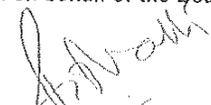


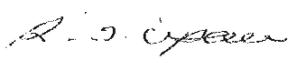
NELCO LIMITED (CONSOLIDATED)

Nelco Limited
Consolidated Balance Sheet as at 31st March, 2013

Particulars	Note No.	As at	As at
		31st March 2013	31st March 2012
		Rs in '000	Rs in '000
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	228,175	228,175
(b) Reserves and surplus	3	(5,122)	112,504
		223,052	340,678
2 Non-current liabilities			
(a) Long-term borrowings	4	42,164	19,311
(b) Deferred tax liability (Net)			2,669
(c) Other long-term liabilities	5	23,099	59,327
(d) Long-term provisions	6	57,651	63,957
		122,914	145,263
3 Current liabilities			
(a) Short-term borrowings	7	700,873	700,565
(b) Trade payables	8	366,956	542,126
(c) Other current liabilities	9	100,901	110,645
(d) Short-term provisions	10	48,697	70,979
		1,217,427	1,424,316
TOTAL		1,563,394	1,910,258
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	356,877	381,283
(ii) Intangible assets		12,216	18,772
(iii) Capital work-in-progress		13,824	10,147
		382,916	410,202
(b) Non-current investments	12	79,113	77,770
(c) Long-term loans and advances	13	147,616	96,459
		609,645	584,431
2 Current assets			
(a) Inventories	14	200,515	218,268
(b) Trade receivables	15	521,236	831,166
(c) Cash and cash equivalents	16	34,032	21,921
(d) Short-term loans and advances	17	73,369	126,130
(e) Other current assets	18	124,598	128,342
		953,749	1,325,827
TOTAL		1,563,394	1,910,258
See accompanying notes forming part of the financial statements			

For and on behalf of the Board of Directors


P. J. Nath - Executive Director & CEO


R. B. Upadhyay - CFO & Sr Vice President (Finance)

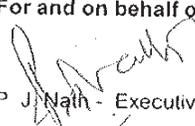
Date May 8th, 2013

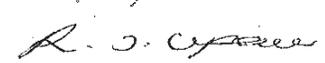
Nelco Limited

Statement of Profit and Loss for the half year ended 31st March, 2013

Particulars		Note No.	For the year ended	For the year ended
			31st March, 2013	31st March, 2012
			Rs in '000	Rs in '000
1	Revenue from operations (gross)	19	1,378,628	1,458,763
	Less: Excise duty		1,739	17,167
	Revenue from operations (net)		1,376,889	1,441,596
2	Other income	20	40,373	31,826
3	Total revenue (1+2)		1,417,262	1,473,421
4	Expenses:			
	Cost of materials consumed		186,370	115,039
	Purchases of stock-in-trade		373,584	621,020
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	14,896	(93,365)
	Employee benefits expense	22	240,887	231,383
	Finance costs	23	102,241	77,968
	Depreciation and amortisation expense	11	90,029	84,696
	Other expenses	24	518,735	561,939
	Total expenses		1,526,742	1,598,680
5	Loss before exceptional items and tax (3 - 4)		(109,480)	(125,259)
6	Exceptional items:			
	Profit related to sale of business			
7	Profit / (Loss) from Continuing Operation before tax (5+6)		(109,480)	(125,259)
8	Less: Tax expense			
	Current tax			6,328
	In respect of earlier years			1,483
	Deferred tax		(2,669)	(11,720)
			(2,669)	(3,909)
9	Profit / (Loss) after tax before share of profit in associate (7-8)		(106,810)	(121,350)
	Add: Share in profit of associate		2,444	3,361
	Profit / (Loss) for the year (8+9)		(104,367)	(117,989)
10	Earnings per share (Face value of Rs 10/- per share) Rs. :			
	Basic and Diluted (refer note 32)		(4.57)	(5.17)
	See accompanying notes forming part of the financial statements			

For and on behalf of the Board of Directors


P. J. Nath - Executive Director & CEO


R. B. Upadhyay - CFO & Sr. Vice President (Finance)

Date May 8th 2013

NELCO LIMITED

Consolidated Cash Flow Statement for the year ended 31st March 2013

(Rs. In 000's)

	for the year ended 31st March 2013	for the year ended 31st March 2012
A. NET LOSS BEFORE EXCEPTIONAL ITEMS AND TAXATION	(109,480)	(117,989)
ADJUSTMENTS FOR		
Depreciation	90,029	84,695
Interest Income	(2,054)	(2,376)
Dividend Income on long term investment	(15)	(465)
Interest Expense	102,241	66,965
Loss/(Profit) on Sale of Fixed Assets	708	20
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	190,908	148,839
Changes in working capital:	81,429	30,850
Adjustments for (increase) / decrease in operating assets:		
Inventories	17,753	(120,036)
Trade receivables	309,930	118,011
Short-term loans and advances	52,761	(25,575)
Long-term loans and advances	(2,662)	6,961
Other current assets	3,744	(106,642)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(175,170)	139,642
Other current liabilities	(19,167)	12,473
Other long-term liabilities	(36,228)	(8,061)
Short-term provisions	(22,282)	19,861
Long-term provisions	(6,306)	23,882
CASH GENERATED (USED IN) / FROM OPERATIONS	203,802	91,366
Direct taxes (paid)/ refund (net)	(48,494)	(18,336)
NET CASH FROM OPERATING ACTIVITIES	155,308	73,030
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(62,743)	(76,808)
Sale of fixed assets	-708	631
Interest received	2,054	2,376
Dividend received	15	15
Dividend received from Associates	450	450
Bank balance not considered as Cash and Cash Equivalents	3,080	(1,021)
NET CASH FLOW (USED) IN INVESTING ACTIVITIES	(57,852)	(74,357)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	46,295	
Repayment of Long-term borrowings	(18,896)	(18,869)
Proceeds from Short-term borrowings	14,793	300,000
Repayment of Short-term borrowings	(349,113)	(350,000)
Increase/(Decrease) in cash credit balances (Net)	-31,872	24,770
Matured deposit paid		(20)
Proceeds from Inter-corporate deposits	647,000	280,500
Repayment of Inter-corporate deposits	(280,500)	(210,000)
Dividend paid	27,708	26,381
Tax on Dividend paid	(11,409)	(136)
Interest paid	(1,851)	
NET CASH FROM (USED) IN FINANCING ACTIVITIES	(96,713)	(72,389)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(82,265)	(46,144)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	15,191	(47,471)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE PERIOD	16,795	64,266
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD (Refer note 1 below)	31,986	16,795
	15,191	(47,471)

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NELCO LIMITED

Consolidated Cash Flow Statement for the year ended 31st March 2013 (contd.)

Notes .

(Rs. In 000's)

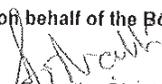
1) Cash and cash equivalents include:

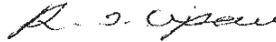
i) Cash in hand
ii) Cheques on Hand
iii) Balance with Scheduled Banks
 In current accounts
Total cash and cash equivalents as per AS 3

As at	As at
31.3.2013	31.3.2012
319	287
5,000	-
26,667	16,508
31,986	16,795

2) Previous period's figures have been regrouped wherever necessary.

For and on behalf of the Board of Directors


P. J. Nath - Executive Director & CEO


R B. Upadhyay - CFO & Sr. Vice President (Finance)

Place .

Date: May 8th, 2013

1 NOTES forming part of the Accounts

1A. 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 1st April,2012 to 31st March,2013.
- The Parent Company held 100% of the voting power of the subsidiary Company, a Company of Indian origin, as at 31st March, 2013.

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 1st April,2012 to 31st March, 2013.

(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		59,838	78,963

1B. Investments other than in subsidiary and in associate have been accounted as per Accounting Standard-13 "Accounting for Investments".

1C. 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.

Nelco Limited
Notes forming part of the financial statements

Note 2 Share capital

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares	Rs in '000	Number of shares	Rs in '000
Authorised				
Equity Shares of Rs 10/- each with voting rights	25,000,000	250,000	25,000,000	250,000
Redeemable Preference Shares of Rs.100/- each	2,500,000	250,000	2,500,000	250,000
		500,000		500,000
Issued:				
Equity shares of Rs 10/- each with voting rights (including 939 equity shares pending allotment)	22,818,400	228,185	22,818,400	228,185
		228,185		228,185
Subscribed and fully paid up				
Equity shares of Rs 10/- each with voting rights	22,817,461	228,175	22,817,461	228,175
Total	22,817,461	228,175	22,817,461	228,175

Refer Notes (i) to (v) below

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares	Rs in '000	Number of shares	Rs in '000
Equity shares - Subscribed				
Opening and Closing balance	22,817,461	228,175	22,817,461	228,175

(ii) Details of shares held by the holding company

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares	Rs in '000	Number of shares	Rs in '000
Equity shares				
The Tata Power Company Limited (48.65%)(Holding Company)	11,099,630	110,996	11,099,630	110,996
Aftaab Investments Company Limited (1.44%) (Subsidiary of Holding Company)	328,410	3,284	328,410	3,284

(iii) The company has issued only one class of equity shares having a par value of Rs.10 /- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
The Tata Power Company Limited	11,099,630	48.65%	11,099,630	48.65%

(v) Issued and subscribed equity shares include the following

Class of shares	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares held	Rs in '000	Number of shares held	Rs in '000
Otherwise than in cash pursuant to contracts dated 23rd October, 1940	5,370	54	5,370	54
Issued to Shareholders of the erstwhile General Radio & Appliances Limited in terms of the Scheme of Amalgamation	316,660	3,167	316,660	3,167

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Nelco Limited
Notes forming part of the financial statements

Note 3 Reserves and surplus

Particulars	As at	As at
	31 March 2013	31 March 2012
	Rs. in '000	Rs. in '000
General reserve		
Opening balance and closing balance	25,000	25,000
Surplus in Statement of Profit and Loss		
Opening balance	87,504	205,493
Add: Profit / (Loss) for the year	(104,367)	-117,989
	(16,863)	87,504
Less :Proposed Dividend	11,409	-
Corporate Dividend Tax	1,851	-
	13,260	-
Closing balance	(30,122)	87,504
Total	(5,122)	112,504

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Nelco Limited
Notes forming part of the financial statements

Note 4 Long-term borrowings

Particulars	As at 31st March 2013			As at 31st March 2012		
	Rs. in '000			Rs. in '000		
	LongTerm	Current Maturities (Refer Note 9)	Total	LongTerm	Current Maturities (Refer Note 9)	Total
Term loans from Bank - Secured	30,672	11,600	42,272	3,796	6,404	10,200
Deferred Sales tax liability (Under the Sicom Incentive Scheme) - Unsecured	11,492	4,023	15,515	15,515	4,673	20,188
Total	42,164	15,623	57,786	19,311	11,077	30,388

Nelco Limited
Notes forming part of the financial statements

Note 5 Other long-term liabilities

Particulars	As at 31st March 2013	As at 31st March 2012
	Rs. in '000	Rs. in '000
Trade payables:	5,301	31,724
Other payables		
Income received in advance	1,567	5,835
Liability for voluntary retirement scheme	16,230	21,768
Total	23,099	59,327

Note 6 Long-term provisions

Particulars	As at 31st March 2013	As at 31st March 2012
	Rs. in '000	Rs. in '000
Provision for employee benefits:		
Compensated absences	11,929	9,375
Gratuity	18,645	17,404
	30,574	26,778
Provision - Others:		
Warranty	3,014	8,636
Others		1,494
Estimated losses on onerous contracts	24,064	27,049
Total	57,651	63,957

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Nelco Limited

Notes forming part of the financial statements

Note 7 Short-term borrowings

Particulars	As at 31st March 2013	As at 31st March 2012
	Rs. in '000	Rs. in '000
Term loans		
From banks- Unsecured	-	250,000
From other parties - Unsecured	-	50,000
		300,000
Cash credit from Banks - Secured (Refer note (i) below)	39,080	70,952
Buyer's line of credit - Secured (Refer note (i))	14,793	49,113
Other loans and advances		
Inter corporate deposit - Unsecured		
- from Holding Company	127,000	-
- from others	520,000	280,500
Total	700,873	700,565

Note: (i) Cash credit with banks and Buyer's line of credit 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 fixed assets of the Company.

Note 8 Trade payables

Particulars	As at 31st March 2013	As at 31st March 2012
	Rs. in '000	Rs. in '000
Trade payables:		
Other than acceptances	366,956	542,126
Total	366,956	542,126

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Nelco Limited
Notes forming part of the financial statements

Note 9 Other current liabilities

Particulars	As at	As at
	31st March 2013	31st March 2012
	Rs. in '000	Rs. in '000
Current maturities of long-term debt (Refer note 4)	15,623	11,077
Interest accrued but not due on borrowings	5,545	17
Overdrawn Balances as per Books	142	3,477
Income received in advance	6,924	6,610
Unpaid dividends*	1,219	952
Unpaid matured deposits*	58	124
Due to customers for contracts in progress	1,385	12,983
Other payables		
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes)	9,681	9,931
Fixed assets payable	1,648	15,666
Others	-	7,790
Trade / security deposits received	2,405	2,405
Advances from customers	50,724	33,650
Liability for voluntary retirement scheme	5,547	5,963
Total	100,901	110,645

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund

Note 10 Short-term provisions

Particulars	As at	As at
	31st March 2013	31st March 2012
	Rs. in '000	Rs. in '000
Provision for employee benefits		
Compensated absences	3,206	3,715
Gratuity	3,242	5,314
	6,447	9,028
Provision - Other		
Warranty	38,144	45,886
Estimated losses on onerous contracts	4,106	16,065
Total	48,697	70,979



Neico Limited
Notes forming part of the financial statements

Note 11: Fixed Assets

Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		NET BLOCK
	AS AT 1.4.2012	ADDITIONS	DEDUCTION	Transfer on sale of business	AS AT 31.3.2012	FOR THE YEAR	DEDUCTION	Transfer on sale of business	AS AT 31.3.2012	AS AT 31.3.2011	AS AT 31.3.2011
Tangible Assets											
Land Leasehold	3,590	-	-	-	3,590	38	-	-	2,665	2,702	2,702
Building	33,589	-	-	-	33,589	1,111	-	-	15,593	16,704	16,704
Plant and machinery	380,843	44,345	-	-	425,188	39,481	-	-	192,561	187,697	187,697
Electrical Installation	21,041	76	190	-	20,927	994	39	-	12,974	14,042	14,042
Office equipments											
Own Lease	421,849	15,736	3,129	-	434,456	40,965	2,370	-	131,597	157,583	157,583
Vehicles	5,993	-	2,088	-	3,905	491	1,514	-	1,488	2,553	2,553
Total Tangible Assets	866,905	60,157	5,406	-	921,655	83,080	3,923	-	356,877	381,283	381,283
Intangible Assets											
Goodwill on consolidation	40	-	-	-	40	-	-	-	40	40	40
Testing Software	35,158	352	-	-	35,510	6,646	-	-	9,507	15,800	15,800
Technical Know-how	108,310	-	-	-	108,310	-	-	-	0	0	0
Licence Fees - VSAT	3,000	-	-	-	3,000	150	-	-	1,350	1,500	1,500
Licence Fees - ISP	2,000	-	-	-	2,000	153	-	-	1,319	1,472	1,472
Total Intangible Assets	148,468	352	-	-	148,860	6,949	-	-	12,216	18,772	18,772
Grand Total	1,015,373	60,509	5,406	-	1,070,515	90,029	3,923	-	369,092	400,055	400,055
Previous year											

Nelco Limited
Notes forming part of the financial statements

Note 12 Non-current investments (At cost, less provision other than temporary, if any)

Particulars	Number of Shares	Face value per unit (Rs.)	As at	As at	
			31 March, 2013		31 March, 2012
			Total	Total	
			Rs. in '000	Rs. in '000	
Unquoted - Equity Shares					
Trade					
In Associate Companies					
Nelito Systems Limited	450,000	10	78,963	77,670	
In Other Companies					
Technopolis Knowledge Park Limited	1,810,000	10	18,100	18,100	
Other investments					
Ordinary Shares of Zoroastrian Co-operative Bank Limited	6,000	25	150	100	
Total			97,213	95,870	
Less: Provision for diminution in value of investments in respect of Technopolis Knowledge Park Limited			18,100	18,100	
Total			79,113	77,770	

Note:

Aggregate amount of unquoted investments 37,925 37,925

Nelco Limited

Notes forming part of the financial statements

Note 13 Long-term loans and advances (Unsecured, considered good)

Particulars	As at	As at
	31st March 2013	31st March 2012
	Rs. in '000	Rs. in '000
Security deposits	24,838	18,797
Advance income tax	114,460	65,966
Balances with government authorities	4,246	8,202
Other recoverables	4,071	3,494
Total	147,616	96,459

Note 14 Inventories

Particulars	As at	As at
	31st March 2013	31st March 2012
	Rs. in '000	Rs. in '000
Contracts in Progress	-	62,210
Stock -in -trade - Goods-in-transit	691	-
Raw materials	46,235	37,796
Raw material - Goods-in-transit	-	11,296
Work-in-progress	17,104	20,322
Stock - in - trade	136,485	86,644
Total	200,515	218,268

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Nelco Limited
Notes forming part of the financial statements

Note 15 Trade receivables (Unsecured and considered good, unless otherwise stated)

Particulars	As at	As at
	31st March 2013	31st March 2012
	Rs. in '000	Rs. in '000
Outstanding for a period exceeding six months from the date they were due for payment		
Considered good	35,234	154,851
Doubtful	32,892	33,367
	68,126	188,218
Less: Provision for doubtful trade receivables	32,892	33,367
	35,234	154,851
Other Trade receivables		
Considered good	486,002	676,315
Doubtful	-	912
	486,002	677,227
Less: Provision for doubtful trade receivables	-	912
	486,002	676,315
Total	521,236	831,166

Note 16 Cash and cash equivalents

Particulars	As at	As at
	31st March 2013	31st March 2012
	Rs. in '000	Rs. in '000
Cash on hand	319	287
Cheques on hand	5,000	-
Balances with banks		
In current accounts	26,667	16,508
In Margin Money account against Letter of credit and bank guarantees	2,046	5,126
Total	34,032	21,921

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement	31,986	16,795
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Nelco Limited
Notes forming part of the financial statements

Note 17 Short-term loans and advances - (Unsecured and considered good, unless otherwise stated)

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	Rs. in '000	Rs. in '000
Security deposits		
Considered good	12,051	11,996
Doubtful	7,333	6,968
	19,384	18,964
Less: Provision for doubtful deposits	7,333	6,968
	12,051	11,996
Loans and advances to employees	1,955	2,086
Prepaid expenses	13,949	22,236
Balances with government authorities		
Service Tax credit receivables	15,979	18,156
Value Added Tax/Work Contract Tax	13,035	12,457
Advance to suppliers	14,326	56,379
Other recoverables	2,073	2,820
Total	73,369	126,130

Note 18 Other current assets

Particulars	As at	As at
	31st March, 2013	31st March, 2012
	Rs. in '000	Rs. in '000
Unbilled revenue	122,714	125,686
Unamortised expenses		
Premium on Forward Contract	1,883	2,656
Total	124,598	128,342

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Note 19 Revenue from operations

Particulars	For the year ended	For the year ended
	31st March, 2013	31st March, 2012
	Rs. in '000	Rs. in '000
Sale of products	727,520	722,283
Sale of Services	650,963	736,148
	1,378,484	1,458,431
Other Operating revenue		
Scrap sales	145	332
	1,378,628	1,458,763
Less: Excise duty	(1,739)	(17,167)
Total	1,376,889	1,441,596

Note 20 Other income

Particulars	For the year ended	For the year ended
	Rs. in '000	Rs. in '000
Interest income comprises:		
Interest on Bank deposits	2,054	2,376
Dividend income from long term investments		
Associate		450
Others	15	-
Other non-operating income comprises:		
Insurance claims recovered	58	19
Liabilities/Provisions no longer required written back	11,756	10,472
Bad Debts Recovered	746	1,519
Miscellaneous income	25,744	16,990
Total	40,373	31,826

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Nelco Limited
Notes forming part of the financial statements

Note 21. Changes in inventories of Stock-in-trade, work-in-progress and contracts in progress

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs. in '000	Rs. in '000
<u>Inventories at the beginning of the year:</u>		
Stock - in - trade	86,644	58,253
Work-in-progress	20,322	17,557
Contracts in progress	62,210	-
	169,176	75,810
<u>Less : Inventories at the end of the year:</u>		
Stock - in - trade	137,176	86,644
Work-in-progress	17,104	20,322
Contracts in progress	-	62,210
	154,280	169,175
Net (increase) / decrease	14,896	(93,365)

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Nelco Limited
Notes forming part of the financial statements

Note 22 Employee benefits expense

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs. in '000	Rs. in '000
Salaries and wages	203,194	187,772
Contributions to provident and superannuation fund, etc.	10,328	9,747
Gratuity	4,785	5,480
Staff welfare expenses	22,579	32,522
	240,887	235,520
Less: Expenses shared by Crompton Greaves Limited	-	4,137
Total	240,887	231,383

Note 23 Finance costs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs. in '000	Rs. in '000
Interest expense on:		
Borrowings	90,887	30,996
Trade payables others	2,104	1,217
Bank charges	9,250	45,755
Total	102,241	77,968

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Nelco Limited
Notes forming part of the financial statements

Note 24 Other expenses

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs. in '000	Rs. in '000
Consumption of loose tools	4,673	3,405
Subcontracting expenses	58,858	41,578
Power and fuel	18,289	19,035
Rent including lease rentals	6,783	6,047
Repairs and maintenance - Buildings	52	162
Repairs and maintenance - Machinery	2,256	-
Repairs and maintenance - Others	12,679	13,702
Insurance	3,337	3,618
Rates and taxes	1,105	1,124
Travelling and conveyance	32,886	33,705
Freight and forwarding	19,956	28,003
Legal and professional	10,348	12,587
Consultancy charges	25,206	16,959
Installation expenses	34,510	32,302
Foreign exchange loss (net)	4,914	22,060
Payments to auditors (Refer Note (i) below)	4,693	5,185
Bad debts/advances written off	27,636	25,789
Less: Provision for doubtful debts/advances made in earlier years	(27,636)	(25,789)
Provision for doubtful debts and advances	26,528	32,178
Provision for advances	365	-
Loss on fixed assets sold (net)	708	20
Provision for foreseeable losses	-	53,862
Provision for warranty	-8,704	5,805
Licence Fees to D.O.T	43,382	37,993
Transponder Charges	137,442	114,932
Miscellaneous expenses	78,467	82,773
Less: Expenses shared by Crompton Greaves Limited	518,735	567,037
	-0	5,098
Total	518,735	561,939

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(Rupees '000)

25. **Contingent Liabilities**

	<u>31.03.2013</u>	<u>31.03.2012</u>
a) Disputed Central Excise/Service Tax Matters	33,901	33,901
b) Sales tax demands contested in Appeals	7,727	7,727
d) Customs demand contested in Appeals	2,928	4,506
e) Share of Contingent Liability of Associate	16,236	19,133

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

(Rupees '000)

	<u>31.03.2013</u>	<u>31.03.2012</u>
Deferred Tax Assets		
a) Unpaid Liabilities under Section 43B of the Income Tax Act	4,910	12,561
b) Carried Forward Tax Losses and Depreciation	8,316	-
c) Provision for doubtful debts	12,480	15,428
d) Gratuity / Bonus	7,101	
Disallowance u/s 40a(ia)		
e) Provision of contingent nature		15,214
f) Provision for Future Loss	9,663	
g) VRS Expenses	4,341	
Total:	46,739	43,203
Less: Deferred Tax Liability		
a) Difference between Book and Income Tax Depreciation	46,739	42,178
b) Deferred Revenue Expenditure		3,694
Total:	46,739	45,872
Net Deferred Tax Assets / (Liabilities)	-	(2,669)

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.

27. **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. 27,64,454.

II. Defined Benefit Plan

a) Gratuity

Report Under AS - 15 (Revised 2005) as on 31/03/2013 - (wholly unfunded)

	As on 31/03/2013
1 Assumptions	
Discount Rate	8.25%
Salary Escalation	6%
Attrition Rate	2%
Mortality Rate	(2006-08) Ultimate
Retirement Age	60 Years
2 Table showing changes in present value of obligations	As on 31/03/2013
Present value of obligations as at beginning of year	2,27,20,125
Interest cost	19,88,011
Current Service Cost	16,79,313
Benefits Paid	(56,18,471)
Actuarial (gain)/Loss on obligations	11,18,048
Present value of obligations as at end of year	2,18,87,026
3 The amounts to be recognized in the Balance Sheet	
Present value of obligations as at the end of year	2,18,87,026
Fair value of plan assets as at the end of the year	Nil
Funded status	
Net Asset/(liability) recognized in balance sheet	(2,18,87,026)
4 Expenses Recognised in statement of Profit & loss	
Current Service cost	16,79,313
Interest Cost	19,88,011
Expected return on plan assets	
Net Actuarial (gain)/Loss recognized in the year	11,18,048
Expenses recognized in statement of Profit & loss	47,85,372

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 31st March, 2013. 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.72,40,880 has been made in the profit and loss account.

28. Earnings Per Share (EPS)

	Twelve Months Period Ended 31.03.13	Twelve Months Period Ended 31.03.12
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)	(104,367)	(117,989)
c) Basic and diluted earnings Per Share (Rupees) – Not Annualised	(4.57)	(5.17)

29. Details of Related Party Transaction

Rs in '000

Sr.no.	Particulars	The Tata Power Co.Ltd (HOLDING CO.)	Nelito Systems Ltd (ASSOCIATE)
1)	Purchase :		
	Goods	-	-
2)	Sales :		
a)	Goods	413	-
b)	Fixed Assets		
c)	Services	382	90
3)	Investments :		
a)	Sale of long term Investment	-	-
4)	Deputation of Personnel : To Related Parties	-	-
5)	Finance :		
a)	Inter Corporate Loans taken	204,500	-
b)	Inter Corporate Loans Repayment	77,500	-
c)	Interest Paid/Payable	11,250	-
d)	Security Dep.given during the period	-	-

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e)	Security Dep.refunded during the period	-	-
f)	Dividend received		450
6)	Guarantees and collaterals given	-	-
7)	Other Transactions :		
a)	Reimbursements received from parties	173	-
b)	Reimbursements made to parties		
8)	Balance O/s as on 31.03.2013		
a)	Debtors (Net)	238	-
b)	Creditors (Net)	-	-
c)	Inter Corporate Loans	127,000	-
d)	Interest Accrued, but not due	1,528	-
e)	Deposits given	-	-
f)	Guarantees and collaterals	-	-
g)	Other Recoverable		28

30. 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 :-

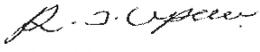
	Rs'000	
	2012-13	2011-12
Opening Balance	54,523	52,135
Provisions made during period	12,046	5,805
Utilisation during period	4,661	3,417
Reversal	20,750	-
Closing Balance	41,158	54,523

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Signature to Schedules "1" to "30"

For and on behalf of the Board


P.J.Nath
Executive Director & CEO


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

Date: 8th may, 2013

