

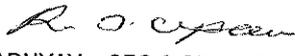
**Nelco Limited**  
**Balance Sheet as at 31 March, 2012**

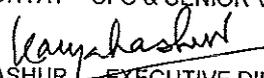
Particulars		Note No.	As at 31 March, 2012	As at 31 March, 2011
			₹ in '000	
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' funds</b>			
	(a) Share capital		228,175	228,175
	(b) Reserves and surplus	1	112,504	230,481
			340,679	458,656
2	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	2	19,311	30,578
	(b) Deferred Tax Liability		2,669	50,663
	(b) Long-term Liabilities	7	59,327	51,082
	(c) Long-term provisions	8	63,958	39,332
			145,265	171,655
3	<b>Current liabilities</b>			
	(a) Short-term borrowings	3	651,452	606,182
	(b) Trade payables	4	591,239	486,970
	(c) Other current liabilities	5	110,645	109,351
	(d) Short-term provisions	6	70,980	53,383
			1,424,316	1,255,886
	<b>TOTAL</b>		<b>1,910,259</b>	<b>1,886,197</b>
<b>B</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	9	381,283	381,748
	(ii) Intangible assets	9	18,772	21,606
	(iii) Capital work-in-progress		10,149	15,382
			410,204	418,736
	(b) Non-current investments	10	77,770	74,408
	(c) Long-term loans and advances	11	96,459	66,758
	(d) Deferred Tax Assets		-	36,275
			584,432	596,177
2	<b>Current assets</b>			
	(a) Inventories	12	218,268	98,024
	(b) Trade receivables	13	831,166	916,854
	(c) Cash and cash equivalents	14	21,921	64,439
	(d) Short-term loans and advances	15	126,130	189,002
	(e) Other current assets	16	128,342	21,701
			1,325,827	1,290,020
	<b>TOTAL</b>		<b>1,910,259</b>	<b>1,886,197</b>
	See accompanying notes forming part of the financial statements			

In terms of our report attached.

For and on behalf of the Board of Directors

  
**PRADIP J NATH - CHIEF EXECUTIVE OFFICER**

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

  
**K.A. MAHASHUR - EXECUTIVE DIRECTOR**



	Schedule	For The 3 months period ended 31.03.2012	For The 12 months period ended 31.03.2012	For The 12 months period ended 31.03.2011
<b>INCOME</b>				
1. Income from Operations	17	536551	1,441,264	1,375,627
2. Other Income	18	615	32,155	584,145
3. Total Income		537166	1,473,419	1,959,772
<b>EXPENDITURE</b>				
4. Raw Materials, Finished and Semi-Finished Products	19	309958	642,692	616,600
6. Personnel	20	52078	231,385	233,719
7. Operating and Other Expenses	21	126194	561,937	597,262
8. Interest	22	21177	77,968	114,494
9. Depreciation		21888	84,696	72,407
10. Total Expenditure		531,295	1,598,677	1,634,482
11. Profit before exceptional items and taxation		5,871	(125,259)	325,290
a. Deferred Revenue Expenditure (Voluntary Retirement Scheme) (Note 5)				(3,762)
b. Profit on sale of Business to CGL				
c. Profit on sale of Long term Investments				
13. PROFIT BEFORE TAXATION		5,871	(125,259)	321,528
14. Provision For Taxation				
1. Current Tax				
a. For the period		1503	6,328	74,103
b. In respect of earlier years			1,483	723
c. MAT Credit (Availed) / reversed			7811	74,826
2. Deferred Tax			-11,720	8,077
3. Finge Benefit Tax		1503		
18. PROFIT AFTER TAXATION (16 +17)		704	(3,909)	82,903
19. Add : Share of Profit in Associate		5,167	(121,350)	238,625
19. Balance Brought Forward		1,147	3,361	4,777
		6,314	(117,989)	243,402
19. Balance Brought Forward		81,190		
14. Transfer From General Reserve				
20. AMOUNT AVAILABLE FOR APPROPRIATION		87,504		
21. Proposed Dividend				
22. Tax on Proposed Dividend				
22. Transfer to General Reserve				
23. Balance Carried to Balance Sheet		87,504		
Earnings per share Rs. (Basic & Diluted) - Face Value Rs.10 per share (Note 13)		0.28	(5.17)	10.67

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*K.A. Mahashur*  
K.A. MAHASHUR - EXECUTIVE DIRECTOR

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

*Pradip J NATH*  
PRADIP J NATH - CHIEF EXECUTIVE OFFICER

*[Signature]*

# NELCO LIMITED

Cash Flow Statement for the twelve month period ended 31st March 2012

( Rupees ' 000 )

	for the twelve month period ended 31.03.2012	
<b>A. NET PROFIT/LOSS BEFORE EXCEPTIONAL ITEMS AND TAXATION</b>		<b>(117,989)</b>
<b>ADJUSTMENTS FOR</b>		
Depreciation	84,696	
Investment and Interest Income	(2,376)	
Dividend Income		
Interest Expense	77,968	
Loss on Sale of Fixed Assets	189	
		<u>160,476</u>
<b>OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>42,487</b>
Changes in		
Trade and Other Receivables	8,856	
Inventories	-120,244	
Trade and other Payables	156,031	44,643
<b>CASH GENERATED (USED IN) / FROM OPERATIONS</b>		<b>87,130</b>
Direct taxes paid		(11,719)
<b>NET CASH (USED IN) / FROM OPERATING ACTIVITIES</b>		<b><u>75,411</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets		(76,800)
Sale of fixed assets		460
Interest received		2,376
Dividend received		
Exceptional Items		
Sale proceeds on sale of long term Investments		
<b>NET CASH FLOW (USED) IN / FROM INVESTING ACTIVITIES</b>		<b><u>(73,964)</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of borrowings (net)	34,003	
		34,003
Dividend Paid		-
Tax on Dividend Paid		-
Interest paid		(77,968)
<b>NET CASH FROM (USED) IN FINANCING ACTIVITIES</b>		<b><u>(43,965)</u></b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b><u>(42,518)</u></b>
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE PERIOD (Refer Schedule I)</b>		<b>64,439</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD (Refer Schedule I)</b>		<b>21,921</b>
		<u>(42,518)</u>

Nelco Limited  
Notes forming part of the financial statements

Note 1 Reserves and surplus

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
<b>(a) General reserve</b>		
Opening balance	25,000	25,000
Add: Transferred from Surplus in Statement of Profit and Loss	-	
Closing balance	<b>25,000</b>	<b>25,000</b>
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening balance	81,190	(14,920)
Add: Profit / (Loss) for the year	6,314	232,374
add:- subsidiary profit		66,242
Less: Dividends proposed to be distributed to equity shareholders (₹___ per share)		
Tax on dividend	-	(45,635)
Transferred to:		
General reserve	-	(25,000)
Debenture redemption reserve	-	
Closing balance	<b>87,504</b>	<b>205,481</b>
<b>Total</b>	<b>112,504</b>	<b>230,481</b>

Refer Notes (i) to (ii) below

Nelco Limited  
Notes forming part of the financial statements

Note 2 Long-term borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ In lakhs	
(b) Term loans		
From banks		
Secured	3,796	10,390
Unsecured		
	3,796	10,390
(c) Deferred payment liabilities		
Secured		
Unsecured	15,515	20,188
	15,515	20,188
<b>Total</b>	<b>19,311</b>	<b>30,578</b>



Nelco Limited

Notes forming part of the financial statements

Note 3 Short-term borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
(a) Loans repayable on demand - Unsecured		
From Banks Secured	70,952	46,182
	70,952	46,182
(b) Term loans		
From Banks- Unsecured	250,000	350,000
From other parties - Unsecured	50,000	
	300,000	350,000
(c) Deposits		
Inter corporate deposit - Unsecured	280,500	210,000
	280,500	210,000
<b>Total</b>	<b>651,452</b>	<b>606,182</b>

Nelco Limited  
Notes forming part of the financial statements

Note 4 Trade payables

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
Trade payables:	591,239	486,970
<b>Total</b>	<b>591,239</b>	<b>486,970</b>

Note 5 Other current liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
(a) Current maturities of long-term debt - Secured (Refer Note 4 (ii))		
Term loans from banks	11,077	18,680
(b) Overdrawn Balances	3,477	
(c) Interest accrued but not due on borrowings	17	621
(d) Interest accrued and due on borrowings	-	
(e) Income received in advance (Unearned revenue)	6,610	10,390
(f) Unpaid dividends	952	1,088
(g) Unpaid matured deposits and interest accrued thereon	124	144
(h) Due to customer for contract in progress	12,983	
(i) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes)	9,931	14,104
(iii) Service Tax Payable		7,034
(iv) Work Contract Payable	5,646	13,414
(v) Trade / security deposits received	2,405	2,435
(vi) Advances from customers	33,650	32,096
(vii) Liability for voluntary retirement scheme	5,963	5,539
(viii) Crompton Greaves Limited	1,973	
(ix) Payment for fixed Assets	15,666	3,670
(x) Others	171	136
<b>Total</b>	<b>110,645</b>	<b>109,351</b>

Note 6 Short-term provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
(a) Provision for employee benefits: @		
(i) Provision for compensated absences	3,715	4,596
(vi) Provision for Gratuity	5,314	5,288
(b) Provision for Warranty	45,886	43,499
(c) Provision for estimated losses on onerous contracts	16,065	
<b>Total</b>	<b>70,980</b>	<b>53,383</b>

**NELCO LIMITED****Notes forming part of the financial statements****Note 7 Other long-term liabilities**

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
(a) Trade Payables: *	31,724	15,598
(b) Others:		
(i) Income received in advance (Unearned revenue)	5,835	7,723
(ii) Liability for voluntary retirement scheme	21,768	27,761
<b>Total</b>	<b>59,327</b>	<b>51,082</b>

Nelco Limited  
Notes forming part of the financial statements

Note 8 Long-term provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	₹ in '000
(a) Provision for employee benefits:		
(i) Provision for compensated absences	9,375	11,112
(ii) Provision for gratuity (net)	17,404	18,937
(b) Provision - Others:		
(iii) Provision for warranty	8,636	8,636
(iv) Provision for estimated losses on onerous contracts	27,049	
© Others	1,494	647
<b>Total</b>	<b>63,958</b>	<b>39,332</b>



Nolco Limited  
Notes forming part of the financial statements

Note 9 Fixed assets

A.	Tangible assets	Gross block									
		Balance as at 1 April, 2011 ₹ in '000	Additions ₹ in '000	Disposals ₹ in '000	Acquisitions through business combinations ₹ in '000	Reclassified as held for sale ₹ in '000	Revaluation increase ₹ in '000	Effect of foreign currency exchange differences ₹ in '000	Borrowing cost capitalised ₹ in '000	Other adjustments ₹ in '000	Balance as at 31 March, 2012 ₹ in '000
	(a) Land	3,590									3,590
	(b) Buildings	33,590									33,590
	(c) Plant and Equipment	350,636	37046	6833							380,844
	(d) Furniture and Fixtures/Electrical Installation	21,039									21,039
	(e) Vehicles	6,029	1100	1136							5,993
	(f) Office equipment	382,764	40034	850							421,848
	Owned	160,450									
	Given under operating lease *	737,648									
	<b>Total</b>										
	Previous year										886,904

Nelco Limited  
Notes forming part of the financial statements  
Note 9 Fixed assets (contd.)

A	Tangible assets	Accumulated depreciation and impairment						Net block	
		Balance as at 1 April, 2011 ₹ in '000	Depreciation / amortisation expense for the year ₹ in '000	Eliminated on disposal of assets ₹ in '000	Eliminated on reclassification as held for sale ₹ in '000	Impairment losses recognised in statement of profit and loss ₹ in '000	Reversal of impairment losses recognised in Statement of Profit and Loss ₹ in '000	Other adjustments ₹ in '000	Balance as at 31 March, 2012 ₹ in '000
	(a) Land								
	Leasehold *	849	37						886
	(b) Buildings								
	Own use	15,770	1114						16,884
	(c) Plant and Equipment								
	Owned	165,342	34,415	6,612					193,145
	(d) Furniture and Fixtures/Electrical Installation	6,014	984						6,998
	Owned								
	(e) Vehicles	3,968	558	1,088					3,438
	Owned								
	(f) Office equipment	223,953	40,887	575					264,265
	Owned								
	Given under operating lease *	482,472	77,995.00	8,275.00					485,616.00
	Total	315,176.00							381,288.00
	Previous year								18,767
	Net Assets								400,055.00
									Net Block tangible
									Net Block intangible
									Net Block total.

Note 9 Fixed assets (contd.)

Gross block										
B	Intangible assets	Balance as at 1 April, 2011	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2012
		₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000
	(a) Computer software	31,296	3861							35,157
	(b) Others (Technical Knowhow)	108,309								108,309
	(c) License Fees VSAT	3,000								3,000
	(d) License Fees ISP	2,000								2,000
	Total	144,605	3,861							148,466
	Previous year									
Accumulated depreciation and impairment										
B	Intangible assets	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised / (reversed) in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 20X2	Balance as at 31 March, 20X1	Net block
		₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000
	(a) Computer software	12,944	6416						19,360	19,360
	(b) Others (Technical Knowhow)	108,311	150						108,311	108,311
	(c) License Fees VSAT	1,350	150						1,500	1,500
	(d) License Fees ISP	395	133						528	528
	Total	123,000	6,699						129,699	129,699
	Previous year									
	Net assets	21,605								18,767

Note 10 Non-current investments (contd.)

Particulars	As at 31 March, 2011			As at 31 March, 2010		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000
<b>B. Other investments</b>						
(a) Investment property (specify nature), (net off accumulated depreciation and impairment, if any)						
(b) Investment in equity instruments (give details separately for fully / partly paid up instruments)						
(i) of subsidiaries						
(ii) of associates						
(iii) of joint venture companies						
(iv) of controlled special purpose entities						
(v) of other entities (give details)						
4,000 Ordinary Shares of Zoroastrian Cooperative Bank Ltd.		100.00	100.00		100.00	100.00
<b>Total - Other investments (B)</b>	-	100.00	100.00	-	100.00	100.00
<b>Total (A+B)</b>	-	95,870	95,870	-	92,508	92,508
Less: Provision for diminution in value of investments			18,100			18,100
<b>Total</b>			77,770			74,408

Note 10 Non-current investments (contd.)

Particulars	As at 31 March, 2011			As at 31 March, 2010		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000
Aggregate amount of quoted investments						
Aggregate market value of listed and quoted investments						
Aggregate value of listed but not quoted investments						
Aggregate amount of unquoted investments			95,869.75			92,508.00

Note 10 Non-current investments

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted #	Unquoted #	Total	Quoted	Unquoted	Total
	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000	₹ in '000
Investments (At cost):						
A. Trade @						
(a) Investment in equity instruments (give details separately for fully / partly paid up Instruments)						
(i) of subsidiaries						
6,000 Equity shares of Talanet Services Limited of Rs. 100/- Each			-	-		
(ii) of associates - 450,000 Equity shares of Nelito Systems Limited of Rs. 10/- each		77,670	77,669.75	-	74,308	74,308.00
(iii) of other entities 1,810,000 Equity Shares of Technopolis Knowledge Park Ltd. Of Rs. 10/- Each		18,100	18,100.00	-	18,100	18,100.00
Total - Trade (A)	-	95,769.75	95,769.75	-	92,408.00	92,408.00

Neico Limited  
Notes forming part of the financial statements

Note 11 Long-term loans and advances (Unsecured, considered good)

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
(a) Security deposits	18,797	7,599
(b) Loans and advances to related parties (give details @) Advance with Subsidiary (Tatanet Services Limited)	-	-
(c) Advance income tax # (net of provisions ₹ ___ (As at 31 March, 20X1 ₹ ___))	65,966	47,194
(d) Balances with government authorities (i) Balance with Excise and Customs	8,202	8,439
(e) Other recoverable	3,494	3,526
Total	96,459	66,758

Nelco Limited  
Notes forming part of the financial statements

Note 12 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
Contractual Inventory		
(a) Contract in Progress	62,210	
(b) Raw materials	37,796	22,647
Goods-in-transit	11,296	
(c) Work-in-progress @ (Refer Note below)	20,322	17,146
(d) Finished goods (other than those acquired for trading)	86,644	58,231
<b>Total</b>	<b>218,268</b>	<b>98,024</b>



Nelco Limited  
Notes forming part of the financial statements

Note 13 Trade receivables

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
Trade receivables outstanding for a period exceeding six months from the date they were due for payment #		
Secured, considered good		
Unsecured, considered good	154,851	115,247
Doubtful	33,367	27,298
	188,218	142,545
Less: Provision for doubtful trade receivables	-33,367	-27,298
	154,851	115,247
Other Trade receivables		
Secured, considered good	802,001	823,308
Unsecured, considered good		
Doubtful	912	312
	957,764	938,867
Less: Provision for doubtful trade receivables	-912	-312
	956,852	938,555
Less: Unbilled debtors	125,686	21,701
<b>Total</b>	<b>831,166</b>	<b>916,854</b>

Nelco Limited  
Notes forming part of the financial statements

Note 14 Cash and cash equivalents

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
(a) Cash on hand	287	2,862
(b) Cheques, drafts on hand	-	
(c) Balances with banks		
(i) In current accounts	16,508	57,472
(ii) In deposit accounts (Refer Note (i) below)	5,126	4,105
<b>Total</b>	<b>21,921</b>	<b>64,439</b>

Notes:

## NELCO LIMITED

## Notes forming part of the financial statements

## Note 15 Short-term loans and advances - Unsecured Considered good

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹ in '000	
(a) Security deposits	11,996	20,787
(b) Loans and advances to employees	2,086	2,379
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	22,236	15,382
(d) Balances with government authorities		
(i) Service Tax credit receivable	18,156	49,219
(ii) VAT	12,457	
(ii) Cenvat Credit receivable		10,117
(e) Others		
Crompton Greaves Limited (Receivable on account of sale of business)		70,495
Advance to suppliers	56,379	16,334
Other recoverable	2,820	4,289
unidentified credit		
Total	126,130	189,002

NELCO LIMITED  
Notes forming part of the financial statements

Note 16 Other current assets

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
(a) Unbilled revenue	125,686	21,701
(b) Unamortised expenses		
(i) Premium on Forward Contract	2,656	-
<b>Total</b>	<b>128,342</b>	<b>21,701</b>



NELCO LIMITED

Schedules forming part of the Profit & Loss Account for the twelve months period ended 31st March 12

	For the 3 months Period Ended 31.03.2012		For The 12 months period ended 31.03.2012		For The 12 months period ended 31.03.2011	
<b>SCHEDULE 17</b>						
<b>INCOME FROM OPERATIONS</b>						
1. Sales : Traded and Manufactured Goods	290,059		722,283		789,494	
Less : Excise Duty	11,641	278,418	17,167	705,116	33,229	756,265
2. Income from Services Rendered		258,133		736,148		619,362
3. Others						
<b>TOTAL</b>		<b>536,551</b>		<b>1,441,264</b>		<b>1,375,627</b>
<b>SCHEDULE 18</b>						
<b>OTHER INCOME</b>						
1. Interest Received (Gross)						
(a) On Long term Investments - Non Trade						
(b) On Deposits with Banks	223		223		327	
(Tax deducted at Source Rs. 12,120 (Previous Year Rs. 129,970))						
(c) On Others *			2,153		11,457	
		223		2,376		11,784
2. Dividend on Long term Investments - Trade			450		15	
3. Insurance Claims Recovered			19		1,913	
4. Scrap Sales	36		332		1,231	
5. Bad Debts Recovered	251		1,519		-	
6. Liabilities / Provisions no longer required written back			10,472		-	
7. Provision for Bad Debts written back			-		18,109	
7. Profit on Sale of Investments	71		71		-	
8. Miscellaneous Income	34		16,916		549,998	
9. Octroi refund			-		-	
10. Management Service Fees from Crompton Greaves Ltd			-	29,779	1,095	572,361
<b>TOTAL</b>		<b>615</b>		<b>32,155</b>		<b>584,145</b>

**NELCO LIMITED**

Schedules forming part of the Profit & Loss Account for the three Months period ended 31st Mar 12

	For the 3 months Period Ended 31.03.2012		For The 12 months period ended 31.03.2012		For The 12 months period ended 31.03.2011	
<b>SCHEDULE 19</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	197,075		58,253		58,891	
(ii) Work-in-progress	14,411		17,557		75,992	
(iii) Car Park / Property under development					21,697	
(iv) Contract work in progress						
Less : Capitalised during the year						
	<u>211,486</u>		<u>75,810</u>		<u>156,580</u>	
Less : Stock transfer on sale of business						
(i) Finished Products produced and purchase for sale					6,896	
(ii) Work-in-progress					74,882	
(iii) Car Park / Property under development						
					<u>81,778</u>	
Less : Closing Stock						
(i) Finished Products produced and purchase for sale	96,768		96,768		58,253	
(ii) Work-in-progress	15,187		15,187		17,557	
(iii) Contract work in progress	57,221		57,221			
	<u>169,176</u>	42,310	<u>169,176</u>	(93,366)	<u>75,810</u>	(1,008)
2. Raw Materials Consumed						
Opening Stock	25,557		22,215		147,087	
Add : Purchases made during the Year	99,452		141,933		350,448	
	<u>125,009</u>		<u>164,148</u>		<u>497,535</u>	
Less : Stock transfer on sale of business					158,179	
Less : Contract work in progress	4,990		4,990		-	
Less : Closing Stock	44,119	75,900	44,119	115,039	22,215	317,141
3. Purchases of Finished Goods and Spares		191,748		621,020		300,467
		<u>309,958</u>		<u>642,693</u>		<u>616,600</u>
<b>SCHEDULE 20</b>						
<b>Personnel</b>						
Salaries, Wages, Bonus, etc.	41,660		187,772		198,102	
Contribution to Provident fund	1,750		6,612		6,592	
Contribution to Superannuation and other funds	745		3,135		5,989	
Gratuity	1,962		5,480		4,562	
Welfare expenses / Others	6,321	52,438	32,522	235,522	20,848	236,093
Less :- Expenses shared by CGL		(360)		(4,137)		(2,374)
		<u>52,078</u>		<u>231,385</u>		<u>233,719</u>

**NELCO LIMITED**

	For the 3 months Period Ended 31.03.2012		For The 12 months period ended 31.03.2012		For The 12 months period ended 31.03.2011	
<b>SCHEDULE 21</b>						
Operating and Other Expenses :						
Stores and loose tools consumed	976		3,405		3,441	
Power and fuel	4,461		19,036		15,653	
Freight Outward	11,787		28,004		15,486	
Repairs to machinery	182		182		2,089	
Repairs to building	51		1,620		1,459	
Repairs and Maintenance-others	2,952		14,227		16,713	
Rent	1,396		6,047		7,949	
Insurance	894		3,588		4,904	
Travelling and Conveyance	7,639		33,705		42,994	
Lease Rentals			-		9,359	
Rates and Taxes	284		1,124		3,626	
Bank charges			0			
Royalty					10	
Loss on Sale of Fixed Assets (Net)	13		189		1,047	
Sub Contracting Expenses	9,371		41,578		76,639	
Warranty Expenses	(5,707)		(1,736)		5,455	
Installation Expenses	11,211		32,302		69,077	
Professional and Legal Charges	1,121		12,586		71,712	
Loss on Foreign Currency Fluctuations (Net)	(6,891)		22,113		2,036	
Sales Commission	479		1,609		3,612	
Consultancy	4,847		8,882			
Directors' Sitting fees	160		620		450	
Provision for foreseeable losses			3,429			
Licence Fees to DOT	10,113		38,099		31,095	
Transponder Charges	32,969		114,932		91,299	
Network Management Fees			-			
Marketing Services fees			-			
Other Expenses (Note 2)	23,695	112,003	116,840	502,382	88,516	564,621
Less :- Expenses shared by CGL		(656)		(5,423)		(3,657)
Bad Debts / Advances Written off	25,790		25,790		21,562	
Less : Provision for Doubtful debts / Advances made in earlier years	(25,790)	-	(25,790)		(21,562)	-
Provision for Doubtful Debts / Recoverables		14,847		64,978		38,288
		<b>126,194</b>		<b>561,937</b>		<b>597,262</b>
<b>SCHEDULE 22</b>						
<b>INTEREST</b>						
Term Loans	7,973		32,213		38,643	
Others including bank charges	13,204		45,755		75,851	
<b>TOTAL</b>		<b>21,177</b>		<b>77,968</b>		<b>114,494</b>

## NOTES forming part of the Accounts

### SCHEDULE 23

#### 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,2011 to 31st March,2012.
  - The Parent Company held 100% of the voting power of the subsidiary Company, a Company of Indian origin, as at 31st March, 2012.
- 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,2011 to 31st March, 2012.

(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	-	58,544	77,669

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.

		(Rupees '000)	
4. Contingent Liabilities		<u>31.03.2012</u>	<u>31.03.2011</u>
a)	Disputed Central Excise/Service Tax Matters	33,901	17,153
b)	Sales tax demands contested in Appeals	7,727	13,930
c)	Income –tax demands, contested in Appeals inclusive of interest on tax claimed by the department	-	-
d)	Customs demand contested in Appeals	4,506	4,506
e)	Legal Cases	-	-
f)	Share of Contingent Liability of Associate	19,133	17,473

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

		(Rupees '000)	
		<u>31.03.2012</u>	<u>31.03.2011</u>
Deferred Tax Assets			
a)	Unpaid Liabilities under Section 43B of the Income Tax Act	12561	5,332
b)	Carried Forward Tax Losses and Depreciation		
c)	Provision for doubtful debts	15,428	10,899
d)	Gratuity / Bonus		8,194
e)	Disallowance u/s 40a(ia)		2,076
g)	Provision of contingent nature	15,214	745
<b>Total:</b>		<b>43,203</b>	<b>27,246</b>
Less: Deferred Tax Liability			
a)	Difference between Book and Income Tax Depreciation	42,178	41,634
b)	Deferred Revenue Expenditure	3,694	
<b>Total:</b>		<b>45,872</b>	<b>41,634</b>
<b>Net Deferred Tax Assets / (Liabilities)</b>		<b>(2,669)</b>	<b>(14,388)</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.



## 6. 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. 29,46,777.

### II. **Defined Benefit Plan**

#### a) Gratuity

Report Under AS - 15 (Revised 2005) as on 31/03/2012 - (wholly unfunded)

1 <b>Assumptions</b>	<b>As on 31/03/2012</b>
Discount Rate	8.75%
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 31/03/2012</b>
Present value of obligations as at beginning of year	2,42,24,756
Interest cost	19,98,542
Current Service Cost	17,01,799
Benefits Paid	(69,84,556)
Actuarial (gain)/Loss on obligations	17,79,584
Present value of obligations as at end of year	2,27,20,125
<b>3 The amounts to be recognized in the Balance Sheet</b>	
Present value of obligations as at the end of year	2,27,20,125
Fair value of plan assets as at the end of the year	Nil
Funded status	
Net Asset/(liability) recognized in balance sheet	(2,27,20,125)
<b>4 Expenses Recognised in statement of Profit &amp; loss</b>	
Current Service cost	17,01,799
Interest Cost	19,98,542
Expected return on plan assets	
Net Actuarial (gain)/Loss recognized in the year	17,79,584
Expenses recognized in statement of Profit & loss	54,79,925

#### 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, 2012. 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.20,66,021 has been made in the profit and loss account.

**7. Earnings Per Share (EPS)**

	Twelve Months Period Ended 31.03.12	Twelve Months Period Ended 31.03.11
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)	(117,989)	243,401
c) Basic and diluted earnings Per Share (Rupees) – Not Annualised	(5.17)	10.67

**8. Details of Related Party Transaction**

Rs in '000

Sr.no.	Paticulars	The Tata Power Co.Ltd. (HOLDING CO.)	TATANET Services Ltd. (SUBSIDIARY)	Nelito Systems Ltd. (ASSOCIATE)
1)	<b>Purchase :</b>			
	Goods		-	-
2)	<b>Sales :</b>			
a)	Goods	4,497	-	-
b)	Fixed Assets			
c)	Services	444	169,200	240
3)	<b>Investments :</b>			
a)	Sale of long term Investment	-	-	-
4)	<b>Deputation of Personnel :</b>			
	To Related Parties	-	-	-
5)	<b>Finance :</b>			
a)	Inter Corporate Loans taken	-	-	-
b)	Inter Corporate Loans Repayment	-	-	-
c)	Interest Paid	-	-	-
d)	Security Dep.given during the period	-	3,667	-

e)	Security Dep.refunded during the period	-	8,471	-
f)	Dividend received			450
6)	Gauarntees and collaterals given	-	(20,000)	-
7)	Other Transactions :			
a)	Reimbursements received from parties	14	2,074	-
b)	Reimbursements made to parties			
8)	<b>Balance O/s as on 31.03.2012</b>			
a)	Debtors (Net)	4,585	45,427	-
b)	Creditors (Net)	-	-	-
c)	Inter Corporate Loans	-	-	-
d)	Interest Accrued, but not due	-	-	-
e)	Deposits given	-	187,803	-
f)	Gauarntees and collaterals	-	120,000	-
g)	Other Recoverable	-	-	50

## 9. 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.

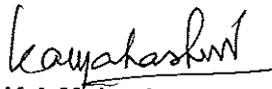
The movement in above provision is as follows :-

	2011-12	2010-11
Opening Balance	52,135	72,078
Provisions made during period	4,964	5,455
Utilisation during period	2,576	8,621
Transfer on sale of business	-	16,777
Closing Balance	54,523	52,135

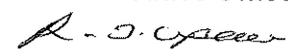
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Signature to Schedules "1" to "23"

For and on behalf of the Board

  
K.A. Mahashur  
Executive Director

  
P.J. Nath  
Chief Executive Officer

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

Mumbai, 10<sup>th</sup> May, 2012

