods and work in progress** | | |
| Opening Stock of work in progress | 199.53 | 347.57 |
| Less: Closing Stock of work in progress | (163.70) | (199.53) |
| | **35.83** | **148.04** |
| **Note 30 Employee Benefits expense** | | |
| Salaries and Wages | 1,222.53 | 1,498.66 |
| Contribution to Provident and other funds | 55.43 | 60.50 |
| Gratuity (Refer Note 41) | 44.98 | 36.56 |
| Staff welfare expenses | 17.05 | 4.05 |
| | **1,339.99** | **1,599.77** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Particulars | For the year 2021-2022 | For the year 2020-2021 |
|---|---|---|
| **Note 31 Finance Costs** | | |
| Interest on Financial Liabilities Carried at Amortised Cost | 910.49 | 805.33 |
| Bank Charges & Guarantee Commission | 8.66 | 8.29 |
| Others | 2.80 | 8.34 |
| | **921.95** | **821.96** |

(₹ in lakhs)

| Particulars | For the year 2021 - 2022 | | For the year 2020 - 2021 | |
|---|---|---|---|---|
| **Note 32 Other Expenses** | | | | |
| Consumption of Stores and Spares | | 148.45 | | 105.43 |
| Power, Fuel & Electricity | | 568.18 | | 365.28 |
| Contract Manpower | | 891.05 | | 846.95 |
| Repairs and maintenance of : | | | | |
| - Buildings & Property | 986.76 | | 230.83 | |
| - Plant & Machinery | 180.10 | | 129.49 | |
| - Other Assets | 261.84 | 1,428.70 | 398.71 | 759.03 |
| Printing, Stationery, Postage and Communication expenses | | 29.14 | | 32.18 |
| Rent | | 6.81 | | 33.93 |
| Hire Charges | | 39.20 | | 48.14 |
| Catering and Other operating supplies | | 87.84 | | 107.92 |
| Rates and Taxes | | 1,328.54 | | 1,658.77 |
| Water Charges | | 22.77 | | 24.70 |
| Advertisement and Sales Promotion | | 48.47 | | 93.44 |
| Membership and Subscription | | 5.43 | | 6.04 |
| Insurance | | 106.34 | | 107.62 |
| Housekeeping and Other Office Expenses | | 56.09 | | 86.08 |
| Loss on Sale / Asset Written off | | 130.77 | | - |
| Exchange Loss on Foreign Currency Transactions | | 1.46 | | 1.28 |
| Travelling, Conveyance and vehicle expenses | | 89.18 | | 56.26 |
| Payment to Auditors:- | | | | |
| - Audit Fees | 30.99 | | 21.45 | |
| - Certification work | 0.28 | 31.27 | 0.31 | 21.76 |
| Legal & professional fees | | 558.57 | | 340.89 |
| Event Expenses | | 2.40 | | 31.69 |
| CSR Expenses | | 497.97 | | 534.05 |
| Donation | | 1.95 | | 0.25 |
| Freight and handling charges | | 125.12 | | 73.22 |
| Commission to Directors | | 785.00 | | 1,110.00 |
| Directors' sitting fees | | 30.25 | | 27.25 |
| Security charges | | 79.78 | | 56.84 |
| Bad Debts/Sundry Balance Written Off | | 75.48 | | 289.26 |
| Allowance for Doubtful Bad Debts,Stock and Deposits | | 86.10 | | (50.33) |
| Commission Brokerage | | 605.87 | | 423.91 |
| Software and IT Expenses | | 40.94 | | 34.92 |
| Miscellaneous Expenses | | 22.80 | | 14.70 |
| | | **7,931.92** | | **7,241.45** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 33 Category wise classification of financial instruments

**The carrying value of financial instruments by categories as of 31 March 2022 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 |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Investments | | | | |
| Equity Instruments | - | - | 20.00 | 20.00 |
| Mutual Funds | - | 53,292.60 | - | 53,292.60 |
| Corporate Deposits, Non-convertible Debentures, Bonds and Preference Shares | 31,314.47 | - | - | 31,314.47 |
| Other Investments | 0.10 | - | - | 0.10 |
| Trade Receivables | 1,862.90 | - | - | 1,862.90 |
| Cash and Cash Equivalents | 677.86 | - | - | 677.86 |
| Other Balances with Banks | 273.95 | - | - | 273.95 |
| Other financial assets | 10,853.31 | - | - | 10,853.31 |
| **Total Financial Assets** | **44,982.59** | **53,292.60** | **20.00** | **98,295.19** |
| **Financial Liabilities** | | | | |
| Trade Payables | 889.13 | - | - | 889.13 |
| Lease Liabilities | 59.85 | - | - | 59.85 |
| Other Financial Liabilities | 15,479.70 | - | - | 15,479.70 |
| **Total Financial Liabilities** | **16,428.68** | **-** | **-** | **16,428.68** |

**The carrying value of financial instruments by categories as of 31 March 2021 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 |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Investments | | | | |
| Equity Instruments | - | - | 16.62 | 16.62 |
| Corporate Deposits, Non-convertible Debentures, Bonds and Preference Shares | 35,038.99 | - | - | 35,038.99 |
| Mutual Funds | - | 45,946.29 | - | 45,946.29 |
| Other investments | 0.10 | - | - | 0.10 |
| Trade Receivables | 2,959.69 | - | - | 2,959.69 |
| Cash and cash equivalents | 661.73 | - | - | 661.73 |
| Other balances with Banks | 259.38 | - | - | 259.38 |
| Loans / Sundry Deposits | 443.75 | - | - | 443.75 |
| Other financial assets | 9,467.36 | - | - | 9,467.36 |
| **Total Financial Assets** | **48,831.00** | **45,946.29** | **16.62** | **94,793.91** |
| **Financial Liabilities** | | | | |
| Trade Payables | 1,059.08 | - | - | 1,059.08 |
| Other financial liabilities | 16,295.68 | - | - | 16,295.68 |
| **Total Financial Liabilities** | **17,354.76** | **-** | **-** | **17,354.76** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Fair value hierarchy**

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:**

(₹ in lakhs)

| Particulars | As of 31 March 2022 | Fair value hierarchy at the end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Investments in Equity Instruments | 20.00 | 20.00 | - | - |
| Investments in Mutual Funds | 53,292.60 | 53,292.60 | - | - |

| Particulars | As of 31 March 2021 | Fair value hierarchy at the end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Investments in Equity Instruments | 16.62 | 16.62 | - | - |
| Investments in Mutual Funds | 45,946.29 | 45,946.29 | - | - |

**Financial instrument measured at amortised cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the company did not anticipate that the carrying amounts would be significantly different from the values that would be received or settled.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 34 - Financial Risk Management:

**Financial Risk Factors:**

The Group's financial liabilities comprises mainly of trade payables, lease liabilities 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 Group has set up Risk Management Committee to minimize any adverse effects of the risk exposure on the financial performance of the Group.

The Board has been monitoring the risks that the Group is exposed to due to outbreak of COVID 19 closely. The Board has taken all necessary actions to mitigate the risks identified basis the information and situation present.

**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)

| Particulars | Liabilities | | Assets | |
|---|---|---|---|---|
| Currency | As at 31 March 2022 | As at 31 March 2021 | As at 31 March 2022 | As at 31 March 2021 |
| USD | NIL | NIL | 3.84 | 1.04 |

The Group has not entered into any forward contract during the year ended 31 March 2022 and 31 March 2021.The Group 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 Group 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The maximum exposure to credit risk on account of trade receivables, at the reporting date is ₹ 1,862.90 lakhs and ₹ 2,959.69 lakhs as on 31 March 2022 and 31 March 2021 respectively.

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

- The Group 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 Group.

- Hospitality customers are required to pay advances to the Group.

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 creditworthiness of customers to whom, credit terms are granted in normal course of business.

The Group 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 2022 and 31 March 2021 was ₹ 134.24 lakhs and ₹ 134.18 lakhs respectively.

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Balance at the beginning | 134.18 | 129.76 |
| Loss allowance measured at lifetime expected credit losses | 0.06 | 4.41 |
| Balance at the end | 134.24 | 134.18 |

**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 lease rentals receivables and 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.

The allowance for lifetime expected credit loss on current license and other fees receivables as on 31 March 2022 and 31 March 2021 was ₹120.83 lakhs and ₹61.74 lakhs respectively.

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Balance at the beginning | 61.74 | 54.10 |
| Loss allowance measured at lifetime expected credit losses | 59.09 | 7.64 |
| Balance at the end | 120.83 | 61.74 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 ₹ 677.86 lakhs and ₹ 661.73 lakhs as on 31 March 2022 and 31 March 2021 respectively.

The table below provides details regarding the contractual maturities of significant financial liabilities as on 31 March 2022:

(₹ in lakhs)

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Other financial liabilities (non-current)** | | | | |
| Lease Liabilities | - | 44.54 | - | 44.54 |
| Security Deposits from IT Park Licensees and Others | - | 12,747.15 | - | 12,747.15 |
| **Other financial liabilities (current)** | | | | |
| Lease Liabilities | 15.31 | - | - | 15.31 |
| Security deposit from licensees and customers | 1,083.98 | - | - | 1,083.98 |
| Trade Payables | 889.13 | - | - | 889.13 |
| Other financial liabilities | 1,648.57 | - | - | 1,648.57 |
| **Total** | **3,636.99** | **12,791.69** | **-** | **16,428.68** |

Details regarding contractual maturities of significant financial liabilities as on 31 March 2021:

(₹ in lakhs)

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Other financial liabilities (non-current)** | | | | |
| Security Deposits from IT Park Licensees and Others | - | 10,559.83 | - | 10,559.83 |
| **Other financial liabilities (current)** | | | | |
| Security deposit from licensees and customers | 911.07 | - | - | 911.07 |
| Trade Payables | 1,059.08 | - | - | 1,059.08 |
| Other financial liabilities | 4,770.10 | - | - | 4,770.10 |
| **Total** | **6,740.25** | **10,559.83** | **-** | **17,300.08** |

### 4. Risk due to Outbreak of COVID 19 Pandemic

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. The disruption to regular business operations continues due to the measures taken to curb the impact of the pandemic from time to time, since start of it. The Group has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

### 5. Capital Management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As of 31 March 2022, the Group has only one class of shares referred to as Equity Shares and has nil debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long-term financial plans.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 35 - Contingent Liabilities and Commitments:

1 Income tax demand disputed by the Company ₹ 286.24 lakhs (previous year ₹ 139 lakhs)

2 Claims against the Company not acknowledged as debts ₹ 3,256.67 lakhs (previous year ₹ 2,053.65 lakhs)

3 Estimated value of contracts remaining to be executed on capital account and not provided for is ₹ 2,605.91 lakhs (previous year ₹ 2,623.35 lakhs) against which an advance of ₹ 55.06 lakhs (previous year ₹ 903.66 lakhs) has been paid

4 Indian Bank Guarantees given by bank on Company's behalf ₹ 694.89 lakhs (previous year ₹ 721.95 lakhs) secured by lien on Mutual Fund (Fixed Maturity Plan) of value ₹ 1,009.70 lakhs ( previous year ₹ 1,224.72 lakhs).

### Note 36 - Disclosure under the MSMED Act 2006:

Disclosure under the MSMED Act 2006 is provided as under for the year 2021-22, to the extent the Group has received intimation from the "Suppliers" regarding their status under the Act.

(₹ in lakhs)

| Particulars | As at 31 March | |
|---|---|---|
| | 2022 | 2021 |
| 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)<br>Principal amount due to Micro and Small Enterprise | 88.80 | 196.49 |
| 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 | 0.69 | 0.43 |
| 4. The amount of interest accrued and remaining unpaid at the end of each accounting year | 1.84 | 1.15 |
| 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 | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified based on information collected by the Management. This has been relied upon by the auditors.

### Note 37 - Details of Hedged and Unhedged exposure in foreign currency denominated monetary items.

a) Exposure in Foreign Currency – Hedged: - The Group has not entered into any foreign exchange contract. The Group does not enter into any derivative instruments for trading or speculative purpose.

b) Exposure in Foreign Currency – Un Hedged: - The foreign currency exposure not hedged as on 31 March 2022 are as under

(₹ in lakhs)

| Currency | Payables | | Receivables | |
|---|---|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 | As at 31 March 2022 | As at 31 March 2021 |
| USD | NIL | NIL | 3.84 | 1.04 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 38 - Leases:

**Pursuant to Ind AS 116 – Leases, following information is disclosed:**

**Company as Lessor:**

Ind AS 116 "Leases" requires the lessor to recognize income from operating leases on a straight-line basis over the lease term which includes rent free period. Thus, contracted lease rental income including future escalation is straight lined over the lease term. This has resulted in recognizing unearned lease income amounting to ₹ 985.25 lakhs for the year ended 31 March 2022.

The Group has entered into operating leases on its Investment Property 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 2022 | As at 31 March 2021 |
|---|---|---|
| Within one year | 26,065.16 | 23,026.17 |
| After one year but not more than five years | 40,301.47 | 51,345.07 |
| More than 5 years | 77.06 | 110.12 |

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

Lease income recognized during the year in Statement of profit and loss is ₹ 26,415.15 lakhs (previous year ₹ 24,606.29 lakhs)

**Company as Lessee:**

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Group has taken factory land at Karamsad, Gujarat under non-cancellable Operating Lease. These lease rentals are payable by the Group on a monthly basis. Group recognizes this lease as right of use assets and lease liability.

The Group recognises the lease payments associated with these leases as an expense over the lease term. There is no contingent rent payable to lessors under the lease agreements.

The following is the carrying amounts of Group's Right of Use assets (ROU), Movement in liabilities, amount recognized in Profit & Loss and Cash outflow for ROU assets: -

(₹ in lakhs)

| Particulars | 2021-22 | 2020-2021 |
|---|---|---|
| Additions to Right of Use Assets | 74.16 | - |
| Depreciation for Right of Use Assets | 16.18 | - |
| Carrying Amount of Right of Use Assets | 57.98 | - |
| Interest Expense on Lease Liabilities | 5.19 | - |
| Expense relating to Short term Leases | 6.81 | 33.93 |
| Repayment of Right of Use Assets | 19.50 | - |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Contractual maturity analysis of undiscounted lease liabilities is given below:-**

(₹ in lakhs)

| Particulars | As at 31 March | |
|---|---|---|
| | 2022 | 2021 |
| Less than one year | 19.50 | - |
| One to two years | 19.50 | - |
| Two to five years | 30.88 | - |
| More than five years | - | - |
| **Total** | **69.88** | **-** |

### Note 39 - Earnings per share:

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Profit after Tax as per statement of Profit and Loss (₹ in lakhs) | 18,917.12 | 17,245.56 |
| 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) | 26.85 | 24.48 |

### Note 40 - Related party disclosures:

**1. List of related parties and relationships:**

| | |
|---|---|
| **Entities in which KMPs have significant influence** | Patel Consultancy Pvt Ltd<br>J V Patel Investment and Trading Co. Pvt. Ltd.<br>Engineering Global Pte Limited<br>Chandler and Price India Private Limited<br>K S Patel Finance & Investment Company Pvt Ltd |
| **Key Management Personnel** | Mr. Sumant J. Patel – Executive Director and Chief Mentor (till 17 November 2021)<br>Mr. Krishna S. Patel – Chairman and Managing Director<br>Mr. Dipesh R. Singhania – Chief Financial Officer<br>Ms. Jinal J. Shah – Company Secretary and Compliance Officer |
| **Relative of Key Management Personnel** | Mrs. Sudha S. Patel - Non-executive Director |
| **Independent Non-Executive Directors** | Mr. Mahendra K. Chauhan<br>Mr. Manu M. Parpia<br>Mr. Jai S. Diwanji<br>Mr. K. S. Srinivasa Murty<br>Mrs. Amrita Verma Chowdhury |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**2. Related Party Transactions:**

(₹ in lakhs)

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| **Brokerage Income** | | |
| Chandler and Price (India) Private Limited | 26.29 | 27.44 |
| **Rent Expense** | | |
| Mr. Sumant J. Patel | 19.50 | 19.50 |
| **Remuneration, perquisites, commission** | | |
| Mr. Sumant J. Patel | 330.27 | 651.00 |
| Mr. Krishna S. Patel | 545.48 | 675.96 |
| Mr. Dipesh R. Singhania | 64.50 | 118.00 |
| Ms. Jinal J. Shah | 9.00 | 9.92 |
| **Director sitting fees** | | |
| Mrs. Sudha S. Patel | 3.50 | 2.75 |
| Mr. Mahendra K. Chauhan | 6.05 | 5.55 |
| Mr. Manu M. Parpia | 4.55 | 4.30 |
| Mr. Jai S. Diwanji | 6.55 | 5.80 |
| Mr. K. S. Srinivasa Murty | 5.05 | 4.55 |
| Mrs. Amrita Verma Chowdhury | 4.55 | 4.30 |
| **Amount Payable / (Receivable)** | | |
| Mr. Sumant J. Patel | 165.08 | 313.40 |
| Mr. Krishna S. Patel | 244.98 | 306.88 |

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

(₹ in lakhs)

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| Short-term employee benefits | 949.25 | 1,454.88 |
| Post-employment benefits | 159.15 | 158.04 |
| Other long-term benefits | 26.62 | 25.99 |

### Note 41 - 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 Group contributes to the Government administered provident funds on behalf of its employees.

**b. Defined Benefit plan**

**Gratuity scheme**

The Group 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 Group creates adequate provision in its books every year based on actuarial valuation. These benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and investment risk.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(₹ in lakhs)

| Particulars | Gratuity (Unfunded) | |
|---|---|---|
| | As at 31 March 2022 | As at 31 March 2021 |
| Present Value of Benefit Obligation at the Beginning of the Period | 307.38 | 200.05 |
| Interest Cost | 20.11 | 13.39 |
| Current Service Cost | 24.86 | 23.16 |
| Benefit Paid Directly by the Employer | (7.57) | (33.64) |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | (19.00) | 100.50 |
| Demographic Assumptions | 21.44 | - |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | (37.92) | 3.92 |
| Present Value of Benefit Obligation at the End of the Period | 309.30 | 307.38 |
| **Amount Recognized in the Balance Sheet** | | |
| (Present Value of Benefit Obligation at the end of the Period) | 309.30 | 307.38 |
| Funded Status (Surplus/ (Deficit)) | (309.30) | (307.38) |
| Net (Liability)/Asset Recognized in the Balance Sheet | (309.30) | (307.38) |
| **Expenses Recognized in the Statement of Profit or Loss for Current Period** | | |
| Current Service Cost | 24.86 | 23.16 |
| Net Interest Cost | 20.11 | 13.39 |
| Expenses Recognized | 44.98 | 36.56 |
| **Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period** | | |
| Actuarial (Gains)/Losses on Obligation for the Period | (35.48) | 104.41 |
| Net (Income)/Expense for the Period Recognized in OCI | (35.48) | 104.41 |
| **Balance Sheet Reconciliation** | | |
| Opening Net Liability | 307.38 | 200.05 |
| Expenses Recognized in Statement of Profit or Loss | 44.98 | 36.56 |
| Expenses Recognized in OCI | (35.48) | 104.41 |
| Benefit Paid Directly by the Employer | (7.57) | (33.64) |
| Net Liability/(Asset) Recognized in the Balance Sheet | 309.30 | 307.38 |
| **Other Details** | | |
| No of Active Members | 121 | 133 |
| Per Month Salary for Active Members | 44.02 | 46.75 |
| Average Past Services (Years) | 6.73 | 6.33 |
| Average Age (Years) | 39.18 | 39.26 |
| Average Expected Future Service | 18.82 | 18.74 |
| Projected Benefit Obligation | 309.30 | 307.38 |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Assumptions | | |
|---|---|---|
| Expected Return on Plan Assets | N.A. | N.A. |
| Rate of Discounting | 7.20% | 6.55% |
| Rate of Salary Increase | 10.00% | 10.00% |
| Rate of Employee Turnover | 2.00% | 5.00% |
| Mortality Rate During Employment | Indian Assured Lives Mortality (2012-14) | Indian Assured Lives Mortality (2012-14) |
| Mortality Rate After Employment | N.A. | N.A. |

| Projected Benefits Payable in Future Years from the Date of Reporting | | |
|---|---|---|
| 1st Following Year | 4.44 | 15.63 |
| 2 to 5 Years | 41.21 | 70.63 |
| 6 to 10 Years | 121.19 | 122.50 |
| More than 10 Years | 662.66 | 459.64 |

| Sensitivity Analysis | | |
|---|---|---|
| Projected Benefit Obligation on Current Assumptions | 309.30 | 307.38 |
| Delta Effect of +1% Change in Rate of Discounting | (11.2%) | (9.6%) |
| Delta Effect of -1% Change in Rate of Discounting | 13.1% | 11.1% |
| Delta Effect of +1% Change in Rate of Salary Increase | 12.7% | 10.7% |
| Delta Effect of -1% Change in Rate of Salary Increase | (11.1%) | (9.4%) |
| Delta Effect of +50% Change in Rate of Employee Turnover | (1.5%) | (2.2%) |
| Delta Effect of -50% Change in Rate of Employee Turnover | 1.6% | 2.4% |

The sensitivity analysis has 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 2022, based on actual valuation carried out by using the project accrued benefit method amount to ₹ 6.22 lakhs (previous year ₹ 47.73 lakhs) has been recognized on the Statement of Profit and Loss.

### Note 42 - Income Taxes:

**A. The major components of Income Tax expense for the year are as under**

(₹ in lakhs)

| Particulars | Year 2021-2022 | Year 2020-2021 |
|---|---|---|
| Current Taxes | 4,223.72 | 3,368.00 |
| Deferred Taxes | (439.49) | 1,017.05 |
| Income Tax for earlier year | (55.35) | - |
| **Income Tax Expenses as per statement of Profit and Loss** | **3,728.88** | **4,385.05** |

| Income Tax Expenses recognised in OCI | Year 2021-2022 | Year 2020-2021 |
|---|---|---|
| Deferred tax benefit on remeasurement benefit of defined benefit plans | 8.92 | (26.28) |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**B. Reconciliation of tax expense and the accounting profit for the year is as under:**

(₹ in lakhs)

| Particulars | Year 2021-2022 | Year 2020-2021 |
|---|---|---|
| Profit before tax | 22,646.00 | 21,630.61 |
| Enacted Tax rate in India | 25.168% | 25.168% |
| **Computed enacted tax expenses** | **5,699.55** | **5,445.49** |
| Add / (Less): Expenses not allowable for tax purposes | 404.57 | 254.83 |
| Add / (Less): Income not considered for tax purpose | (1,466.65) | (413.33) |
| Add / (Less): Effect of expenses, computed differently in tax | 126.01 | 330.26 |
| Add / (Less): Effect of expenses, which are allowed on payment basis | 38.12 | 14.87 |
| Add / (Less): Effect of income, considered under other head of income | (1,017.37) | (1,247.07) |
| **Total** | **3,784.23** | **4,385.05** |
| (Excess)/Short provision of earlier years | (55.35) | - |
| **Income Tax Expense as per statement of Profit and Loss** | **3,728.88** | **4,385.05** |

The tax rate used for reconciliation above is the corporate tax rate of 25.168 % (Previous Year 25.168%) payable by corporate entities in India on taxable profits under Indian law.

- 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.

**Details of income tax assets and liabilities as of 31 March 2022 and 31 March 2021 are as follows:**

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Income tax Assets | 1,733.54 | 1,510.02 |
| Current Income Tax Liabilities | - | - |
| Net current income tax Assets / (Liabilities) | 1,733.54 | 1,510.02 |

**The gross movement in the Current Tax Assets / (Liabilities) for the year ended 31 March 2022 and 31 March 2021 is as follows:**

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Net current tax Assets / (Liabilities) at the beginning of the year | 1,510.02 | 1,418.97 |
| Income tax paid: | | |
| Advance tax and TDS | 4,391.89 | 3,459.05 |
| Self-Assessment Tax paid/Previous year adjustments | 55.35 | - |
| Current income tax expenses | (4,223.72) | (3,368.00) |
| **Net current tax Assets / (Liabilities) at the end of the year** | **1,733.54** | **1,510.02** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Details of deferred tax assets and liabilities as of 31 March 2022 and 31 March 2021 are as follows:**

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Deferred tax Assets/(Liabilities) at the beginning | (3,586.99) | (2,596.22) |
| Deferred Tax Asset/(Liabilities) | 448.41 | (990.77) |
| Net deferred tax Assets/(Liabilities) at the end | (3,138.58) | (3,586.99) |

**Detailed bifurcation of deferred tax assets and liabilities as of 31 March 2022 and 31 March 2021 are as follows:**

(₹ in lakhs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Net deferred tax assets/(liabilities) at the beginning | (3,586.99) | (2,596.22) |
| Difference between written down value of fixed assets as per the Companies Act, 2013 and Income tax Act,1961 | 44.08 | (165.48) |
| Provision for expenses allowed for tax purpose on payment basis | (235.85) | 257.49 |
| Difference in carrying value and tax base of investments measured at FVTPL | 816.23 | (736.51) |
| Allowance of doubtful debts and advances | 14.89 | (10.76) |
| Lease Equalisation Reserve assets | (173.58) | (368.03) |
| Remeasurement of the defined benefit plan through OCI | (17.36) | 32.52 |
| Net deferred tax assets / (liabilities) at the end | **(3,138.58)** | **(3,586.99)** |

The credits relating to temporary differences during the year ended 31 March 2022 and 31 March 2021 are primarily on account of Other income due to fair valuation of investments on mutual funds and Ind AS 116 adjustment.

### Note 43 - Proposed Dividend:

The Board of Directors of the Parent Company at its meeting held on 25 May 2022 have recommended a payment of dividend of ₹ 3.00 (Rupees Three) per equity share of face value ₹ 2 each for the financial year ended 31 March 2022 amounting to ₹ 2,113.80 lakhs and subject to approval at the ensuing AGM of the Company and hence is not recognized as a liability.

### Note 44 - Segment Reporting:

The Group has following business segments, which are its reportable segments. Operating segment disclosures are consistent with the information provided to and reviewed by the management.

| Reportable Segment | Products / Services |
|---|---|
| IT Park | Licencing premises in IT park buildings and providing related services |
| Bombay Exhibition Center | Licencing premises for exhibitions and providing services to the organisers |
| Industrial Capital Goods Division | Manufacturing of machines and capital equipment |
| Nesco Foods | Hospitality and catering services |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Particulars | 2021-2022 | 2020-2021 |
|---|---|---|
| **Revenue by Segment** | | |
| IT Park | 26,415.15 | 24,606.29 |
| Bombay Exhibition Centre | 1,618.33 | 595.11 |
| Industrial Capital Goods Division | 4,571.12 | 2,608.76 |
| Nesco Foods | 1,135.27 | 1,299.61 |
| Income from Investments/Other Income | 4501.34 | 6,459.95 |
| **Total** | **38,241.21** | **35,569.72** |
| **Segment profit before tax and finance cost** | | |
| IT Park | 21,568.00 | 20,146.49 |
| Bombay Exhibition Centre | 607.79 | (669.11) |
| Industrial Capital Goods Division | 369.74 | 62.27 |
| Nesco Foods | (232.57) | (346.87) |
| Unallocable expenses & Finance Cost net off Unallocable income | 333.04 | 2,437.83 |
| **Total Operating profit before tax** | **22,646.00** | **21,630.61** |
| **Capital Employed: -** | | |
| **Segment Assets:** | | |
| IT Park | 87,252.01 | 83,856.96 |
| Bombay Exhibition Centre | 13,278.32 | 5,485.06 |
| Industrial Capital Goods Division | 3,805.58 | 3,403.11 |
| Nesco Foods | 3,232.19 | 3,579.01 |
| Unallocable Assets | 89,613.78 | 85,857.18 |
| **Total** | **1,97,181.88** | **1,82,181.32** |
| **Segment Liabilities:** | | |
| IT Park | 17,228.52 | 16,464.62 |
| Bombay Exhibition Centre | 4,072.28 | 4,522.90 |
| Industrial Capital Goods Division | 835.25 | 676.38 |
| Nesco Foods | 325.99 | 282.75 |
| Unallocable Liabilities | 4,945.82 | 7,311.78 |
| **Total** | **27,407.86** | **29,258.42** |
| **Capital Employed:** | | |
| IT Park | 70,023.50 | 67,392.34 |
| Bombay Exhibition Centre | 9,206.03 | 962.17 |
| Industrial Capital Goods Division | 2,970.34 | 2,726.73 |
| Nesco Foods | 2,906.20 | 3,296.27 |
| Unallocable Assets net of Unallocable Liabilities | 84,667.95 | 78,545.40 |
| **Total** | **1,69,774.02** | **1,52,922.91** |

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| Capital Expenditure | 2021-2022 | 2020-2021 |
|---|---|---|
| IT Park | 8,464.49 | 2,340.28 |
| Bombay Exhibition Centre | 6,567.32 | 453.29 |
| Industrial Capital Goods Division | 145.07 | 215.72 |
| Unallocable Assets | 85.85 | 2,714.97 |
| Nesco Foods | 23.25 | 39.43 |
| **Total** | **15,285.98** | **5,763.68** |

| Revenue from Operations | 2021-2022 | 2020-2021 |
|---|---|---|
| India | 33,714.96 | 35,519.47 |
| Outside India | 24.91 | 50.25 |
| **Total Revenue** | **33,739.87** | **35,569.72** |

**Note 45 - Pursuant to the IND AS 37 – 'Provisions, Contingent Liabilities and Contingent Assets', the disclosure relating to provisions made in the accounts for the year ended 31 March 2022 is as follows:**

(₹ in lakhs)

| Particulars | Compensation Payable * | | Provision for warranty # | |
|---|---|---|---|---|
| | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| **Opening Balance** | **171.36** | **171.36** | **12.99** | **16.80** |
| Additions | - | - | 7.36 | - |
| Utilizations / Reversals | (6.36) | - | - | (3.81) |
| **Closing Balance** | **165.00** | **171.36** | **20.35** | **12.99** |

* These provisions represent estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statues. The probability and the timing of the outflow with regard to these matters depend on the final outcome of the litigations / disputes. Hence, the Group is not able to reasonably ascertain the timing of the outflow.

\# Provision for warranty represents cost associated with providing post-sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of two years.

**Note 46 –** The shareholders of Nesco Hospitality Private Limited (Subsidiary Company) in their Extra Ordinary General Meeting held on 17 January 2022 approved Voluntary Liquidation under Section 59 of Insolvency & Bankruptcy Code,2016. Accordingly, the company has appointed a Liquidator and has also filed Form GNL-2 and Form MGT-14 with the MCA which have been approved. Accordingly the Company has drawn the accounts on liquidation basis i.e. Assets have been recorded at their realizable value and liabilities recorded at their known estimated settlement value.

**Note 47 – Additional Regulatory Information required by Schedule III to the Companies Act, 2013.**

(i) The Group does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Group has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iii) The Group has complied with the requirement with respect to number of layers as prescribed under Section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

(iv) Utilisation of borrowed funds and share premium

I The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

II The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(v) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

(vi) The Group has not traded or invested in crypto currency or virtual currency during the year.

(vii) The Group does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

(viii) During the year, the Group had no transactions with struck off companies.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 48 – Disclosure of additional information pertaining to the Parent Company, Subsidiary and Associates as per Schedule III of Companies Act, 2013

| Name of the entity in the Group | 2021-22 | | 2021-22 | | 2021-22 | | 2021-22 | |
|---|---|---|---|---|---|---|---|---|
| | Net Assets i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
| | Amount (₹ in lakhs) | As % of consolidated net assets | Amount (₹ in lakhs) | As % of consolidated profit or loss | Amount (₹ in lakhs) | As % of consolidated other comprehensive income | Amount (₹ in lakhs) | As % of consolidated total comprehensive income |
| **Parent** | | | | | | | | |
| Nesco Limited | 1,69,505.41 | 99.84 | 18,922.24 | 100.03 | 47.79 | 100.00 | 18,970.03 | 100.03 |
| **Subsidiaries** | | | | | | | | |
| Nesco Hospitality Private Limited | 261.67 | 0.16 | (13.06) | (0.07) | - | - | (13.06) | (0.07) |
| Nesco Foundation for Innovation and Development | 6.94 | 0.00 | 7.94 | 0.04 | - | - | 7.94 | 0.04 |
| Non-controlling interest | - | - | - | - | - | - | - | - |
| **Total** | **1,69,774.02** | **100.00** | **18,917.12** | **100.00** | **47.79** | **100.00** | **18,964.91** | **100.00** |

| Name of the entity in the Group | 2020-21 | | 2020-21 | | 2020-21 | | 2020-21 | |
|---|---|---|---|---|---|---|---|---|
| | Net Assets i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
| | Amount (₹ in lakhs) | As % of consolidated net assets | Amount (₹ in lakhs) | As % of consolidated profit or loss | Amount (₹ in lakhs) | As % of consolidated other comprehensive income | Amount (₹ in lakhs) | As % of consolidated total comprehensive income |
| **Parent** | | | | | | | | |
| Nesco Limited | 1,52,649.18 | 99.82 | 17,249.92 | 100.03 | (70.44) | 100.00 | 17,179.48 | 100.03 |
| **Subsidiaries** | | | | | | | | |
| Nesco Hospitality Private Limited | 274.72 | 0.18 | (4.77) | (0.03) | - | - | (4.77) | (0.03) |
| Nesco Foundation for Innovation and Development | (1.00) | (0.00) | 0.40 | 0.00 | - | - | 0.40 | 0.00 |
| Non-controlling interest | - | - | - | - | - | - | - | - |
| **Total** | **1,52,922.91** | **100.00** | **17,245.56** | **100.00** | **(70.44)** | **100.00** | **17,175.12** | **100.00** |

**Note 49 -** Previous year's figures have been regrouped / reclassified wherever necessary.

**Note 50 -** The financial statements are approved for issue by the Audit Committee and thereafter by the Board of Directors at its meeting held on 25 May 2022.

# Form AOC-1

**(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of Subsidiary Companies**

| Sr No | Particulars | Details | Details |
|---|---|---|---|
| 1. | Name of the subsidiary | Nesco Hospitality Private Limited | Nesco Foundation for Innovation and Development |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | As at 31 March 2022 | As at 31 March 2022 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | INR (₹ in lakhs) | INR (₹ in lakhs) |
| 4. | Share capital - Authorised Capital | 100.00 | 1.00 |
| | Share capital - Paid up Capital | 25.00 | 1.00 |
| 5. | Reserves & surplus | 261.67 | 6.94 |
| 6. | Total assets | 295.05 | 14.72 |
| 7. | Total Liabilities | 8.38 | 6.78 |
| 8. | Investments | - | - |
| 9. | Turnover | 7.27 | 111.20 |
| 10. | Profit/(Loss) before taxation | (13.12) | 7.94 |
| 11. | Provision for taxation | - | - |
| 12. | Short/(Excess) provision for earlier years | (0.06) | - |
| 13. | Profit after taxation | (13.06) | 7.94 |
| 14. | Proposed Dividend | - | - |
| 15. | % of shareholding | 100% | 100% |

**Notes:**

1 Names of subsidiaries which are yet to commence operations - NIL

2 Names of subsidiaries which have been liquidated during the year - NIL*

*Nesco Hospitality Pvt. Ltd. (NHPL) is in the process of Voluntary Liquidation

For and on behalf of the Board

Krishna S. Patel
Chairman and Managing Director
DIN- 01519572
Mumbai, 25 May 2022

Mahendra K. Chouhan
Independent Director
DIN - 00187253
Mumbai, 25 May 2022

Dipesh R. Singhania
Chief Financial Officer

Mumbai, 25 May 2022

Jinal J. Shah
Company Secretary and
Compliance Officer
Mumbai, 25 May 2022

## NOTICE

Notice is hereby given that 63rd Annual General Meeting (AGM) of Nesco Limited will be held on Monday, 08 August 2022 at 2.30 p.m. through video conference (VC) or other audio visual means (OAVM) organized by the Company to transact the following businesses.

### Ordinary Business:

1. To consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended 31 March 2022, together with the report of the Board of Directors and Auditors thereon.

2. To declare final dividend on equity shares for the financial year ended 31 March 2022.

3. To appoint a Director in place of Mrs. Sudha S. Patel (DIN: 00187055), who retires by rotation and being eligible, offers herself for reappointment.

### Special Business:

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

   **"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the remuneration payable to M/s. Y. S. Thakar & Co., Cost Accountants (Firm Registration No. 000318), who were appointed by the Board of Directors as Cost Auditors, based on the recommendation of the Audit Committee, to audit the cost records of the Company for the financial year ending 31 March 2023, amounting to ₹ 40,000/- (Rupees Forty Thousand only) plus taxes and reimbursement of out-of-pocket expenses at actuals, if any, incurred in connection with the audit, be and is hereby ratified.

   **RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary of the Company be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned or incidental thereto".

**By Order of the Board of Directors**

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

**Mumbai**
**25 May 2022**

**Registered Office:**
Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai – 400 063.
CIN No. – L17100MH1946PLC004886

## NOTES:

1. Pursuant to the General Circular nos. 14/2020, 17/2020, 20/2020, 02/2021, 02/2022 issued by the Ministry of Corporate Affairs (MCA) and Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 issued by the Securities and Exchange Board of India (SEBI), (hereinafter collectively referred to as "the Circulars"), Companies are allowed to hold Annual General Meeting (AGM) through Video Conference (VC) or Other Audio Visual Means (OAVM), without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.

2. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

3. Institutional / Corporate Members are requested to send a scanned copy (PDF format) of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at companysecretary@nesco.in with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

4. The Register of Members and share transfer books of the Company will remain closed from **Saturday, 30 July 2022 to Monday, 08 August 2022** (both days inclusive), for the purpose of annual general meeting and payment of dividend.

5. 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 **Friday, 29 July 2022.**

6. Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013 will be available electronically for inspection by the members during the AGM at https://www.nesco.in/announcements.

7. 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 2013-14 and is in process to transfer the unpaid/unclaimed dividend for the year 2014-15. The due date for transfer of the unpaid/unclaimed dividend for the year 2014-15 is **Friday, 09 September 2022.** Members are therefore requested to expeditiously put their claims for unclaimed dividends.

8. 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.

9. All Members are requested to

i. Intimate immediately any change in their address to Company's Registrar and Share Transfer Agent:
Link Intime India Private Limited
C-101, 247 Park,
LBS Marg, Vikhroli (West),
Mumbai – 400083.
Tel: 022 49186270
Fax: +91 22 28512885
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

ii. Inform change in address directly to their respective depository participants in case members are holding shares in demat form.

iii. Quote their folio no. / client ID no. in their correspondence with the Registrar and Share Transfer Agent.

iv. Intimate Registrar and Share Transfer Agents, Link Intime India Private Limited for consolidation of folios, in case having more than one folio.

## ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

10. In compliance with the aforementioned Circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depository Participant (DP).

11. The Notice of AGM along with Annual Report for the financial year 2021-22, will also be available on the website of the Company at www.nesco.in, on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL at www.evoting.nsdl.com.

12. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. **Friday, 29 July 2022,** may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., **Friday, 29 July 2022** may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

13. The Shareholders holding shares in physical form and who have not registered their email addresses with the Company are requested to update their email addresses on the Company's website at https://www.nesco.in/shareholder-services or with the Registrar and Share Transfer Agent of the Company and may get registered their email addresses at https://linkintime.co.in/emailreg/email_register.html by providing details such as Select company name from drop box, Folio Number, Certificate Number, Shareholder name, PAN, Mobile number, Email id and also upload the image of share certificate and PAN card in PDF or JPEG format (up to 1MB). The facility for registration of bank details for the Shareholders holding shares in physical form is also available at https://linkintime.co.in/emailreg/email_register.html by providing details such as Bank account no, Bank name, IFSC code and also upload self-attested cancelled cheque leaf along with request letter duly signed in PDF or JPEG format (Up to 1MB) at the earliest so that it could receive by the Company before making the payment of dividend. Members holding shares in dematerialized mode are requested to register / update their email addresses with the relevant Depository Participants.

## PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

14. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same by following the steps mentioned at note no. 26 "Step 1: Access to NSDL e-Voting system". After successful login, you can see link of "VC/OAVM link" placed under "Join Meeting" menu against Company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed.

    Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice.

15. For convenience of the Members and proper conduct of AGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.

16. Members who need assistance before or during the AGM with use of technology, can:

    - Send a request at evoting@nsdl.co.in or use Toll free no.: 1800 1020 990 /1800 224 430; or
    - Contact Mr. Amit Vishal, Asst. Vice President, NSDL at the designated email ID: evoting@nsdl.co.in; or
    - Contact Ms. Pallavi Mhatre, Sr. Manager, NSDL at the designated email ID: evoting@nsdl.co.in or call at 1800 1020 990 /1800 224 430
    - Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM. In case any Institutional Members, facing issues for participating in AGM can write to (Ms. Soni Singh) at evoting@nsdl.co.in.

17. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

18. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

## PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

19. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at **companysecretary@nesco.in.** Questions / queries received by the Company till 5.00 p.m. on **Saturday, 06 August 2022** shall only be considered and responded during the AGM.

20. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker, by following the steps mentioned at note no. 26 Step 1: Access to NSDL e-Voting system between 9.00 a.m. on **Thursday, 04 August 2022** to 5.00 p.m. on **Saturday, 06 August 2022.** After successful login, Members will be able to register themselves as a speaker shareholder by clicking on the link available against the EVEN of the Company. Speakers can also send their questions in advance to the Company at **companysecretary@nesco.in.**

21. Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

## PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:

22. 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 63rd annual general meeting by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).

23. Pursuant to Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means.

24. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Friday, 29 July 2022,** i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.

25. Members may cast their votes on electronic voting system from any place (remote e-voting). The voting period begins on **Thursday, 04 August 2022** at 09.00 a.m. and ends on **Sunday, 07 August 2022** at 05.00 p.m. (preceding the date of AGM). In addition, the facility for voting through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting. The e-voting module shall be disabled by NSDL for voting thereafter.

26. The details of the process and manner for remote e-voting are explained herein below:

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated 09 December 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | **A. NSDL IDeAS facility**<br>**If you are already registered, follow the below steps:**<br>1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile.<br>2. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section<br>3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services.<br>4. Click on **"Access to e-Voting"** appearing on the left hand side under e-Voting services and you will be able to see e-Voting page.<br>5. Click on the options available against company name or e**-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and e-voting during the meeting.<br>**If you are not registered in IDeAS, follow below steps:**<br>1. Option to register is available at https://eservices.nsdl.com.<br>2. Select **"Register Online for IDeAS"** or click at https:// eservices.nsdl.com / Secure Web/ IdeasDirectReg.jsp<br>3. Please follow steps given in points 1 to 5 above.<br>**B. E-voting through NSDL website**<br>1. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.<br>2. Once the home page of e-Voting system is launched, click on the icon **'Login'** which is available under **'Shareholder/Member'** section.<br>3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen.<br>4. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br>**C.** Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience.<br>NSDL Mobile App is available on<br>App Store Google Play |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with CDSL | 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication.<br><br>2. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/ myeasi/ home/login or www.cdslindia.com and click on New System Myeasi.<br><br>3. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote.<br><br>4. If the user is not registered for Easi/Easiest, option to register is available at https://web. cdslindia.com/myeasi/Registration/EasiRegistration<br><br>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | 1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.<br><br>2. Once logged in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature.<br><br>3. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43 |

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

5. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br><br>For example, if your DP ID is In300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br><br>For example, if your Beneficiary ID is 12********** then your user ID is 12********** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the Company<br><br>For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

6. Password details for shareholders other than Individual shareholders are given below:

a. If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

7. How to retrieve your 'initial password'?

a. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

b. In case if your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

c. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

i. Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

ii. Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

iii. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

8. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

9. Now, you will have to click on "Login" button.

10. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**How to cast your vote on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**The instructions for Members for e-voting on the day of the AGM are as under:**

a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

b. Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

c. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

d. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 /1800 224 430 or send a request to (Ms. Soni Singh) at evoting@nsdl.co.in

27. Ms. Neeta H. Desai, ND & Associates, Practicing Company Secretaries (membership no. 3262, COP No. 4741) has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

28. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of electronic voting for all those members who are present at the AGM but have not cast their votes by availing the remote e-Voting facility.

29. 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 63rd AGM of the Company and shall be immediately communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

## DIVIDEND RELATED INFORMATION:

30. Final dividend for the financial year ended 31 March 2022, as recommended by the Board of Directors, if approved by the members at the AGM, will be paid on or after **Thursday, 11 August 2022,** to those members whose names appear on the Register of Members as on **Friday, 29 July 2022.**

31. Members holding shares in electronic form are hereby informed that bank particulars registered with their respective Depository Participants (DP), with whom they maintain their demat accounts, will be used by the Company for payment of dividend.

32. Members holding shares in physical/electronic form are required to submit their bank account details, if not already registered, as mandated by SEBI.

33. Shareholders holding shares in dematerialized mode are requested to register complete bank account details with the Depository Participant(s) and shareholders holding shares in physical mode shall send a duly signed request letter to TSR mentioning the name, folio no., bank details, self-attested PAN card and original cancelled cheque leaf. In case of absence of name of the first shareholder on the original cancelled cheque or initials on the cheque, bank attested copy of first page of the Bank Passbook/Statement of Account along with the original cancelled cheque shall be provided.

34. In case the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrants to such shareholder by post.

35. Members may note that as per the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by the Company after 01 April 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of shareholders in the ensuing AGM. The TDS rate would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Company.

a. All Shareholders are requested to ensure that the below information & details are completed and/or updated, as applicable, in their respective demat account(s) maintained with the Depository Participant(s); or in case of shares held in physical form, with Link Intime India Private Limited, on or before the Record Date i.e. **Friday, 29 July 2022.** Please note that the following information & details, if already registered with Link Intime and Depositories, as the case may be, will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:

I. Valid Permanent Account Number (PAN)*.

II. Residential status as per the Income Tax Act i.e. Resident or Non-Resident for financial year 2021- 22.

III. Category of the Shareholder viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) Category I and II, AIF Category III, Government (Central/State Government), Foreign Portfolio Investor (FPI)/Foreign Institutional Investor (FII): Foreign Company, FPI/FII: Others (being Individual, Firm, Trust, Artificial Juridical Person, etc.), Individual, Hindu Undivided Family (HUF), Firm, Limited Liability Partnership (LLP), Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person, Trust, Domestic Company, Foreign Company, Overseas Corporate Bodies, etc.

IV. Email Address.

V. Residential Address.

*If the PAN is not as per the database of the Income-tax Portal, it would be considered as invalid PAN. Further as per the Notification of Central Board of Direct Taxes, individual shareholders are requested to link their Aadhaar number with PAN.

b. For Resident Shareholders, TDS is required to be deducted at the rate of 10% under Section 194 of the Income Tax Act, 1961 on the amount of dividend declared and paid by the Company in the financial year 2021-22 provided valid PAN is registered by the Shareholder. If the valid PAN is not registered, the TDS is required to be deducted at the rate of 20% Section 206AA of the Income Tax Act, 1961.

However, in case the dividend is not exceeding ₹ 5,000 in a fiscal year to resident individual shareholder then no tax will be deducted from the dividend. If any resident individual shareholder is in receipt of Dividend exceeding ₹ 5,000 in a fiscal year, entire dividend will be subject to TDS @ 10%. Even in the cases where the shareholder provides valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

c. For Non-resident shareholders [Including Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)], the TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) under Section 195 or 196D of the Income Tax Act, 1961, as the case may be.

d. Further, as per Section 90 of the Income Tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them.

For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:

I. Self-attested copy of the PAN allotted by the Indian Income Tax authorities

II. Self-attested copy of valid Tax Residency Certificate obtained from the tax authorities of the country of which the shareholder is a resident;

III. Self-declaration in Form 10F; and

IV. Self-declaration in the attached format certifying:

- Shareholder is and will continue to remain a tax resident of the country of its residence during the financial year 2021-22;
- Shareholder is eligible to claim the beneficial Double Taxation Avoidance Agreement (DTAA) rate for the purposes of tax withholding on dividend declared by the Company;
- Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
- Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
- Shareholder does not have a taxable presence or a permanent establishment in India during the financial year 2021-22.

d. The draft of the aforementioned documents may also be accessed from the Company's website at https://www.nesco.in/shareholder-services.

e. Submission of tax related documents:

**Resident Shareholders**

The aforesaid documents such as Form 15G/15H, documents under Sections 196, 197A, etc. can be sent to the Company or to the RTA on or before **Monday, 01 August 2022** to enable the Company to determine the appropriate TDS withholding tax rate applicable. Any communication on the tax determination/deduction received post **Monday, 01 August 2022** shall not be considered. Shareholders can also send the scanned copies of the documents mentioned above at the email id mentioned below:

**Email ID companysecretary@nesco.in**

**Non-Resident Shareholders**

Shareholders are requested to send the scanned copies of the documents mentioned above at the email id mentioned below:

**Email ID companysecretary@nesco.in**

These documents should reach us on or before **Monday, 01 August 2022** in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post **Monday, 01 August 2022.**

f. It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

**By Order of the Board of Directors**

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

**Mumbai**
**25 May 2022**

**Registered Office:**
Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai – 400063.
CIN No. – L17100MH1946PLC004886

## 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 | 84 years |
| Qualification | M.S. in Education Psychology from University of Southern California, USA |
| Brief Resume / Profile | Mrs. Sudha S. Patel founded Sudha Garments 35 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 Creations, 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 | Wife of Mr. Sumant J. Patel<br>Mother of Mr. Krishna S. Patel |
| Number of board meetings attended during financial year 2020-21 | 5 |
| Chairperson / Membership of the Board of directors of the Company | • Chairperson of Stakeholders Relationship Committee<br>• Chairperson of Corporate Social Responsibility Committee<br>• Member of Nomination and Remuneration Committee |
| Other Listed Companies in which she is a director | NIL |

### Item No. 4

### To ratify remuneration payable to M/s. Y. S. Thakar & Co., Cost Accountants (FRN - 000318), Cost Auditors of the Company, for the financial year ending 31 March 2023.

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of M/s. Y. S. Thakar & Co., Cost Accountants (Firm Registration No. 000318), as the Cost Auditors for audit of the cost records maintained by the Company for the financial year ending 31 March 2023, at a remuneration not exceeding ₹ 40,000 (Rupees Forty Thousand) plus taxes and reimbursement of out-of-pocket expenses at actuals, if any, incurred in connection with the audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force) maintenance of cost records and audit thereof is applicable in respect of Other Machinery and Mechanical Appliances manufactured at Indabrator division.

The overall remuneration proposed to be paid to the Cost Auditor for the financial year ending 31 March 2023 is commensurate to the scope of the audit to be carried out by the Cost Auditors. M/s. Y. S. Thakar & Co., Cost Accountants, have confirmed that they are eligible for appointment pursuant to the applicable provisions of the Cost and Works Accountants Act, 1959.

In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the remuneration payable to Cost Auditors is required to be ratified by the members of the Company.

Accordingly, consent of the members is required for ratification of the remuneration payable to the Cost Auditors as set out in Item No. 4 of this Notice.

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**
**25 May 2022**

**Registered Office:**
Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai – 400063.
CIN No. – L17100MH1946PLC004886

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a division of NESCO Ltd.

nesco foods
We Make Food an Event
EUROPEAN
A large platter of incredible delicacies – Pastas, Pizzas, Salads, Roasts, Stews, Sauces, Cakes, Savouries, Breads, Soups ...there is something to pick from each of these countries and simply replicate or adapt for new culinary delights.
Italy.....
We consciously carve this out of Europe, knowing our love for Pastas & Pizzas. From the youngest to the elders, we clearly relate to this fare.
VARIETY | TASTE | HYGIENE | SERVED
Simply Fresh
Simply Catered
FOODS BANQUETS
: 50+ PAX
: 800 PAX
: 1000 PAX

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# believe

**Nesco Center**
Western Express Highway, Goregaon (East), Mumbai 400063.
Maharashtra, India.