

## NELCO LIMITED ( Consolidated )

BALANCE SHEET AS AT 31st MARCH , 2011

( Rupees ' 000 )

	Schedule	As at 31.03.2011	As at 31.12.2010	As at 30.09.2010
<b>SOURCES OF FUNDS</b>				
<b>1. SHAREHOLDERS' FUNDS</b>				
(a) Share Capital	A	228,175	228,175	228,175
(b) Reserves and Surplus	B	230,493	238,663	255,485
		458,668	466,838	483,660
<b>2. LOAN FUNDS</b>				
(a) Secured Loans	C	69,684	27,035	30,479
(b) Unsecured Loans	D	585,755	585,755	698,255
		655,440	612,790	728,734
3. Deferred Tax Liability (Net)		14,388	5,626	6,312
<b>TOTAL</b>		<b>1,128,496</b>	<b>1,085,254</b>	<b>1,218,706</b>
<b>APPLICATION OF FUNDS</b>				
<b>1. FIXED ASSETS</b>				
(a) Gross Block	E	942,257	889,343	872,911
(b) Less: Depreciation		538,885	520,002	503,513
(c) Net Block		403,372	369,341	369,398
(d) Capital work-in-progress		15,363	11,619	18,488
		418,736	380,960	387,886
<b>2. INVESTMENTS</b>				
	F	74,408	74,585	73,320
<b>3. DEFERRED TAX ASSETS - (Net)</b>				
				-
<b>4. CURRENT ASSETS, LOANS AND ADVANCES</b>				
(a) Inventories	G	98,024	144,028	139,841
(b) Sundry Debtors	H	938,555	1,111,527	1,117,407
(c) Cash and Bank Balances	I	64,439	94,708	69,398
(e) Loans and Advances	J	268,588	142,282	186,445
		1,369,606	1,492,545	1,513,091
Less :				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
(a) Current Liabilities	K	641,227	716,821	605,119
(b) Provisions	L	93,026	146,015	150,470
		734,253	862,836	755,589
<b>5. NET CURRENT ASSETS</b>				
		635,353	629,709	757,502
<b>6. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>				
	M			
<b>7. DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT</b>				
<b>TOTAL</b>		<b>1,128,496</b>	<b>1,085,254</b>	<b>1,218,708</b>

**NOTES FORMING PART OF THE ACCOUNTS**

As per our report attached

7

For and on behalf of the Board

K.A. MAHASHUR, - EXECUTIVE DIRECTOR

*K.A. Mahashur*

R.B. UPADHYAY - CFO & SENIOR VICE PRESIDENT (FINANCE)

*R.B. Upadhyay*

**NELCO LIMITED ( Consolidated )**  
**PROFIT AND LOSS ACCOUNT FOR THE TWELVE MONTHS PERIOD ENDED 31<sup>ST</sup> MARCH, 2011**

	Schedule	For the 12 months Period Ended 31.03.2011	For the 3 months Period Ended 31.03.2011	For the 9 months Period Ended 31.12.2010	For the twelve month Period Ended 30.09.2010
( Rupees '000 )					
<b>INCOME</b>					
1. Income from Operations	1	1,397,227	303,686	1,093,538	1,580,192
2. Other Income	2	594,145	23,182	550,953	563,043
3. Total Income		<u>1,991,372</u>	<u>326,879</u>	<u>1,644,492</u>	<u>2,143,235</u>
<b>EXPENDITURE</b>					
4. Raw Materials, Finished and Semi-Finished Products	3	616,599	126,010	490,590	705,064
5. Personnel	4	233,719	47,510	186,209	270,462
6. Operating and Other Expenses	5	637,870	129,975	507,896	670,054
7. Interest	6	85,487	15,242	80,235	127,717
8. Depreciation		72,407	18,883	53,523	71,476
9. Total Expenditure		<u>1,656,083</u>	<u>337,630</u>	<u>1,318,453</u>	<u>1,844,793</u>
10. Profit before exceptional items and taxation		325,289	(10,750)	326,039	298,442
a. Deferred Revenue Expenditure (Voluntary Retirement Scheme) (Note 5)		(3,762)		(3,762)	(10,675)
b. Profit on sale of Business to CCI					
c. Profit on sale of Long term investments					
11. PROFIT BEFORE TAXATION		<u>321,527</u>	<u>(10,750)</u>	<u>322,278</u>	<u>287,767</u>
12. Provision For Taxation					
1. Current Tax		74,103	(11,521)	85,624	76057
a. For the period		723		723	1010
b. In respect of earlier years					
c. MAT Credit (Availed) / reversed					
2. Deferred Tax		74,826	(11,521)	86,347	72,385
3. Fringe Benefit Tax		8,077	6763	(686)	-
13. PROFIT AFTER TAXATION (11 - 12)		<u>238,625</u>	<u>(7,992)</u>	<u>246,817</u>	<u>216,482</u>
14. Add: Share of Profit in Associates		4,777	(176)	4,554	6,379
15. Balance Brought Forward		<u>243,401</u>	<u>(6,170)</u>	<u>251,571</u>	<u>223,861</u>
16. AMOUNT AVAILABLE FOR APPROPRIATION		<u>40,307</u>	<u>213,663</u>	<u>40,307</u>	<u>84,839</u>
17. Proposed Dividend		<u>283,708</u>	<u>205,493</u>	<u>291,878</u>	<u>308,700</u>
18. Tax on Proposed Dividend		45,635		45,635	45,635
19. Transfer to General Reserve		7,580		7,580	7,580
20. Balance Carried to Balance Sheet		24,000		24,000	25,000
Earnings per share Rs. (Basic & Diluted) - Face Value		<u>205,493</u>	<u>205,493</u>	<u>213,663</u>	<u>230,485</u>
Rs.10 per share (Note 13)		<u>10.46</u>	<u>(0.35)</u>	<u>10.61</u>	<u>9.81</u>

**NOTES FORMING PART OF THE ACCOUNTS**

7. **K.A. MAHASHUR** - ~~EX~~ POSITIVE DIRECTOR

*K.A. Mahashur*

R.B. UPADHYAY - CFO & SENIOR VICE PRESIDENT (FINANCE)

*R. B. Upadhyay*

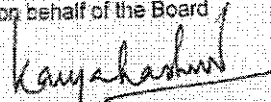
# NELCO LIMITED

Cash Flow Statement for the twelve month period ended 31st March 2011

( Rupees ' 000 )

	for the twelve month period ended 31.03.2011	
<b>A. NET PROFIT/LOSS BEFORE EXCEPTIONAL ITEMS AND TAXATION</b>		326,304
<b>ADJUSTMENTS FOR</b>		
Depreciation	72,407	
Investment and Interest Income	(11,784)	
Dividend Income		
Interest Expense	95,487	
Loss on Sale of Fixed Assets	1,047	
		157,157
<b>OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES</b>		483,461
<b>Changes in</b>		
Trade and Other Receivables	546,437	
Inventories	205,642	
Trade and other Payables	(338,105)	413,973
<b>CASH GENERATED (USED IN) / FROM OPERATIONS</b>		897,434
Direct taxes paid		(10,830)
<b>NET CASH (USED IN) / FROM OPERATING ACTIVITIES</b>		886,604
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets		(133,103)
Sale of fixed assets		25,082
Interest received		11,784
Dividend received		
<b>Exceptional Items</b>		
Sale proceeds on sale of long term investments		(96,236)
<b>NET CASH FLOW (USED) IN / FROM INVESTING ACTIVITIES</b>		(96,236)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings (net)	(635,692)	
		(635,692)
Dividend Paid		(45,635)
Tax on Dividend Paid		(7,580)
Interest paid		(92,448)
<b>NET CASH FROM (USED) IN FINANCING ACTIVITIES</b>		(781,355)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		9,013
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE PERIOD (Refer Schedule I)</b>		55,426
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD (Refer Schedule I)</b>		64,439
		9,013

For and on behalf of the Board

  
K.A. MAHASHUR - EXECUTIVE DIRECTOR

  
R.B. UPADHYAY - CFO & SENIOR VICE PRESIDENT (FINANCE)

# NELCO LIMITED

Schedules forming part of the Balance Sheet as at 31st MARCH , 2011

**SCHEDULE A**

**SHARE CAPITAL**

**AUTHORISED :**

25,000,000 Equity Shares of Rs. 10/- each  
2,500,000 Redeemable Preference Shares of Rs.100/- each

**ISSUED :**

22,496,370 Equity Shares of Rs.10/- each fully paid-up for payment in cash (including 939 Equity Shares pending allotment)

5,370 Equity Shares of Rs.10/- each issued as fully paid-up otherwise than in cash pursuant to contracts dated 23rd October, 1940

316,660 Equity Shares of Rs.10/- each issued to shareholders of the erstwhile General Radio & Appliances Ltd. in terms of the Scheme of Amalgamation

**22,818,400**

**TOTAL**

**SUBSCRIBED AND PAID-UP :**

22,495,431 Equity Shares of Rs.10/- each fully paid-up for payment in cash

5,370 Equity Shares of Rs.10/- each issued as fully paid-up otherwise than in cash pursuant to contracts dated 23rd October, 1940

316,660 Equity Shares of Rs.10/- each issued to Shareholders of the erstwhile General Radio & Appliances Ltd in terms of the Scheme of Amalgamation

**22,817,461**

**TOTAL**

	As at 31.03.2011	As at 31.12.2010	As at 30.09.2010
	250,000	250,000	250,000
	250,000	250,000	250,000
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
	224,964	224,964	224,964
	54	54	54
	3,167	3,167	3,167
	<u>228,185</u>	<u>228,185</u>	<u>228,185</u>
	224,954	224,954	224,954
	54	54	54
	3,167	3,167	3,167
	<u>228,175</u>	<u>228,175</u>	<u>228,175</u>

Note : Of the above

- a) 11,099,630 (Previous Year Rs. 11,100,780) Equity Shares are held by The Tata Power Company Limited , the Holding Company
- b) 328,960 (Previous Year Rs. 329,110) Equity Shares are held by the Aftaab Investments Company Limited - Subsidiary of Tata Power Company Limited, the Holding Company

## NELCO LIMITED

Schedules forming part of the Balance Sheet as at 31st MARCH , 2011

	As at 31.03.2011	As at 31.12.2010	As at 30.09.2010
<b>SCHEDULE B</b>			
<b>RESERVES AND SURPLUS</b>			
1. Profit and Loss Account	205,493	213,663	230,485
<b>Opening Balance</b>			
<b>Add:- Transfer from Profit &amp; loss a/c</b>	25,000	25,000	25,000
<b>TOTAL</b>	<b>230,493</b>	<b>238,663</b>	<b>255,485</b>

## NELCO LIMITED

Schedule Schedules forming part of the Balance Sheet as at 31st MARCH , 2011

### SCHEDULE C

#### SECURED LOANS

1. Cash Credit with Banks
2. Term Loan from Axis Bank Ltd
3. Term Loans from Zoroastrian Co-op.Bank Ltd

#### TOTAL

As At 31.03.2011	As at 31.12.2010	As at 30.09.2010
46,182	-	-
23,502	27,035	30,479
<b>69,684</b>	<b>27,035</b>	<b>30,479</b>

In respect of the above term loans, Rs. 198,667,157/-(Previous Year Rs. 47,929,451) is due and repayable within a year.

#### NOTES :

- a) Cash Credit with Banks are secured by hypothecation of all tangible moveable assets, including stocks of raw materials, finished goods, goods-in-process, book-debts, monies receivable and a second charge on the fixed assets of the company.
- b) Term Loan from Axis Bank Limited was secured by pari-passu first charge on the present and future fixed assets (moveable and immoveable) of the company and first pari-passu charge on the receivables of the company arising from installation of first 2000 new VSAT's.
- c) Term Loans from The Zoroastrian Co-operative Bank Limited are secured by pari-passu first charge both on the present and future fixed assets, (all tangible moveable machinery and plant) of the company.

## NELCO LIMITED

Schedules forming part of the Balance Sheet as at 31st MARCH , 2011

### SCHEDULE D

#### UNSECURED LOANS

1. Deferred Sales Tax Liability (Under the SICOM Incentive Scheme)

(repayable within one year Rs. 5,261,375/- (Previous Year Rs. 6,274,282))

2. Short Term Loan

- From Banks
- Inter Corporate Deposit (Others)
- Inter Corporate Deposit (Holding Company)

3. Other Loan from Banks

**TOTAL**

As At 31.03.2011	As at 31.12.2010	As at 30.09.2010
25,755	25,755	25,755
350000	250,000	350,000
210000	310,000	322,500
	-	-
<b>585,755</b>	<b>585,755</b>	<b>698,255</b>



# NELCO LIMITED

Schedules forming part of the Balance Sheet as at 31st MARCH , 2011

( Rupees ' 000 )

**SCHEDULE F**

**INVESTMENTS**

**LONG TERM Unquoted (fully paid up unless otherwise stated)**

**1. Others**

4,000 Ordinary Shares of Zoroastrian Cooperative Bank Ltd.  
of Rs. 25/- each.

As at 31.03.2011	As at 31.12.2010	As at 30.09.2010
100	100	100
100	100	100
100	100	100

**B. TRADE INVESTMENT**

Subsidiary

6,000 Equity Shares of Tatanet Services Limited  
of Rs.100/- each.

Others

450,000 (Previous Year 4,50,000) Equity Shares of  
Nelito Systems Ltd. of Rs.10/- each.

74,308	74,485	73,220
--------	--------	--------

1,810,000 Equity Shares of Technopolis Knowledge  
Park Ltd. of Rs.10/- each.  
Less : Provision for Diminution

18100	-	18,100
18100	-	18,100

74,308	74,485	73,220
--------	--------	--------

**TOTAL**

74,408	74,585	73,320
--------	--------	--------

**Notes:**

(1) Aggregate of unquoted investments  
Cost

91,420



## NELCO LIMITED

Schedules forming part of the Balance Sheet as at 31st MARCH, 2011

( Rupees ' 000 )

### SCHEDULE K

#### CURRENT LIABILITIES

- |  |         |         |
|--|---------|---------|
| 1. Acceptances   |         |         |
| 2. Sundry Creditors (other than micro and small enterprises) (Note 10) | 401,251 | 388,932 |
| 3. Liabilities for expenses  | 115,430 | 185,982 |
| 4. Advances from customers   | 34,327  | 39,788  |
| 5. Other Liabilities   | 55,498  | 38,261  |
| 6. Liability for Voluntary Retirement Scheme                           | 33,261  | 34,575  |
| 7. Interest accrued but not due on unsecured loans                     | 621     | 3,727   |
| 8. Unpaid Dividend   | 839     | -       |
| 9. Unpaid Matured Deposits   |         | 25,556  |

**TOTAL**

**641,227**

**716,821**

**605,119**

### SCHEDULE L

#### PROVISIONS

- |                                       |        |        |
|---------------------------------------|--------|--------|
| 1. Provision for Gratuity             |        |        |
| 2. Provision for Compensated absences | 24,225 | 24,990 |
| 3. Proposed Dividend                  | 16,666 | 15,502 |
| 4. Tax on Proposed Dividend           |        | 45,637 |
| 5. Provision for Warranty             | 52,135 | 7,580  |

**TOTAL**

**93,026**

**146,018**

**150,470**

	As at 31.03.2011	As at 31.12.2010	As at 30.09.2010
<b>SCHEDULE K</b>			
<b>CURRENT LIABILITIES</b>			
1. Acceptances			-
2. Sundry Creditors (other than micro and small enterprises) (Note 10)	401,251	388,932	310,285
3. Liabilities for expenses	115,430	185,982	177,002
4. Advances from customers	34,327	39,788	42,297
5. Other Liabilities	55,498	38,261	33,724
6. Liability for Voluntary Retirement Scheme	33,261	34,575	37,383
7. Interest accrued but not due on unsecured loans	621	3,727	4,021
8. Unpaid Dividend	839	-	254
9. Unpaid Matured Deposits		25,556	153
<b>TOTAL</b>	<b>641,227</b>	<b>716,821</b>	<b>605,119</b>
<b>SCHEDULE L</b>			
<b>PROVISIONS</b>			
1. Provision for Gratuity	24,225	24,990	27,046
2. Provision for Compensated absences	16,666	15,502	18,014
3. Proposed Dividend		45,637	45,635
4. Tax on Proposed Dividend		7,580	7,580
5. Provision for Warranty	52,135	52,309	52,195
<b>TOTAL</b>	<b>93,026</b>	<b>146,018</b>	<b>150,470</b>

## NELCO LIMITED

Schedules forming part of the Balance Sheet as at 31st MARCH , 2011

( Rupees ' 000 )

	As at 31.03.2011	As at 31.12.2010	As at 30.09.2010
<b>SCHEDULE M</b>			
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)			
<b>DEFERRED REVENUE EXPENDITURE</b>			
1. Voluntary Retirement Scheme			
As per last Balance Sheet			10,575
Less : Written off during the year			10,575
2. New Project Expenses			
As per last Balance Sheet			-
Less : Written off during the year			-
<b>TOTAL</b>			-

# NELCO LIMITED

Schedules forming part of the Balance Sheet as at 31st MARCH , 2011

	For the 12 months Period Ended 31.03.2011	For the 3 months Period Ended 31.03.2011	For the 9 months Period Ended 31.12.2010	For the 12 months Period Ended 31.09.2010
<b>SCHEDULE 1</b>				
<b>INCOME FROM OPERATIONS</b>				
1. Sales : Traded and Manufactured Goods	788,494	144,640	644,854	985,294
Less : Excise Duty	33,229	5,079	28,150	35,119
	756,265	139,561	616,704	950,175
2. Income from Services Rendered	640,962	164,127	476,835	630,017
3. Others				
<b>TOTAL</b>	<b>1,397,227</b>	<b>303,688</b>	<b>1,093,539</b>	<b>1,580,192</b>
<b>SCHEDULE 2</b>				
<b>OTHER INCOME</b>				
1. Interest Received (Gross)				
(a) On Long term Investments - Non Trade				
(b) On Deposits with Banks	327	327	-	518
(Tax deducted at Source Rs. 12,120 (Previous Year Rs. 129,970))				
(c) On Others *	11,457	327	11,457	9,539
* Includes Interest on Income Tax Refund Rs. 91,98,427 (Previous Year 20,145,807)				
	11,784	327	11,457	10,057
2. Dividend on Long term Investments - Trade	15		15	15
3. Insurance Claims Recovered	1,913	764	1,149	1,591
4. Scrap Sales	1,231	480	751	1,067
5. Bad Debts Recovered				
6. Liabilities / Provisions no longer required written back	18,109	3,073	15,036	5,345
7. Provision for Bad Debts written back				
7. Profit on Sale of Investments				
8. Miscellaneous Income	549,998	18,548	531,450	537,387
1. Excess Provision for Tax no longer required Written Back				
9. Octroi refund				
10. Management Service Fees from Crompton Greaves Ltd	1,095	22,865	1,095	6,486
<b>TOTAL</b>	<b>584,145</b>	<b>23,192</b>	<b>560,953</b>	<b>563,043</b>

## SCHEDULE 1

### INCOME FROM OPERATIONS

1. Sales : Traded and Manufactured Goods  
Less : Excise Duty

2. Income from Services Rendered  
3. Others

### TOTAL

## SCHEDULE 2

### OTHER INCOME

1. Interest Received (Gross)  
(a) On Long term Investments - Non Trade  
(b) On Deposits with Banks  
(Tax deducted at Source Rs. 12,120 (Previous Year Rs. 129,970))  
(c) On Others \*  
\* Includes Interest on Income Tax Refund Rs. 91,98,427 (Previous Year 20,145,807)

2. Dividend on Long term Investments - Trade  
3. Insurance Claims Recovered  
4. Scrap Sales  
5. Bad Debts Recovered  
6. Liabilities / Provisions no longer required written back  
7. Provision for Bad Debts written back  
7. Profit on Sale of Investments  
8. Miscellaneous Income  
1. Excess Provision for Tax no longer required Written Back

9. Octroi refund  
10. Management Service Fees from Crompton Greaves Ltd

### TOTAL

**NELCO LIMITED**

Schedules forming part of the Balance Sheet as at 31st MARCH, 2011

	For the 12 months Period Ended 31.03.2011	For the 3 months Period Ended 31.03.2011	For the 9 months Period Ended 31.12.2010	For the 12 months Period 30.09.2010
<b>SCHEDULE 3</b>				
<b>Raw Materials, Finished and Semi-Finished Products :</b>				
1. Decrease/(Increase) to Stock of Finished Products and Work-in-progress :				
Opening Stock				
(i) Finished Products produced and purchase for sale	58,891	65,193	58,891	90,435
(ii) Work-in-progress	75,992	29,267	75,992	81,953
(iii) Car Park / Property under development	21,697	21,697	21,697	21,697
Less : Capitalised during the year	156,579	116,156	156,579	194,085
Less : Stock transfer on sale of business	6,896		6,896	2,273
(i) Finished Products produced and purchase for sale	74,892		74,892	74,892
(ii) Work-in-progress				
(iii) Car Park / Property under development	81,778		81,778	77,105
Less : Closing Stock				
(i) Finished Products produced and purchase for sale	58,253	58,253	65,193	53,099
(ii) Work-in-progress	17,557	17,557	29,267	35,507
(iii) Car Park / Property under development	(0)	(0)	21,697	21,697
75,810	75,810	40,346	116,156	110,303
(1,009)				6,677
2. Raw Materials Consumed				
Opening Stock	147,087	27,872	147,087	110,448
Less : Provision made in Earlier Year	350,448	27,177	323,271	426,910
Add : Purchases made during the Year	497,535	55,049	470,358	537,358
158,179			158,179	157,172
Less : Stock transfer on sale of business	22,215	22,215	27,872	380,166
Less : Closing Stock	317,141	32,834	284,307	29,538
300,467	52,829	247,638		350,648
616,599	126,010	490,590		347,759
3. Purchases of Finished Goods and Spares				
<b>SCHEDULE 4</b>				
<b>Personnel</b>				
Salaries, Wages, Bonus, etc.	198,102	40,275	157,827	233,396
Contribution to Provident fund	6,592	1,484	5,108	9,167
Contribution to Superannuation and other funds	5,989	810	5,179	6,538
Gratuity	4,562	1,052	3,510	5,442
Welfare expenses	20,848	5,435	15,413	22,629
Less :- Expenses shared by CGL	(2,374)	(1,546)	(828)	(6,710)
233,719	47,510	186,209		270,462
<b>705,084</b>				

**NELCO LIMITED**

**SCHEDULE 5**

Operating and Other Expenses :

	For the 12 months Period Ended 31.03.2011	For the 3 months Period Ended 31.03.2011	For the 9 months Period Ended 31.12.2010	For the 12 months Period 30.09.2010
Stones and loose tools consumed	3,441	813	2,628	2,676
Power and fuel	15,653	3,660	11,993	16,512
Freight Outward	15,486	4,947	10,539	23,654
Repairs to machinery	2,069	1,345	744	2,634
Repairs to building	1,459	-	1,459	-
Repairs and Maintenance-others	16,713	3,779	12,934	17,569
Rent	7,949	2,243	5,707	7,419
Insurance	4,904	775	4,129	5,334
Travelling and Conveyance	42,984	10,069	32,925	51,754
Lease Rentals	9,359	-	9,359	10,421
Rates and Taxes	3,626	2,796	830	1,116
Bank charges	19,007	8,404	10,603	19,452
Royalty	10	-	10	170
Loss on Sale of Fixed Assets (Net)	1,047	-	1,047	1,127
Sub Contracting Expenses	76,639	17,723	58,916	78,396
Warranty Expenses	5,455	1,728	3,727	22,261
Installation Expenses	69,077	12,256	56,821	86,250
Professional and Legal Charges	71,712	1,750	69,962	80,277
Loss on Foreign Currency Fluctuations (Net)	2,036	(1,250)	3,286	(23,403)
Sales Commission	3,612	851	2,761	4,138
Cash Discount	-	-	-	-
Directors' Sitting fees	450	80	370	500
Licence Fees to DOT	31,095	8,943	22,152	28,387
Transponder Charges	91,299	9,464	81,835	105,188
Network Management Fees	3,150	-	-	-
Marketing Services fees	18,450	18,450	-	-
Other Expenses (Note 2)	88,516	22,782	65,734	99,485
Less :- Expenses shared by CGL	605,229	134,756	470,474	641,318
	(3,657)	(4,594)	(2,063)	(3,930)
Bad Debts / Advances Written off	21,562	-	11,940	11,940
Less : Provision for Doubtful debts / Advances made in earlier year	2,318	(9,622)	11,940	11,940
	0	0	0	0
Provision for Doubtful Debts / Recoverables	36,298	(3,187)	39,485	32,666
Deferred Revenue Expenditure Written off	-	-	-	-
New Project Expenses	637,870	129,975	507,896	670,054

**SCHEDULE 6**

**INTEREST**

Term Loans	38,643	8,076	30,567	56,869
Others	56,844	7,175	49,668	70,848
<b>TOTAL</b>	<b>95,487</b>	<b>15,252</b>	<b>80,235</b>	<b>127,717</b>

Added .80 to Loss on sale of fixed assets (Uday / Sulbha pending entries in SAP as on 31.03.2010)

## NOTES forming part of the Accounts

### SCHEDULE 7

#### 1. PRINCIPLES OF CONSOLIDATION

- a) The consolidated financial statements relate to NELCO Limited, its subsidiary Tatanet Services Ltd and its associate Nelito Systems Ltd. The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) – “ Consolidated Financial Statements ” , and Accounting Standard 23 (AS-23) – “Accounting for Investments in associates in consolidated financial statements ” notified by the Companies (Accounting Standard) Rules, 2006.
- b) The consolidated financial statements have been prepared on the following basis:
- i) Investments in Subsidiary
- The financial statements of Nelco Limited (the Parent Company) and Tatanet Services Ltd (the subsidiary company) have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances.
  - The financial statements of the subsidiary used in consolidation are for the period 1<sup>st</sup> April,2010 to 31st March,2011.
  - The Parent Company held 100% of the voting power of the subsidiary Company, a Company of Indian origin, as at 31st March, 2011.
- ii) Investments in Associate
- Investment in Associate viz Nelito Systems Ltd is accounted for using the equity method in accordance with Accounting Standard 23 “ Accounting for investments in associates in consolidated financial statements” issued by the Institute of Chartered Accountants of India.
  - The financial statements of the associate used in consolidation are for the period 1<sup>st</sup> April,2010 to 31st March, 2011.

(Rupees '000)

Number of Shares	% of Holding	Cost of Investment (Equity Shares) (Rs '000)	Goodwill/ (Capital Reserve) (Rs.'000)	Share in Accumulated Profit/(Loss)/Reserve (Rs.'000)	Carrying Cost (Rs.'000)
4,50,000	21.82%	19,125	-	55,183	74,308

2. Investments other than in subsidiary and in associate have been accounted as per Accounting Standard-13 “Accounting for Investments”.

#### 3. Significant Accounting Policies

These are set out under “Significant Accounting Policies” as given in the un-consolidated financial statements of NELCO Ltd.

As far as possible, the consolidated financial statements are prepared using uniform Accounting policies like transactions and other events in similar circumstance and are presented in the same manner as the Company’s separate financial statements except for:

- i) The associate Nelito Systems Limited provides depreciation on the written down value basis as per the rates prescribed in Schedule XIV to the Companies Act, 1956.
  - ii) The associate Nelito Systems Limited values Inventory of Stock and Spares at cost on first-in-first-out basis.
4. On April 29, 2010, the Board of Directors approved the transfer of Traction Electronics, SCADA and Industrial Drives businesses (sub-divisions of Automation and Control segment) (together referred to as "Businesses") to Crompton Greaves Limited (CGL). The transfer is consistent with the Parent Company's long-term strategy to focus on building its position in Strategic Electronics and Network Systems (Tatanet) and to pursue further synergistic opportunities in related areas.

On July 28, 2010 (being the Closing date), the Parent Company transferred these Businesses as a "going concern" to CGL on a slump sale basis for a total consideration of Rs.8100 lakhs. Additional Rs.1,100 Lakhs has not been received as the financial parameters to be met achieved by September 30, 2010 were not achieved by the Parent Company.

5. However, at the request of Crompton Greaves Limited, the company has continued with certain operations of the transferred businesses, pending assignment of certain contracts by customers to CGL. Consequently Sales, Income from Service rendered, Raw material consumed and sub-contracting expenses in respect of these contracts during the period July 28, 2010 to September 30, 2010 have been included under the respective head in these financial statements as under :

<b>Particulars</b>	<b>Rupees ('000)</b>
Sales.....	232,736
Income from Service rendered.....	7,164
Raw Material Consumed.....	230,836
Sub-contracting expenses.....	7,164

(Rupees '000)

6. Contingent Liabilities

	<u>31.03.2011</u>	<u>31.03.2010</u>
a) Disputed Central Excise/Service Tax Matters	17,153	234,664
b) Sales tax demands contested in Appeals	13,930	16,878
c) Income –tax demands, contested in Appeals inclusive of interest on tax claimed by the department	-	20,567
d) Customs demand contested in Appeals	4,506	4,506
e) Legal Cases	-	53,654
f) Share of Contingent Liability of Associate	8,487	7,241

7. Major components of Deferred Tax Assets /(Liabilities) are:

	(Rupees '000)	
	<u>31.03.2011</u>	<u>31.03.2010</u>
Deferred Tax Assets		
a) Unpaid Liabilities under Section 43B of the Income Tax Act	5,332	22,714
b) Carried Forward Tax Losses and Depreciation		7,096
c) Provision for doubtful debts	10,899	6,992
d) Gratuity / Bonus	8,194	
e) Disallowance u/s 40a(ia)	2,076	
g) Provision of contingent nature	745	
<b>Total:</b>	<b>27,246</b>	<b>36,802</b>
Less: Deferred Tax Liability		
a) Difference between Book and Income Tax Depreciation	41,634	43,619
b) Deferred Revenue Expenditure		-
<b>Total:</b>		<b>43,619</b>
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(14,388)</b>	<b>(6,817)</b>

Note: Deferred Tax Assets on account of carried forward tax losses and unabsorbed tax depreciation have been recognized in the books to the extent the management is of the opinion that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

8. **EMPLOYEE BENEFITS**

I. **Defined Contribution Plan**

During the year, the Company has made contribution / provision to superannuation fund stated under defined contribution plan amounting to Rs. 46,51,164.

II. **Defined Benefit Plan**

a) **Gratuity**

Report Under AS - 15 (Revised 2005) as on 31/03/2011 - (wholly unfunded)

<b>1 Assumptions</b>	<b>As on 31/03/2011</b>
Discount Rate	8.25%
Salary Escalation	6%
Attrition Rate	2%
Mortality Rate	LIC (94-96) Ultimate
Retirement Age	60 Years
<b>2 Table showing changes in present value of obligations</b>	<b>As on 31/03/2011</b>
Present value of obligations as at beginning of year	3,81,78,807
Interest cost	29,34,091
Current Service Cost	25,72,253
Benefits Paid	(1,03,72,647)
Actuarial (gain)/Loss on obligations	(90,87,748)
Present value of obligations as at end of year	2,42,24,756

<b>3 The amounts to be recognized in the Balance Sheet</b>	
Present value of obligations as at the end of year	2,42,24,756
Fair value of plan assets as at the end of the year	Nil
Funded status	
Net Asset/(liability) recognized in balance sheet	2,42,24,756
<b>4 Expenses Recognised in statement of Profit &amp; loss</b>	
Current Service cost	25,72,253
Interest Cost	29,34,091
Expected return on plan assets	
Net Actuarial (gain)/Loss recognized in the year	90,87,748
Expenses recognized in statement of Profit & loss	35,81,404

**5 Valuation Method : Projected Unit Credit Method**

Note : The above disclosure is made to the extent of information given by the actuaries.

b) Provident Fund

The Company's Contribution towards Provident Fund is based on a percentage of salary which is made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall if any shall be made good by the Company. The Company does not envisage any likely obligation on account of the interest shortfall for the period upto 31<sup>st</sup> March, 2011. In regard to any future obligation arising due to interest shortfall (i.e. government interest to be paid on provident fund scheme exceeds rate of interest earned on investment) pending the issuance of Guidance in this regard from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the same and consequently, the required disclosures under the revised AS – 15 cannot be made.

**III. Long Term Employee Benefit – Leave Encashment**

Provision for Leave Encashment considered as Long term Compensated Absence has been made on the basis of the actuarial valuation report as at the Balance Sheet date. The charge for the year of Rs.36,15,081 has been made in the profit and loss account.

9. Earnings Per Share (EPS)

	<b>Twelve Months Period Ended 31.03.11</b>	<b>Twelve Months Period Ended 31.03.10</b>
a) Weighted Average Number of Shares at the beginning and end of the period	22,817,461	22,817,461
b) Net Profit / (Loss) after Tax available for Equity Share holders (Rupees '000)	243,401	161,016
c) Basic and diluted earnings Per Share (Rupees) – Not Annualised	10.67	7.06

**10. Details of Related Party Transaction**
**Rs in '000**

Sr.no.	Paticulars	The Tata Power Co.Ltd.	TATANET Services Ltd.	Nelito Systems Ltd.	Total
		(HOLDING CO.)	(SUBSIDIARY)	(ASSOCIATE)	
<b>1)</b>	<b>Sales :</b>				
a)	Goods	6,220	-	-	6,220
b)	Fixed Assets	0	0	0	
c)	Services	35,926	97,500	90	133,516
<b>2)</b>	<b>Investments :</b>	0	0	0	
a)	Sale of long term Investment	-	-	-	-
<b>3)</b>	<b>Deputation of Personnel :</b>	0	0	0	
	<b>To Related Parties</b>	1,871	-	-	1,871
<b>4)</b>	<b>Finance :</b>	0	0	0	
a)	Inter Corporate Loans taken	-	-	-	-
b)	Inter Corporate Loans Repayment	-	-	-	-
c)	Interest Paid	-	-	-	-
d)	Security Dep.given during the period	3,503	3,225	-	6,728
e)	Security Dep.refunded during the period	1,696	8,613	-	10,308
f)	<b>Dividend received</b>	0	0	1,125	1,125
<b>5)</b>	<b>Gauarntees and collaterals given</b>	-	30,000	-	30,000
<b>6)</b>	<b>Other Transactions :</b>				
a)	Reimbursements received from parties	694	1,188	-	1,882
b)	Reimbursements made to parties	0	0	0	
<b>7)</b>	<b>Balance O/s as on 31.03.2011</b>				
a)	Debtors (Net)	3,974	72,230	-	76,203
b)	Creditors (Net)	-	-	-	-
c)	Inter Corporate Loans	-	-	-	-
d)	Interest Accrued, but not due	-	-	-	-
e)	Deposits given	-	192,606	-	192,606
f)	Gauarntees and collaterals	-	140,000	-	140,000
g)	Other Recoverable	-	-	40	40

### 11. Provision for warranty

Provision for warranty relates to warranty provisions made in respect of sale of certain products the estimated cost of which is accrued at the time of sale. The products are generally covered under free warranty period ranging from one to three years.

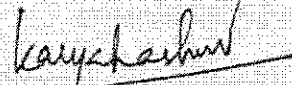
The movement in above provision is as follows :-

	2010-11	2009-10
Opening Balance	72,078	30,784
Provisions made during period	5,455	45,525
Utilisation during period	8,621	4,231
Transfer on sale of business	16,777	
Closing Balance	52,135	72,078

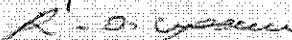
---

Signature to Schedules "A" to "M" and "1" to "6"

For and on behalf of the Board



K. A. Mahashur  
Executive Director



R. B. Upadhyay  
CFO & Senior Vice President(Finance)

Mumbai, 04th May, 2011

---