

# **NELCO LIMITED (CONSOLIDATED)**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NELCO LIMITED Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of NELCO LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the eighteen months period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit

report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31<sup>st</sup> March, 2016 and their consolidated loss and their consolidated cash flows for the eighteen months period ended on that date.

### **Emphasis of Matter**

We draw attention to Note 27 to the consolidated financial statements which states that the Group has accumulated losses as at 31<sup>st</sup> March 2016 and its net worth has been substantially eroded and the Group has incurred a net loss during the current eighteen months period. However, the consolidated financial statements of the Group have been prepared on a going concern in view of the Group's business plan and the support letter from the Parent Company.

Our opinion is not modified in respect of this matter.



**Other Matters**

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of Rs. 4,043.70 lakhs as at 31st March, 2016, total revenues of Rs. 9,544.25 lakhs and net cash outflows amounting to Rs. 307.74 lakhs for the eighteen months period ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 42.61 lakhs for the eighteen months period ended 31<sup>st</sup> March, 2016, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate, is based solely on the reports of the other auditors.

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary company and an associate company, to the extent applicable we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company and associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



**Deloitte  
Haskins & Sells LLP**

- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company and associate company incorporated in India.

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For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W /W-100018)



Gurvinder Singh  
(Partner)  
(Membership No. 110128)

Place: Mumbai

Date: 4<sup>th</sup> May, 2016

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE  
CONSOLIDATED FINANCIAL STATEMENTS**

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

The Company's accounting year is commenced from 1<sup>st</sup> October, 2014, accordingly, requirements of the Companies (Auditor's Report) Order, 2015 are applicable for the Company. Our reporting on the Order includes one subsidiary company and one associate company incorporated in India, to which the Companies (Auditor's Report) Order, 2016 is applicable. The financial statements of these companies, have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Companies (Auditor's Report) Order, 2015 in the case of the consolidated financial statements.

1. In respect of the fixed assets of the Holding Company, subsidiary company and associate company incorporated in India:
  - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management of the respective entities in accordance with a regular programme of verification which, in our opinion and in the opinion of the other auditors, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us and the other auditors, no material discrepancies were noticed on such verification.
  
2. In respect of the inventories of the Holding Company and associate company incorporated in India:
  - (a) As explained to us and the other auditor, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.
  - (b) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
  - (c) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification. The clause (ii) is not applicable to the subsidiary company.
  
3. The Holding Company, subsidiary company, and associate company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.

4. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, there is an adequate internal control system in the Holding Company, subsidiary company and an associate company incorporated in India, commensurate with the size of the respective entities and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our and the other auditors audit no continuing failure to correct major weaknesses in such internal control system has been observed.
5. According to the information and explanations given to us, the Holding Company, subsidiary company and an associate company incorporated in India have not accepted any deposit during the year. Accordingly, paragraph (v) of the Order is not applicable to the Company, its subsidiary and associate.
6. According to the information and explanations given to us and the other auditors, in our opinion and in the opinion of the other auditors, the Holding Company and subsidiary company have, *prima facie*, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. According to the information and explanations given to the auditor of the associate company and in the opinion of the said auditor, the Companies (Cost Records and Audit) Rules, 2014 are not applicable to the associate company.
7. According to the information and explanations given to us, in respect of statutory dues of the Holding Company, subsidiary company and an associate company incorporated in India:
  - a) The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.
  - b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

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- c) Details of dues which have not been deposited as on March 31, 2016 on account of disputes by the aforesaid entities are given below:

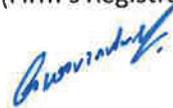
Name of the statute	Nature of the dues	Forum where the dispute is pending	Financial Year relates to which the matter pertains	Amount (Rs. in Lakhs)
Income – Tax Laws	Income – Tax	Appellate Authority – Commissioner Level	2010-11	631.33
			2011-12	1.68
Sales – Tax Laws	Sales-Tax	Appellate Authority - High Court Level	1989-90 and 1990-91	17.43
			1985-86 to 1990-91, 1992-93, 1996-97, 2003-04, 2012-13	33.99
		Appellate Authority – Joint Commissioner Level	2005-06, 2008-09 to 2009-10	158.07
			2006-07 to 2010-11	3835.57
Customs Duty Laws	Customs Duty	Appellate Authority - Assessing Officer Level	1991 to 1993	9.40
Excise Duty Laws	Excise Duty	Appellate Authority - Commissioner Level	1983-84 to 1985-86	56.43
Service Tax Laws	Service Tax	Appellate Authority – up to Commissioner Level	2003-04, 2005-06, 2006-07	217.69

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- d) There are no amounts that are due to be transferred by the aforesaid entities to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
8. The consolidated accumulated losses of the Group and its associate at the end of the financial year are not less than fifty percent of the consolidated net worth and the Group and its associate have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
9. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, subsidiary company and an associate company incorporated in India have not defaulted in the repayment of dues to financial institutions and banks. The Holding Company, subsidiary company and an associate company incorporated in India have not issued any debentures.
10. According to the information and explanations given to us, the Holding Company, subsidiary company and an associate company incorporated in India have not given guarantees for loans taken by others from banks and financial institutions.
11. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company, subsidiary company and an associate company incorporated in India during the year for the purposes for which they were obtained.
12. To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company, its subsidiary company and an associate company incorporated in India and no material fraud on the Holding Company, its subsidiary company and an associate company incorporated in India has been noticed or reported during the year.

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For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W /W-100018)



Gurvinder Singh  
(Partner)  
(Membership No. 110128)

Place: Mumbai

Date: 4<sup>th</sup> May, 2016

**Neico Limited**  
**Consolidated Balance sheet as at 31st March, 2016**

Particulars		Note No.	As At	As at
			31st March, 2016	30th September, 2014
			Rs in lakhs	Rs in lakhs
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' funds</b>			
	(a) Share capital	2	2,281.75	2,281.75
	(b) Reserves and surplus	3	(1,313.77)	(591.59)
			967.98	1,690.16
2	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	4	322.88	323.00
	(b) Other long-term liabilities	5	47.58	95.88
	(c) Long-term provisions	6	450.47	504.65
			820.93	923.62
3	<b>Current liabilities</b>			
	(a) Short-term borrowings	7	8,000.89	6,201.69
	(b) Trade payables	8		
	(i) Total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		3,104.06	3,548.91
	(c) Other current liabilities	9	1,735.94	1,845.96
	(d) Short-term provisions	10	366.53	437.13
			13,207.42	12,033.69
	<b>TOTAL</b>		<b>14,996.33</b>	<b>14,647.47</b>
<b>B</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	11	2414.99	3,036.99
	(ii) Intangible assets	11	168.77	508.76
	(iii) Capital work-in-progress		611.34	335.96
			3,195.10	3,881.71
	(b) Non-current investments	12	873.77	833.45
	(c) Deferred tax assets (net)	35	52.00	-
	(d) Long-term loans and advances	13	2,695.72	1,829.66
			6,816.59	6,544.82
2	<b>Current assets</b>			
	(a) Inventories	14	1,346.82	1,514.40
	(b) Trade receivables	15	4,585.38	3,864.13
	(c) Cash and Cash Equivalents	16	527.30	490.50
	(d) Short-term loans and advances	17	671.86	1,006.21
	(e) Other current assets	18	1,048.38	1,227.38
			8,179.74	8,102.65
	<b>TOTAL</b>		<b>14,996.33</b>	<b>14,647.47</b>
	See accompanying notes forming part of the financial statements			

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

Gurvinder Singh  
Partner

Place Mumbai  
Date: 4th May, 2016

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

R.R. Bhinge - Chairman

P. J. Nath - Executive Director & CEO

Uday Banerjee - Chief Financial Officer

Girish V. Kirkinde - Company Secretary

Place: Mumbai  
Date: 4th May, 2016

## Consolidated Statement of Profit and Loss for the eighteen months period ended 31st March, 2016

Particulars		Note No.	For Eighteen months ended 31st March, 2016	For the twelve months ended 30th September, 2014
			Rs in lakhs	Rs in lakhs
<b>A</b>	<b>Continuing Operations</b>			
1	Revenue from operations (gross)	19	20,044.23	12,396.10
	Less: Excise duty		0.25	69.37
	Revenue from operations (net)		20,043.98	12,326.73
2	Other income			
3	<b>Total revenue (1+2)</b>	20	297.44	158.39
			20,341.42	12,485.12
4	<b>Expenses</b>			
	(a) Cost of materials consumed		127.56	390.26
	(b) Purchases of stock-in-trade		4,078.19	2,938.97
	(c) Changes in inventories of work-in-progress, contract-in-progress and stock-in-trade	21	7.67	472.41
	(d) Employee benefits expense	22	2,826.81	1,781.61
	(e) Finance costs	23	1,293.51	682.23
	(f) Depreciation and amortisation expense	11 & 29	1,409.32	861.28
	(g) Other expenses	24	10,748.44	5,627.09
	<b>Total expenses</b>		20,491.50	12,753.85
5	<b>Loss before exceptional items and tax (3 - 4)</b>		(150.08)	(268.73)
6	<b>Exceptional items</b>		-	1,240.90
	(Refer note 41 for twelve months ended 30th September, 2014)			
7	<b>(Loss) / Profit before tax (5+6)</b>		(150.08)	972.17
8	Less: Tax expense			
	Current tax		52.00	52.00
	Deferred tax		(5.32)	-
			46.68	52.00
9	<b>(Loss) / Profit after tax from Continuing Operations before share of profit in associate (7-8)</b>		(196.76)	920.17
10	<b>Add: Share of profit in associate</b>		42.61	27.81
11	<b>Profit after tax from Continuing Operations (9+10)</b>		(154.15)	947.98
<b>B</b>	<b>Discontinuing Operations</b>			
12	(Loss) from Discontinuing Operations (before exceptional item and tax)	25 & 26	(625.63)	(755.02)
13	Add:- Exceptional profit	26(a)	162.00	-
14	Add / Less :- Tax expenses of Discontinuing Operations		-	-
15	<b>(Loss) after tax from Discontinuing Operations (12+13-14)</b>	25 & 26	(463.63)	(755.02)
<b>C</b>	<b>TOTAL OPERATIONS</b>			
16	<b>(Loss) / profit after Tax from Total Operations (11+15)</b>		(617.78)	192.96
17	<b>Earnings per share (Face value of Rs 10/- per share) :</b>			
	Basic and Diluted ( in Rs.)			
	(i) Continuing Operations:	34	(0.68)	4.15
	(ii) Total Operations	34	(2.71)	0.85
	See accompanying notes forming part of the financial statements			

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Gurvinder Singh  
Partner

Place: Mumbai  
Date: 4th May, 2016

For and on behalf of the Board of Directors

R.R. Bhinge - Chairman

P. J. Nath - Executive Director & CEO

Uday Banerjee - Chief Financial Officer

Girish V. Kirkinde - Company Secretary

Place: Mumbai  
Date: 4th May, 2016

**NELCO LIMITED**

Consolidated Cash Flow Statement for the eighteen months period ended 31st March, 2016 (contd.)

Notes :

1) Cash and cash equivalents include:

(Rs. In Lakhs)

Particulars	As at 31.03.2016	As at 30.9.2014
i) Cash in hand	2.96	1.01
ii) Cheques on Hand	271.90	53.92
iii) Balances with banks		
In current accounts	218.03	403.71
Total cash and cash equivalents as per AS 3	492.89	458.64

2) The Cash flow statement reflects the combined cashflows pertaining to continuing and discontinuing operations.

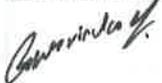
3) These earmarked account balances with banks can be utilised only for the specific identified purposes.

4) Previous year's figures have been regrouped wherever necessary.

In terms of our report attached.

**For Deloitte Haskins & Sells**

Chartered Accountants

Gurvinder Singh  
Partner**For and on behalf of the Board of Directors**

R.R. Bhinge - Chairman

P. J. Nath - Executive Director &amp; CEO

Uday Banerjee - Chief Financial Officer

Girish V. Kirkinde - Company Secretary

Place : Mumbai

Date :4th May, 2016

Place : Mumbai

Date :4th May, 2016

## NELCO LIMITED

Consolidated Cash Flow Statement for the eighteen months period ended 31st March, 2016

(Rs. In lakhs)

	For the eighteen months ended 31st March, 2016		For the twelve months ended 30th September, 2014	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>LOSS BEFORE EXCEPTIONAL ITEMS AND TAX (INCLUDING DISCONTINUING OPERATIONS)</b>		(775.71)		(1,023.75)
<b>ADJUSTMENTS FOR</b>				
Depreciation	1,741.32		919.28	
Interest Income	(48.13)		(42.64)	
Dividend Income on long term investment	-		(0.08)	
Loss on sale of investment in Associate	-		9.15	
Provision for doubtful debts and advances	106.84		(52.41)	
Doubtful advances written off	22.52		-	
Interest Expense	1,426.66		949.78	
(Profit) / Loss on Sale of Fixed Assets	(5.00)	3,244.21	3.05	1,786.13
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>		2,468.50		762.38
<b>Changes in working capital:</b>				
<b>Adjustments for (increase) / decrease in operating assets:</b>				
Inventories	167.58		449.08	
Trade receivables	(828.09)		1,787.27	
Short-term loans and advances	311.83		(293.36)	
Long-term loans and advances	(10.50)		1.98	
Other current assets	179.00		293.07	
<b>Adjustments for increase / (decrease) in operating liabilities:</b>				
Trade payables	(444.85)		(787.91)	
Other current liabilities	(335.46)		209.29	
Other long-term liabilities	(48.30)		(47.18)	
Short-term provisions	(70.60)		(33.42)	
Long-term provisions	(54.18)	(1,133.56)	(12.63)	1,566.19
<b>CASH GENERATED FROM OPERATIONS BEFORE EXCEPTIONAL ITEMS</b>		1,334.95		2,328.57
Exceptional items (Refer note 26 for current year ended 31st March, 2016 and note 41 for previous year ended 30th September, 2014)		162.00		1,240.90
<b>CASH GENERATED / (USED IN) FROM OPERATIONS AFTER EXCEPTIONAL ITEMS</b>		1,496.95		3,569.47
Net Income Tax (paid) / refund		(907.56)		(316.55)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		589.38		3,252.92
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets		(1,024.76)		(766.05)
Purchase of Investment		-		(17.84)
Sale of fixed assets		6.79		5.01
Sale of Investments		-		9.96
Interest received		48.13		42.64
Dividend received		-		0.08
Dividend received from Associate		2.29		6.88
Bank balance not considered as Cash and Cash Equivalents		(2.52)		(0.73)
<b>NET CASH FLOW (USED) IN INVESTING ACTIVITIES (B)</b>		(970.06)		(720.05)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Long-term borrowings	297.51		119.64	
Repayment of Long-term borrowings	(241.28)		(138.91)	
Proceeds from Short-term borrowings	7,307.62		1,596.91	
Repayment of Short-term borrowings	(4,658.82)		(1,721.50)	
Increase/(Decrease) in cash credit balances including bank overdraft (Net)	(50.28)		267.89	
Matured deposit paid	(0.05)		(0.43)	
Proceeds from Inter-corporate deposits	8,950.00		4,300.00	
Repayment of Inter-corporate deposits	(9,750.00)		(5,870.00)	
Dividend paid	(0.15)		(0.07)	
Interest paid	(1,439.61)	414.93	(993.14)	(2,439.61)
<b>NET CASH FROM (USED) IN FINANCING ACTIVITIES (C)</b>		414.93		(2,439.61)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		34.25		93.26
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD</b>		458.64		365.38
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD (Refer note 1 below)</b>		492.89		458.64
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet</b>				
Cash and cash equivalents (Refer Note 16)		492.89		458.64
Less :- Other bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements :				
In earmarked accounts ( refer note 3 below)				
- Unpaid dividend accounts	11.72		11.87	
- Unpaid matured deposits	-		0.05	
-Balance held as margin money against letter of credit and bank guarantees	22.69	34.41	19.97	31.89
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD ( as defined in AS 3 cash flow statements) included in Note 16 ( refer note 1 below)</b>		492.89		458.64

## Note 1

### A. Background

The Company was formed in the year 1940 as National Ekco Radio & Engineering Co Ltd (JV between E K Cole & Fazalbhoj). The Company became "Nelco Limited" in 1969.

In 1969, the Company was pre-dominantly the manufacturer of audio-visual appliances like Television, calculator, Servo Voltage Stabilizers and such other office equipment. In late 90's the Company entered in Automation business (SCADA, Traction & Drives), which was divested in 2010. In 1995 the Company through its subsidiary, Tatanet Services Limited (TNSL) first installed VSAT captive hub for Tata Group Companies connectivity and in 2003 it entered into the public domain in VSAT services.

Nelco is today focused in providing systems and solutions in the areas of VSAT connectivity. It also provides solutions in the area of Integrated Security & Surveillance.

The Company offers a range of innovative and customized solutions for businesses and government institutions under one roof.

### B. Principles of Consolidation:

- a. The consolidated financial statements relate to Nelco Limited (the 'Company'), its subsidiary company and the Group's share of profit/(loss) in its associate.

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".

The audited financial statements of the subsidiary and associate company considered in consolidation are drawn up to the same reporting date as that of the Company i.e. eighteen months ended 31<sup>st</sup> March, 2016.

- (i) The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- (ii) The consolidated financial statements include the share of profit / (loss) of an associate, which is accounted under the "Equity method" as per which the share of profit/ (loss) of the associate has been added/deducted to/from the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- (iii) The excess of cost to the company of its investments in its subsidiary over its equity of the subsidiary at the date on which the investments in the subsidiary is made, is recognised as 'Goodwill', being an asset in the consolidated financial statements and is tested for impairment.

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**C. Significant Accounting Policies**

**1.1 Basis of Accounting and preparation of consolidated financial statements**

The consolidated financial statements of the Company have been prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The accounting policies adopted in the preparation of consolidated financial statements are consistent with those followed in the previous year.

As required by the Companies Act, 2013, the Company has extended its financial year end of its consolidated financial statements from 30<sup>th</sup> September, 2015 to 31<sup>st</sup> March, 2016. Consequently, the consolidated financial statements of the Company are for 18 months from 1<sup>st</sup> October, 2014 to 31<sup>st</sup> March, 2016. Accordingly, the corresponding figures for twelve months ended 30<sup>th</sup> September, 2014 are not comparable.

**1.2 Use of estimates**

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**1.3 Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**1.4 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**1.5 Fixed Assets and Depreciation**

**Fixed Assets (Tangible / Intangible)**

Fixed assets are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

**Capital work-in-progress:**

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

- b. The subsidiary (which along with Nelco Limited, the Parent, constitute the Group) considered in the preparation of these consolidated financial statements is :

Name	Country of Incorporation	% of voting power held as at 31 <sup>st</sup> March, 2016.	% of voting power held as at 30 <sup>th</sup> September, 2014.
Tatanet Services Limited	India	100 %	100 %

- c. Investments in Associate

The Group's Associate is:

Name	Country of Incorporation	% of ownership Interest held as at 31 <sup>st</sup> March, 2016.	% of ownership Interest held as at 30 <sup>th</sup> September, 2014.
Nelito Systems Limited	India	22.25 %	22.25 %

- d. The breakup of Investment in Associates is as under:

Sr. No.	Particulars	Nelito Systems Limited	
		As at 31 <sup>st</sup> March, 2016	As at 30 <sup>th</sup> September, 2014
(i)	Number of Equity Shares (Nos.)	458,877	458,877
(ii)	Percentage holding	22.25%	22.25%
(iii)	Cost of Investments (Equity Shares) (Rs. in Lakhs)	205.25	205.25
(iv)	Including Goodwill/ (Capital Reserve) (Rs. in Lakhs)	(68.83)	(68.83)
(v)	Share in accumulated profits net of dividends received upto March 31 <sup>st</sup> , 2016 / September 30 <sup>th</sup> , 2014 (Rs.in Lakhs)	626.70	605.77
(vi)	Share of profit / (losses) for the period (Rs. in Lakhs)	42.61	27.81
	Less: Dividend received during the period (Rs.in Lakhs)	(2.29)	(6.88)
(vii)	Carrying Cost (Rs.in Lakhs)	872.27	831.95

- e. The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.

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### **Depreciation and amortization**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

Leasehold land is amortized over the duration of the lease.

### **1.6 Intangible Assets**

Intangible assets are initially measured at cost and amortized over their estimated useful life on straight line method as follows:

Software Expenditure incurred is amortized over a period of five years from the date of acquisition.

Technical knowhow is amortized over a period of five years from the date of acquisition.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

### **1.7 Inventory Valuation**

- a) Inventories comprise all costs of purchases, conversion and other costs incurred in bringing the inventories to their present location and condition.
- b) Raw materials are valued at the lower of cost or net realizable value. Cost is determined on the basis of the moving weighted average method.
- c) Finished goods produced and purchased for sale, semi finished products and spares are carried at cost or net realizable value, whichever is lower.

### **1.8 Investments**

Investments, being long term, are stated at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

### **1.9 Revenue Recognition**

1.9.1 Sale of product is recognized when risk and rewards of ownership of the product are passed on to the customers on the basis of terms of contract, which is generally on the dispatch of goods.

1.9.2 Sales from services are recognized when services are performed.

1.9.3 Income on Investment

- i) Interest income is accounted on accrual basis.
- ii) Dividend income is accounted when right to receive payment is established.

### **1.10 Accounting for Contracts**

Contract revenue are accounted on "Percentage of Completion" basis measured by the proportion that the cost incurred up to the reporting date bears to the estimated total cost of the contract.

### **1.11 Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the exchange rates prevailing on date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the period is recognized as income or expense, as the case may be.

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Any premium or discount arising at the inception of a forward exchange contract is recognized as income or expense over the life of contract.

**1.12 Provision for Warranty**

In respect of warranties given by the company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

**1.13 Employee Benefits**

Defined Contribution Plan

(a) Company's contributions paid/payable during the period towards Provident Fund, Superannuation Fund and ESIC are recognized in the Statement of Profit and Loss.

(b) 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.

Defined Benefit Plan

Company's liability towards gratuity and long term compensated absences are determined by independent actuaries, using projected unit credit method. Past services are recognized on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognized immediately in the Statement of Profit and loss as income or expense. Obligation is measured at the present value of estimated future cash flows using discounted rate that is determined by reference to the market yields at the balance sheet date on Government Bonds where currency and terms of Government Bonds are consistent with the currency and estimated terms of the benefit obligation.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

**1.14 Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

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Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities."

#### **1.15 Lease Rentals**

The company's significant leasing arrangements are in respect of operating leases for premises (office, stores, godowns, etc.), plant, machinery and equipments taken on lease. The leasing arrangements, which are not non-cancellable, range between eleven months and five years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent.

#### **1.16 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

#### **1.17 Taxes on Income**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognized, subject to consideration of prudence, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realized.

#### **1.18 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.



Note 2 Share capital

Particulars	As at 31st March, 2016		As at 30th September 2014	
	Number of shares	Rs in Lakhs	Number of shares	Rs in Lakhs
<b>Authorised</b>				
Equity Shares of Rs.10/- each with voting rights	2,50,00,000	2,500.00	2,50,00,000	2,500.00
Redeemable Preference Shares of Rs.100/- each	25,00,000	2,500.00	25,00,000	2,500.00
		5,000.00		5,000.00
<b>Issued:</b>				
Equity shares of Rs 10/- each with voting rights (including 939 equity shares pending allotment)	2,28,18,400	2,281.85	2,28,18,400	2,281.85
		2,281.85		2,281.35
<b>Subscribed and fully paid up</b>				
Equity shares of Rs 10/- each with voting rights	2,28,17,461	2,281.75	2,28,17,461	2,281.75
<b>Total</b>	<b>2,28,17,461</b>	<b>2,281.75</b>	<b>2,28,17,461</b>	<b>2,281.75</b>

Refer Notes (i) to (iv) 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, 2016		As at 30th September 2014	
	Number of shares	Rs in Lakhs	Number of shares	Rs in Lakhs
Equity shares - Subscribed Opening and Closing balance	2,28,17,461	2,281.75	2,28,17,461	2,281.75

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	As at 31st March, 2016		As at 30th September 2014	
	Number of shares	Rs in Lakhs	Number of shares	Rs in Lakhs
Equity shares				
The Tata Power Company Limited (48.65%)(Holding Company)	1,10,99,630	1,109.96	1,10,99,630	1,109.96
Aftaab Investment Company Limited (1.44%) (Subsidiary of Holding Company)	3,28,410	32.84	3,28,410	32.84

(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 shareholders.

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

Class of shares / Name of shareholder	As at 31st March, 2016		As at 30th September 2014	
	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	1,10,99,630	48.65%	1,10,99,630	48.65%

Nelco Limited

Notes forming part of the consolidated financial statements

Note 3 Reserves and surplus

Particulars	As at 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
<b>General reserve</b>		
Opening balance and closing balance	250.00	250.00
<b>(Deficit) in Statement of Profit and Loss</b>		
Opening balance	(841.59)	(940.97)
Add: (Loss) / Profit for the period	(617.78)	192.96
	<b>(1,459.37)</b>	<b>(748.01)</b>
Less : Depreciation on transition to schedule II of the Companies Act, 2013 on tangible assets with nil remaining useful life (Net of deferred tax) (refer note 29)	104.40	93.58
	104.40	93.58
Closing balance	<b>(1,563.77)</b>	<b>(841.59)</b>
<b>Total</b>	<b>(1,313.77)</b>	<b>(591.59)</b>

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Note 4 Long-term borrowings

Particulars	As at 31st March, 2016			As at 30th September 2014		
	Rs In Lakhs			Rs. In lakhs		
	Long-term	Current Maturities (Refer Note 9)	Total	Long-term	Current Maturities (Refer Note 9)	Total
Term loans from Bank - Secured	293.50	156.22	449.72	274.28	96.73	371.01
Deferred Sales tax liability (Under the Sicom Incentive Scheme) - Unsecured	29.38	19.43	48.81	48.81	22.48	71.29
<b>Total</b>	<b>322.88</b>	<b>175.65</b>	<b>498.53</b>	<b>323.09</b>	<b>119.21</b>	<b>442.30</b>

Note :-Terms of repayment as at 31st March, 2016

Particulars	As at 31st March, 2016	As at 30th September, 2014	Start date	Maturity Date	Repayment of Installment	Remarks
Term loans from Bank- Secured	449.72	371.01	01-Oct-12	01-Dec-20	Monthly	-
Deferred Sales tax liability (Under the Sicom Incentive Scheme) - Unsecured	48.81	71.29	26-Apr-04	26-Apr-18	Various	Repayable in five equal annual installments after ten years from the year of availment of respective loan.

Nelco Limited  
Notes forming part of the consolidated financial statements  
**Note 5 Other long-term liabilities**

Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
<b>Other payables</b>		
Liability towards voluntary retirement scheme	47.58	95.88
<b>Total</b>	<b>47.58</b>	<b>95.88</b>

**Note 6 Long-term provisions**

Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
<b>Provision for employee benefits:</b>		
Compensated absences	143.47	108.91
Gratuity (Refer note 30)	240.19	185.57
	383.66	294.48
<b>Provision - Others:</b>		
Estimated losses on onerous contracts (Refer note 37)	66.81	210.17
<b>Total</b>	<b>450.47</b>	<b>504.65</b>

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**Nelco Limited**

**Notes forming part of the consolidated financial statements**

**Note 7 Short-term borrowings**

Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
<b>Term loans</b>		
From banks- Secured (Refer note (ii) below)	495.71	346.91
<b>Loan repayable on Demand</b>		
Cash credit from Banks - Secured (Refer note (i) below)	255.18	304.78
From banks- Unsecured	3,750.00	1,250.00
<b>Other loans and advances</b>		
Inter corporate deposit - Unsecured		
- from Holding Company	-	500.00
- from others	3,500.00	3,800.00
<b>Total</b>	<b>8,000.89</b>	<b>6,201.69</b>

Note: (i) Cash credit from 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 fixed assets of the Company

(ii) 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.

**Note 8 Trade payables**

Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
<b>Trade payables:</b>		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,104.06	3,548.91
<b>Total</b>	<b>3,104.06</b>	<b>3,548.91</b>

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**Nelco Limited**

**Notes forming part of the consolidated financial statements**

**Note 9 Other current liabilities**

Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
Current maturities of long-term debt (Refer note 4)	175.65	119.21
Interest accrued but not due on borrowings	43.47	56.42
Overdrawn Balances as per Books	-	0.68
Income received in advance	495.75	665.21
Unclaimed dividends*	11.72	11.87
Unclaimed matured deposits*		0.05
<b>Other payables</b>		
Statutory remittances (Contributions to PF, ESIC and Withholding Taxes)	78.29	65.75
Liability towards Department Of Telecommunications	3.54	98.27
Liability towards Standing Advisory Committee on Radio Frequency Allocation	-	20.26
Payables in respect of Fixed assets	523.99	341.14
Trade / security deposits received	58.06	24.06
Advances from customers	317.11	399.45
Liability towards voluntary retirement scheme	28.36	43.59
<b>Total</b>	<b>1,735.94</b>	<b>1,845.96</b>

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

**Note 10 Short-term provisions**

Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
<b>Provision for employee benefits</b>		
Compensated absences	23.29	18.21
Gratuity (Refer note 30)	22.10	26.25
	45.39	44.46
<b>Provision - Other</b>		
Warranty (Refer note 37)	226.76	310.67
Estimated losses on onerous contracts (Refer note 37)	94.38	82.00
<b>Total</b>	<b>366.53</b>	<b>437.13</b>

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Nelco Limited  
Notes forming part of the financial statements  
Note 11 Fixed Assets

Description	GROSS BLOCK				ACCUMULATED DEPRECIATION AND AMORTISATION				NET BLOCK			
	As At 1st Oct, 2014	Additions	Deduction	Transfer on sale of Business	As At 31st Mar, 2016	As at 1st Oct, 2014	Transition adjustment recorded against surplus balance in statement of profit and loss (Refer Note 29)	For the eighteen months ended 31st March, 2016 (refer note 3 below)	Deduction	Transfer on sale of Business	As At 31st Mar, 2016	As At 30th Sep, 2014
Tangible Assets												
Land / Leasehold	35.90	-	-	-	35.90	9.83	-	0.54	-	-	10.37	25.53
	35.90	-	-	-	35.90	9.45	-	0.38	-	-	9.83	26.07
Building	335.90	-	-	-	335.90	196.69	-	18.23	-	-	214.92	170.98
	335.90	-	-	-	335.90	185.56	-	11.13	-	-	196.69	150.34
Plant and machinery	4,962.96	726.39	-	4.10	5,685.25	3,051.33	0.01	892.30	-	0.82	3,942.82	1,911.63
	4,668.45	298.26	3.75	-	4,962.96	2,509.01	93.59	449.63	0.90	-	3,051.33	1,911.63
Electrical Installation	203.72	-	0.76	-	202.96	91.47	8.92	48.08	0.57	-	147.90	112.25
	209.25	-	5.53	-	203.72	84.51	-	9.28	2.32	-	91.47	124.74
Office equipments	2,231.45	30.61	106.61	1.76	2,153.69	1,870.31	142.15	154.89	105.01	0.74	2,061.60	92.09
Own	2,217.46	14.57	0.58	-	2,231.45	1,783.92	-	86.53	0.14	-	1,870.31	361.14
Lease	2,108.79	175.48	-	-	2,284.27	1,631.39	-	279.09	-	-	1,910.48	373.79
	2,072.53	40.75	4.49	-	2,108.79	1,350.30	-	284.02	2.93	-	1,631.39	477.40
Vehicles	26.93	-	-	-	26.93	17.64	-	4.17	-	-	21.81	5.11
	26.93	-	-	-	26.93	15.98	-	1.66	-	-	17.64	10.95
<b>Total Tangible Assets - A</b>	<b>9,905.65</b>	<b>932.48</b>	<b>107.37</b>	<b>5.86</b>	<b>10,724.91</b>	<b>6,868.66</b>	<b>151.08</b>	<b>1,397.31</b>	<b>105.58</b>	<b>1.56</b>	<b>8,309.90</b>	<b>3,036.99</b>
Previous year	9,566.42	353.58	14.35	-	9,905.65	5,938.73	93.59	842.63	6.29	-	6,868.66	3,627.69
Intangible Assets												
Goodwill on consolidation	0.40	-	-	-	0.40	-	-	-	-	-	-	0.40
License Fees - VSAT	30.00	-	-	-	30.00	18.75	-	2.25	-	-	21.00	9.00
	30.00	-	-	-	30.00	17.25	-	1.50	-	-	18.75	11.25
License Fees - ISP	20.00	-	-	-	20.00	8.60	-	2.00	-	-	10.60	9.40
	20.00	-	-	-	20.00	7.27	-	1.33	-	-	8.60	11.40
Testing Software	397.19	15.60	-	17.08	397.19	332.84	-	35.64	-	5.50	362.98	64.35
	378.71	18.48	-	-	397.19	290.70	-	42.14	-	-	332.84	88.01
Technical Know-how	1,536.15	-	-	-	1,536.15	1,114.79	-	304.12	-	-	1,418.91	117.24
	1,083.11	453.04	-	-	1,536.15	1,083.11	-	31.68	-	-	1,114.79	421.36
<b>Total Intangible Assets - B</b>	<b>1,983.74</b>	<b>15.60</b>	<b>-</b>	<b>17.08</b>	<b>1,982.26</b>	<b>1,474.98</b>	<b>-</b>	<b>344.01</b>	<b>-</b>	<b>5.50</b>	<b>1,813.49</b>	<b>508.76</b>
Previous year	1,512.22	471.52	-	-	1,983.74	1,398.33	-	76.65	-	-	1,474.98	508.76
<b>Grand Total - A+B</b>	<b>11,889.39</b>	<b>948.08</b>	<b>107.37</b>	<b>22.94</b>	<b>12,707.17</b>	<b>8,343.64</b>	<b>151.08</b>	<b>1,741.32</b>	<b>105.58</b>	<b>7.06</b>	<b>10,123.39</b>	<b>3,545.75</b>
Previous year	11,078.64	825.10	14.35	-	11,889.39	7,337.06	93.59	919.28	6.29	-	8,343.64	3,741.58

Notes :-

- Figures in *italics* pertain to previous year.
- Depreciation and amortisation expense relating to continuing operations:

Particulars	For the eighteen months ended 31st March, 2016	For the twelve months ended 30th September, 2014
Depreciation and amortisation for the period on Tangible assets as per note above	1,397.31	842.63
Depreciation and amortisation for the period on Intangible assets as per note above	344.01	76.65
Depreciation and amortisation relating to total operations	1,741.32	919.28
Less :- Depreciation relating to Discontinuing operations	352.00	58.00
Depreciation and amortisation relating to Continuing Operations	1,409.32	861.28
- Depreciation for the eighteen months ended 31st March, 2016 includes impairment loss of Rs. 166.00 Lakhs (Previous Year Rs Nil) with respect to technical know-how, recognised in statement of profit and loss (refer note 25(b)).

Nelco Limited

Notes forming part of the consolidated 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 31st March, 2016	As at 30th September 2014
			Rs. in lakhs	Rs. in lakhs
<b>Unquoted - Equity Shares</b>				
<b>Trade</b>				
<b>In Associate Companies</b>				
Nelito Systems Limited (refer note 1B (d))	4,58,877	10	872.27	831.95
<b>In Other Companies</b>				
Technopolis Knowledge Park Limited	18,10,000	10	181.00	181.00
<b>Other investments</b>				
Ordinary Shares of Zoroastrian Co-operative Bank Limited.	6,000	25	1.50	1.50
<b>Total</b>			<b>1,054.77</b>	<b>1,014.45</b>
Less: Provision for diminution in value of investments in respect of Technopolis Knowledge Park Limited.			181.00	181.00
<b>Total</b>			<b>873.77</b>	<b>833.45</b>

**Note:**

Aggregate amount of unquoted investments

873.77

833.45

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Notes forming part of the consolidated financial statements

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

Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
Security deposits	44.49	44.49
Advance income tax (net of provision for tax of Rs 2,042.66 Lakhs (previous year : Rs 1,879.07 Lakhs))	2,560.92	1,705.36
Balances with government authorities	90.31	42.43
Unamortised portion of term loan processing charges	-	2.44
Other recoverables	-	34.94
<b>Total</b>	<b>2,695.72</b>	<b>1,829.66</b>

Note 14 Inventories

Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
Raw materials - Goods-in-transit	-	170.69
Raw materials	-	257.16
Work-in-progress	-	175.13
Stock - in - trade	1,245.00	678.39
Contracts in Progress	84.46	233.03
Traded stock -in-transit	17.36	-
<b>Total</b>	<b>1,346.82</b>	<b>1,514.40</b>

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Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
Outstanding for a period exceeding six months from the date they were due for payment		
Considered good	654.38	551.07
Doubtful	200.33	391.79
	854.71	942.86
Less: Provision for doubtful trade receivables	200.33	391.79
<b>TOTAL</b>	<b>654.38</b>	<b>551.07</b>
Other Trade receivables (refer note (i) below)		
Considered good	3931.00	3,313.06
Doubtful	47.00	15.39
	3978.00	3,328.45
Less: Provision for doubtful trade receivables	47.00	15.39
<b>TOTAL</b>	<b>3931.00</b>	<b>3,313.06</b>
<b>Total</b>	<b>4585.38</b>	<b>3,864.13</b>

(i) Other Trade receivables include Rs. 2,188.81 lakhs (Previous year: Rs.620.71 lakhs), which in accordance with the terms of contracts, were not due for payment as at the period end.

#### Note 16 Cash and Cash Equivalents

Particulars	As At 31st March, 2016	As at 30th September 2014
	Rs in lakhs	Rs in lakhs
A. Cash and cash equivalents ( as per AS 3 cash flow statements)		
(a) Cash on hand	2.96	1.01
(b) Cheques on hand	271.90	53.92
(c) Balances with banks		
In current accounts	218.03	403.71
<b>Total - Cash and cash equivalents ( as per AS 3 Cash Flow Statements) (A)</b>	<b>492.89</b>	<b>458.64</b>
B. Other bank balances		
In earmarked accounts		
- Unpaid dividend accounts	11.72	11.87
- Unpaid matured deposits		0.05
- Balances held as margin money against letter of credit and bank guarantees	22.69	19.97
<b>Total - Other bank balances (B)</b>	<b>34.41</b>	<b>31.89</b>
<b>Total Cash and Cash Equivalents (A+B)</b>	<b>527.30</b>	<b>490.53</b>

Nelco Limited  
Notes forming part of the consolidated financial statements

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

Particulars	As At	As at
	31st March, 2016	30th September 2014
	Rs in lakhs	Rs in lakhs
<b>Security deposits</b>		
Considered good	116.59	226.34
Doubtful	21.43	21.43
	138.02	247.77
Less: Provision for doubtful deposits	21.43	21.43
	116.59	226.34
Loans and advances to employees	9.56	12.56
Prepaid expenses	76.35	144.57
Balances with government authorities		
Cenvat credit receivables	228.86	209.60
Value Added Tax/Work Contract Tax	39.72	162.12
Advance to suppliers	76.14	209.91
Other recoverables	124.64	41.11
<b>Total</b>	<b>671.86</b>	<b>1,006.21</b>

Note 18 Other current assets

Particulars	As At	As at
	31st March, 2016	30th September 2014
	Rs in lakhs	Rs in lakhs
Unbilled revenue	1,035.93	1,219.56
Unamortised expenses		
Premium on Forward Contract	12.45	7.82
<b>Total</b>	<b>1,048.38</b>	<b>1,227.38</b>

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**Nelco Limited**  
**Notes forming part of the consolidated financial statements**  
**Note 19 Revenue from operations**

Particulars	For Eighteen months ended 31st March, 2016	For the twelve months period ended 30th September, 2014
	Rs. in lakhs	Rs. in lakhs
Sale of products	5,581.22	4,826.58
Sale of Services	14,416.12	7,543.73
<b>Total (A)</b>	<b>19,997.34</b>	<b>12,370.31</b>
<b>Other Operating revenue</b>		
Scrap sales	2.27	-
Commission income	44.62	25.79
<b>Total (B)</b>	<b>46.89</b>	<b>25.79</b>
<b>Total (A)+(B)</b>	<b>20,044.23</b>	<b>12,396.10</b>
Less: Excise duty	(0.25)	(69.37)
<b>Total- Revenue from Operations</b>	<b>20,043.98</b>	<b>12,326.73</b>

**Note 20 Other income**

Particulars	For Eighteen months ended 31st March, 2016	For the twelve months period ended 30th September, 2014
	Rs. in lakhs	Rs. in lakhs
<b>Interest income comprises:</b>		
Interest on Bank deposits	8.79	3.72
Interest on Income tax refund	39.34	38.92
<b>Dividend income from long term investments</b>	-	0.08
<b>Other non-operating income comprises:</b>		
Insurance claims recovered	0.18	0.19
Liabilities / Provisions no longer required written back	98.33	19.49
Bad Debts Recovered	33.95	25.84
Profit on sale of Fixed Assets (net)	4.72	-
Provision for doubtful advances written back	-	62.50
Rent Income	56.46	-
Foreign exchange gain (net)	2.16	-
Provision for foreseeable losses (refer note 37)	52.56	-
Miscellaneous income	0.95	7.65
<b>Total</b>	<b>297.44</b>	<b>158.39</b>

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**Nelco Limited**  
**Notes forming part of the consolidated financial statements**

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

Particulars	For Eighteen months ended 31st March, 2016	For the twelve months period ended 30th September, 2014
	Rs. in lakhs	Rs. in lakhs
<b><u>Inventories at the beginning of the period :</u></b>		
Stock - in - trade	678.39	1,133.08
Work-in-progress	175.13	427.08
Contracts in progress	233.03	74.06
	<b>1,086.55</b>	<b>1,634.22</b>
Add:- Raw Materials converted into Stock- in -trade ( refer note 38)	349.73	-
<b><u>Less : Inventories at the end of the period :</u></b>		
Stock - in - trade	1,245.00	678.39
Work-in-progress	-	175.13
Stock - in - transit	17.36	-
Contracts in progress	84.46	233.03
	<b>1,346.82</b>	<b>1,086.55</b>
<b>Net (increase) / decrease</b>	<b>89.46</b>	<b>547.67</b>
Less :- Changes in inventories of stock in trade in respect of Discontinuing Operations ( refer note 25 (c) and 26 (b))	81.79	75.26
<b>Net changes in inventories of work-in-progress, contracts in progress and Stock-in-trade in respect of Continuing Operations</b>	<b>7.67</b>	<b>472.41</b>

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**Nelco Limited****Notes forming part of the consolidated financial statements****Note 22 Employee benefits expense**

<b>Particulars</b>	<b>For Eighteen months ended 31st March, 2016</b>	<b>For the twelve months period ended 30th September, 2014</b>
	<b>Rs. in lakhs</b>	<b>Rs. in lakhs</b>
Salaries and wages	2,402.75	1,521.35
Contributions to provident fund, superannuation fund, etc. (refer note 30)	111.22	67.06
Gratuity (refer note 30)	75.84	35.81
Staff welfare expenses	237.00	157.39
<b>Total</b>	<b>2,826.81</b>	<b>1,781.61</b>

**Note 23 Finance costs**

<b>Particulars</b>	<b>For Eighteen months ended 31st March, 2016</b>	<b>For the twelve months period ended 30th September, 2014</b>
	<b>Rs. in lakhs</b>	<b>Rs. in lakhs</b>
<b>Interest expense on:</b>		
Borrowings	1,188.16	605.14
Trade payables	14.32	3.83
Bank charges	91.03	73.25
<b>Total</b>	<b>1,293.51</b>	<b>682.23</b>

Nelco Limited

Notes forming part of the consolidated financial statements

Note 24 Other expenses

Particulars	For Eighteen months ended 31st March, 2016	For the twelve months period ended 30th September, 2014
	Rs. in lakhs	Rs. in lakhs
Consumption of loose tools	26.63	14.69
License fees to Department of Telecommunications	1,153.26	579.84
Transponder charges	3,966.85	1,621.14
Subcontracting expenses	1,488.74	908.46
Power and fuel	276.50	118.04
Rent including lease rentals	277.72	120.96
Repairs and maintenance - Machinery	64.78	45.30
Repairs and maintenance - Others	266.57	133.19
Insurance	22.18	17.41
Rates and taxes	17.44	12.58
Travelling and conveyance	318.05	241.91
Freight and forwarding	320.65	240.50
Legal and professional	195.09	105.79
Consultancy charges	335.68	193.91
Installation expenses	730.28	396.49
Foreign exchange loss (net)	-	2.67
Bad debts/advances written off	295.36	242.32
Less: Provision for doubtful debts/advances made in earlier years written back	(295.36)	(242.32)
Doubtful advances written off	22.52	-
Provision for doubtful debts and advances	106.84	189.91
Loss on sale of investment	-	9.15
Loss on fixed assets sold (net)	-	3.05
Provision for foreseeable losses (refer note 37)	-	9.65
Provision for warranty (refer note 37)	4.81	(10.59)
Miscellaneous expenses	1,153.85	673.05
<b>Total</b>	<b>10,748.44</b>	<b>5,627.09</b>

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Notes forming part of the Consolidated financial statements

25.a) The Company vide its letter dated 3rd April, 2014 had informed the Stock Exchange about the approval of the Board of Directors to restructure the operations of Company's Integrated Security & Surveillance Solutions business (ISSS business) which inter alia, includes the business of Unattended Ground Sensors (UGS) and forms part of the Automation & Control segment. As part of such restructuring, the Board of Directors of the Company at its meeting held on 28th January, 2015 accepted an offer made by The Tata Power Company Limited, for its Strategic Engineering Division to purchase the business of UGS as a going concern on a slump sale basis at a consideration of Rs. 831 Lakhs with effect from 1st October 2014. The shareholders by postal ballot on 25th June, 2015 approved the transaction. The Business Transfer Agreement (BTA) was signed on 5th August, 2015. This is subject to concluding various approvals and consents yet to be received.

b) The assets attributable to the UGS business have been impaired during the Eighteen months ended 31st March, 2016 to the tune of Rs. 166 Lakhs, and the same is included in "Depreciation and amortization Expense" below.

c) The financial parameters in respect of the ordinary activities attributable to the UGS business are as follows:

(Rs. In Lakhs)

Particulars	Eighteen months ended 31 <sup>st</sup> March, 2016	Twelve months ended 30 <sup>th</sup> September, 2014
Sale of Products	252.16	570.10
Sale of Services	-	-
Less :- Excise Duty	5.47	46.10
<b>Revenue from Operation (net)</b>	<b>246.69</b>	<b>524.00</b>
Other Income	-	-
<b>Total Revenue (A)</b>	<b>246.69</b>	<b>524.00</b>
<b>Expenses</b>		
Cost of Materials Consumed	125.80	101.22
Changes in Inventories of Work In progress, Contract Work in Progress and Stock in trade ( Refer note 21)	-	99.78
Employee Benefit Expenses	211.60	173.08
Finance Costs	120.40	102.64
Depreciation and amortization Expense (Refer note 25(b) above)	329.57	53.85
Other Expenses	76.17	101.47
<b>Total Expenses (B) *</b>	<b>863.54</b>	<b>632.04</b>
<b>Loss Before Tax ( A-B )</b>	<b>(616.85)</b>	<b>(108.04)</b>
Less :- Tax Expenses	-	-
<b>Loss After Tax</b>	<b>(616.85)</b>	<b>(108.04)</b>
Carrying amount of assets as at the balance sheet date relating to the discontinuing operation to be disposed off	783.58	997.18

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Notes forming part of the Consolidated financial statements

Carrying amount of liabilities at the balance sheet date relating to the discontinuing operation to be settled	-	-
Net Cash flow attributable to the discontinuing operation		
Cash flow from / (used in) operating activities	(273.46)	51.78
Cash flow from / (used in) investing activities	(9.39)	(417.89)
Cash flow from / (used in) financing activities	(120.40)	(102.64)

\* includes Rs. 142.00 Lakhs (Previous year Rs 209.00 Lakhs) expenses attributable to UGS business.

The transfer being effective from 1st October, 2014, the results of operation for the eighteen months ended 31st March, 2016, includes a portion attributable to The Tata Power Company Limited which will be given effect to on completion of transaction.

26 a) Further, as part of restructuring, the Board of Directors of the Company at its meeting held on 18th March, 2015 accepted the offer received from a company for the transfer of Managed Services business MS Business forming part of Network System segment as a "going concern" on a "slump sale" basis at a consideration of Rs. 210 Lakhs with effect from 1st April, 2015. The shareholders by postal ballot on 25th June, 2015 have approved the transaction. The said transaction is concluded on 31<sup>st</sup> August, 2015 after entering into definitive agreement and after obtaining various approvals as required under applicable laws. The said transaction was given effect during the current period with effect from 1<sup>st</sup> April, 2015. An amount of Rs.162.00 Lakhs is accounted as Profit on Sale of this business in current period as disclosed under exceptional items.

b) The financial parameters in respect of the ordinary activities attributable to the MS business are as follows :

(Rs. In Lakhs)

Particulars	Eighteen months ended 31 <sup>st</sup> March, 2016	Twelve months ended 30 <sup>th</sup> September, 2014
Sale of Products	334.42	370.13
Sale of Services	219.00	209.87
Less :- Excise Duty	-	-
<b>Revenue from Operation (net)</b>	<b>553.42</b>	<b>580.00</b>
Other Income	-	-
<b>Total Revenue (A)</b>	<b>553.42</b>	<b>580.00</b>
<b>Expenses</b>		
Purchase of Stock In Trade	154.64	315.52
Changes in Inventories of Work In progress, Contract Work in Progress and Stock in trade ( Refer note 21)	81.79	(24.52)
Employee Benefit Expenses	107.50	445.61
Finance Cost	14.11	164.91
Depreciation and amortization Expense	2.43	4.15
Other Expenses	213.41	320.85

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Notes forming part of the Consolidated financial statements

<b>Total Expenses (B) *</b>	573.88	1,226.52
<b>Loss Before Tax (A-B)</b>	(20.46)	(646.52)
<b>Less :- Tax Expenses</b>	-	-
<b>Loss After Tax **</b>	(20.46)	(646.52)
Carrying amount of assets as at the balance sheet date relating to the discontinuing operation to be disposed off	-	100.05
Carrying amount of liabilities at the balance sheet date relating to the discontinuing operation to be settled	-	-
<b>Net Cash flow attributable to the discontinuing operation</b>		
Cash flow from / (used in) operating activities	77.87	(501.99)
Cash flow from / (used in) investing activities	15.83	(1.10)
Cash flow from / (used in) financing activities	(14.11)	(164.91)

\*includes Rs.51.00 Lakhs (Previous year Rs.554.00 Lakhs) expenses attributable to MS business.

\*\* includes Loss after tax of Rs.11.68 Lakhs in respect of MS business run on behalf of other company for the period from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> August, 2015.

27. The Company has accumulated losses as at 31st March, 2016 which has substantially eroded the Company's net worth, and has incurred a net loss during the current eighteen months period. Notwithstanding this, these audited financial statements have been prepared on going concern basis in view of business plan and the support letter from the parent company.

28. Information required as per Accounting Standard-7 "Construction Contracts", is as follows :

(Rs. in Lakhs)

<b>Particulars</b>	<b>Eighteen months ended 31<sup>st</sup> March, 2016</b>	<b>Twelve months ended 30<sup>th</sup> September, 2014</b>
Contract revenue recognised during the period	698.29	760.86
Aggregate of contract costs incurred and recognised profits (less recognised losses) up to period end	8,701.59	8,355.76
Retention money for contracts in progress as at Balance Sheet date	372.17	322.39
Gross amount due from customers for contract work (Asset) as at Balance Sheet date	968.59	1,358.52
Gross amount due to customers for contract work (Liability) as at Balance Sheet date	-	10.52

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Notes forming part of the Consolidated financial statements

For the method used to determine the contract revenue recognised and the stage of completion on contract in progress, refer note 1.10

29. Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Company has, effective 1st October 2014, reviewed and revised the estimated useful lives of its fixed assets, in accordance with the provisions of Schedule II to the Act. Consequently, the depreciation charge for the eighteen months ended 31st March 2016 is higher by Rs 471.42 Lakhs and Rs.104.40 Lakhs (net of tax Rs. 46.68 Lakhs) on account of transition provision has been adjusted to Reserves and Surplus as on 1st October, 2014.

Since the enactment of the Act was applicable to Tatanet Services Limited (TNSL), wholly owned subsidiary, with effect from 1st April, 2014, TNSL has effective 1st April, 2014, reviewed and revised the estimated useful lives of its fixed assets, in accordance with the provisions of Schedule II to the Act and as per the transitional provision the carrying amount of assets aggregating Rs.93.58 lakhs where the remaining useful life of the asset as on March 31,2014 is Nil is debited to Reserve and Surplus.

**30. EMPLOYEE BENEFIT PLAN :**

**I. Defined Contribution Plans**

Company's contribution paid/payable during the period to provident fund, superannuation fund and ESIC contribution are recognised as an expense and included in note 22 under the heading "Contributions to provident and superannuation fund, etc." are as under:

(Rs. In Lakhs)

Sr. No	Particulars	Eighteen months ended 31 <sup>st</sup> March, 2016		Twelve months ended 30 <sup>th</sup> September, 2014	
		Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
a)	Contribution to Employees' Superannuation Fund	27.86	5.07	17.58	6.28
b)	Contribution to Employees' State Insurance Scheme	0.63	-	0.28	0.04
c)	Contribution to Provident Fund	82.73	8.39	49.20	18.58
	<b>Total</b>	<b>111.22</b>	<b>13.46</b>	<b>67.06</b>	<b>24.90</b>

**Provident Fund:**

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund is administered by the Trust formed by the Company. The Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit.

The Rules of the Company's provident fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared by Central Government under para 60 of the Employees' Provident Fund Scheme, 1952 then the shortfall shall be made good by the Company. Having regard to the assets of the fund and the return on the investments, the Company does not expect any shortfall in the foreseeable future.

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## II) Gratuity (Unfunded)

(Rs.in Lakhs)

	Particulars	Eighteen months ended 31 <sup>st</sup> March, 2016	Twelve months ended 30 <sup>th</sup> September, 2014
<b>1</b>	<b>Expenses recognized in Statement of Profit and Loss for the period ended</b>		
	Current Service cost	24.89	16.38
	Interest cost	28.25	18.77
	Expected return on plan assets	-	-
	Net Actuarial (Gain)/Loss	34.27	12.38
	Total Expense (Refer Note 1 below)	87.41	47.53
<b>2</b>	<b>Net Asset/(Liability) recognized in the Balance Sheet as at end of the period</b>		
	Present value of Defined Benefit obligations as at the end of period	(262.29)	(211.82)
	Fair value of plan assets as at the end of the period	-	-
	Net Asset/(Liability) as at	(262.29)	(211.82)
<b>3</b>	<b>Changes in present value of obligations during the period</b>		
	Present value of obligations as at beginning of period	211.82	202.86
	Interest cost	28.25	18.77
	Current Service cost	24.89	16.38
	Liabilities transferred out	-	(0.86)
	Benefits Paid	(36.94)	(37.71)
	Actuarial (Gain)/Loss	34.27	12.38
	Present value of Defined Benefit obligations as at end of period	262.29	211.82
	Current (Refer note 10)	22.10	26.25
	Non-current (Refer note 6)	240.19	185.57

Notes forming part of the Consolidated financial statements

		31 <sup>st</sup> March, 2016	30 <sup>th</sup> September, 2014	30 <sup>th</sup> September, 2013	30 <sup>th</sup> September, 2012	30 <sup>th</sup> September, 2011
<b>4</b>	<b>Experience Adjustments</b>					
	a) Experience (Gain)/Loss on adjustments on plan assets	- 7.47	- 7.14	- 12.42	- 2.92	- 4.14
	b) Experience (Gain)/Loss on adjustments on plan liabilities					
	<b>Experience Adjustments (Total)</b>	<b>7.47</b>	<b>7.14</b>	<b>12.42</b>	<b>2.92</b>	<b>4.14</b>
		31 <sup>st</sup> March, 2016	30 <sup>th</sup> September, 2014	30 <sup>th</sup> September, 2013	30 <sup>th</sup> September, 2012	30 <sup>th</sup> September, 2011
<b>5</b>	<b>Assumptions</b>					
	Discount Rate	7.56%	8.89%	9.25%	8.25%	8.50%
	Salary Escalation	6.00%	6.00%	6.00%	6.00%	6.00%
	Attrition Rate	14.70% - For service 4 years and below  5.30%- For service 5 years and above	2.00%	2.00%	2.00%	2.00%
	Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (94-96) Ultimate	LIC (94-96) Ultimate

Note:

1) Includes Rs 11.57 Lakhs (Previous year Rs 11.72 Lakhs) in respect of discontinuing operations.

**III. Long Term Employee Benefit – Compensated Absences**

Provision for compensated absences has been made on the basis of actuarial valuation report as at the Balance Sheet date. The charge for the period of Rs 69.84 Lakhs (Previous Year: Rs. 41.42 Lakhs) has been made in the Statement of Profit and Loss.

BA

**31. Segment Reporting:**

**Primary Segment:**

The group has considered business segment as the primary segment for disclosure. The segment have been identified taking in to account the organisational structure as well as the differing risks and returns of these segments.

Automation and control comprises of sales of security and surveillance products.  
Network systems comprises of sales of solution for management of network connectivity, networking'services and turnkey communication systems supply and integration.

**Secondary Segment:**

The company caters mainly to the needs of the domestic market, the export turnover of Rs 174.40 Lakhs (Previous Year Rs. 190.36 Lakhs ) is not significant in the context of the total external revenue of Rs 20,634.82 Lakhs (Previous Year Rs. 13,404.94 Lakhs).

Further, segment assets and capital expenditure incurred outside India are not significant in relation to the total assets and total capital expenditure incurred during the period, as such there are no reportable geographical segments.

BA

Nelco Limited

Primary Segment Disclosure - Business Segment for the eighteen months period ended 31st March, 2016

Rs. in Lakhs

Particulars	Automation & Control	Network Systems	Total
<b>A Segment Revenue from continuing operations</b>			
External Revenue	1,300.90	18,696.44	19,997.34
	1,974.78	10,395.53	12,370.31
Less : Excise Duty	0.25	-	0.25
	69.37	-	69.37
<b>Net External Revenue</b>	1,300.65	18,696.44	19,997.09
Intersegment Revenue	1,905.41	10,395.53	12,300.94
	-	-	-
<b>Total Segment revenue from continuing operations</b>	<b>1,300.65</b>	<b>18,696.44</b>	<b>19,997.09</b>
	1,905.41	10,395.53	12,300.94
<b>B Segment Results from continuing operations</b>	(592.53)	3,381.03	2,788.50
	(740.76)	2,331.78	1,591.02
Less :- Finance Cost unallocable to Segments			1,293.51
			682.23
Less :- Unallocable Corporate Expenses (Net of Income)			1,693.20
			1,220.16
Add : Interest Income unallocable to segments			48.13
			42.64
Add:- Exceptional Items (Net) unallocable to Segment			-
			1,240.90
<b>Profit/ (Loss) before Taxes from continuing operations</b>			<b>(150.08)</b>
			972.17
<b>Less :- Provision for Tax</b>			
a) Current tax			52.00
b) Deferred Tax			52.00
			(5.32)
			-
<b>Profit/ (Loss) after Taxes from continuing operations</b>			<b>(196.76)</b>
			920.17
<b>C Segment Revenue from discontinuing operations*</b>			
External Revenue	252.16	391.04	643.20
	570.10	580.00	1,150.10
Less : Excise Duty	5.47	-	5.47
	46.10	-	46.10
<b>Total Segment revenue from discontinuing operations</b>	<b>246.69</b>	<b>391.04</b>	<b>637.73</b>
	524.00	580.00	1,104.00
<b>D Segment Results from discontinuing operations</b>	(496.47)	3.99	(492.48)
	(5.40)	(482.07)	(487.47)
Unallocable Corporate Expenses(Net of Income)			-
			-
Less : Finance Costs attributable to discontinuing operations*			133.15
			267.55
Add:- Exceptional Items (Net) attributable to discontinuing operations			162.00
			-
<b>Loss before Taxes from discontinuing operations*</b>			<b>(463.63)</b>
			(755.02)
<b>Less : Provision for Tax</b>			
Tax expenses ( net)			-
			-
<b>Net Loss after Tax from discontinuing operations*</b>			<b>(463.63)</b>
			(755.02)
<b>Add :- Share of profit in Associate</b>			<b>42.61</b>
			27.81
<b>Profit / ( Loss) after tax from Total Operations</b>			<b>(617.78)</b>
			192.96

\* Excludes transactions of MS Business with effect from 1st April, 2015, being the effective date for sale of business (Refer Note 26)

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Nelco Limited

Primary Segment Disclosure - Business Segment for the eighteen months period ended 31st March, 2016

Rs. in Lakhs

Particulars	Automation & Control	Network Systems	Total
E Segment Assets from continuing operations	3,129.91 <i>4,087.15</i>	6,655.73 <i>6,014.83</i>	9,785.64 <i>10,101.98</i>
Segment Assets from discontinuing operations	783.58 <i>997.18</i>	- <i>100.05</i>	783.58 <i>1,097.23</i>
Add: Unallocable Corporate Assets			4,427.11 <i>3,448.26</i>
<b>Total Assets</b>			<b>14,996.33</b> <b>14,647.47</b>
F Segment Liabilities from continuing operations	1,206.26 <i>1,613.51</i>	3,437.21 <i>3,719.65</i>	4,643.47 <i>5,333.16</i>
Segment Liabilities from discontinuing operations	- <i>-</i>	- <i>-</i>	- <i>-</i>
Add: Unallocable Corporate Liabilities			9,384.88 <i>7,624.15</i>
<b>Total Liabilities</b>			<b>14,028.35</b> <b>12,957.31</b>
G Capital Expenditure from continuing operations	6.30 <i>3.63</i>	1,217.16 <i>630.21</i>	1,223.46 <i>633.84</i>
Capital Expenditure from discontinuing operations	- <i>454.00</i>	- <i>-</i>	- <i>454.00</i>
Capital Expenditure from Total Operations	6.30 <i>457.63</i>	1,217.16 <i>630.21</i>	1,223.46 <i>1,087.84</i>
H Depreciation from continuing operations	91.65 <i>25.45</i>	1,317.67 <i>835.83</i>	1,409.32 <i>861.28</i>
Depreciation from discontinuing operations	329.57 <i>53.85</i>	2.43 <i>4.15</i>	332.00 <i>58.00</i>
Depreciation from Total Operations	421.22 <i>79.30</i>	1,320.10 <i>839.98</i>	1,741.32 <i>919.28</i>
I Non Cash expenses from continuing operations			
Provision for doubtful debts/advances	7.57 <i>106.30</i>	99.28 <i>83.61</i>	106.84 <i>189.91</i>
Non Cash expenses from discontinuing operations			
Provision for doubtful debts/advances	- <i>-</i>	- <i>-</i>	- <i>-</i>

Note: Figures in italics pertains to the previous year.

A

Notes forming part of the Consolidated financial statements

32. Related Party Disclosure:

I. Holding company – The Tata Power Company Limited.

II. Other parties with whom transactions have taken place during the period

Associate – Nelito Systems Limited.

III. Key Management Personnel

Mr. P. J. Nath- Executive Director and CEO

The related party transactions are as under:

(Rs. in Lakhs)

Sr.no	Particulars	The Tata Power Company Limited	Nelito Systems Limited	Key Management Personnel
		(Holding Co.)	(Associate)	
<b>1)</b>	<b>Sales :</b>			
a)	Goods	101.00	-	
		(1.20)	(-)	(-)
b)	Services	6.34	0.45	
		(0.70)	(0.90)	(-)
<b>2)</b>	<b>Other Income</b>	2.33	-	-
		(1.19)	(-)	(-)
<b>3)</b>	<b>Finance :</b>			
a)	Inter Corporate Loans Repayment (net)	500.00	-	-
		(770.00)	(-)	(-)
b)	Interest Paid/Payable	41.69	-	-
		(120.70)	(-)	(-)
c)	Dividend received	-	2.29	-
		(-)	(6.88)	(-)
<b>3)</b>	<b>Balance Outstanding as at the end of the period.</b>			
a)	Trade Receivables	0.70	-	-
		(0.28)	(-)	(-)
b)	Inter Corporate Loans taken	-	-	-
		(500.00)	(-)	(-)
c)	Interest Accrued, but not due	-	-	-
		(13.25)	(-)	(-)
d)	Other Recoverable	-	-	-
		(-)	(0.28)	(-)
<b>4)</b>	<b>Managerial Remuneration</b>	-	-	202.31
		(-)	(-)	(129.43)

Notes forming part of the Consolidated financial statements

**Note:** 1) Related Party relationship is as identified by the Company and relied upon by the auditors.  
2) Figures in brackets pertain to the previous year.

33. In respect of equipments given on operating leases, no refundable deposits are taken and the lease rentals recognised in the Statement of Profit and Loss for the period included under Sale of Services under Revenue from Operations aggregate to Rs.331.61 Lakhs (Previous Year : Rs.244.43 Lakhs).

34. Earnings per Share (EPS)

Sr. No	Particulars	Eighteen months ended 31 <sup>st</sup> March, 2016	Twelve months ended 30 <sup>th</sup> September, 2014
A)	Weighted Average Number of Equity Shares (Nos.)	22,817,461	22,817,461
B)	Net (Loss) /Profit after Tax available for Equity Shareholders for the period - Total Operations ( Rs. in Lakhs)	(617.78)	192.96
C)	Net (Loss) / Profit after Tax available for Equity Shareholders for the period - Continuing Operations (Rs. in Lakhs)	(154.15)	947.98
D)	Basic and Diluted Earnings (Loss) / Earnings Per Share (Rs.) (Face Value of Rs 10/- share)		
	Total Operations (B/A)	(2.71)	0.85
	Continuing Operations (C/A)	(0.68)	4.15

35. The components of Deferred Tax Assets / (Liabilities)are as under:

A. In respect of the Company

(Rs.in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 30 <sup>th</sup> September, 2014
<b>Deferred Tax Assets relating to</b>		
a) Unpaid Liabilities under Section 43B of the Income Tax Act,1961 *	47.19	112.24
b) Provision for Doubtful debts	*	106.58
c) Voluntary Retirement costs	*	9.02
d) Provision for foreseeable losses	*	94.79
e) Unabsorbed tax depreciation *	-	27.37
<b>Total (A) :</b>	<b>47.19</b>	<b>350.00</b>
<b>Less : Deferred Tax Liability relating to</b>		
On difference between book balance and tax balance of fixed assets	47.19	350.00
<b>Total (B) :</b>	<b>47.19</b>	<b>350.00</b>
<b>Net Deferred Tax Assets / (Liabilities) (A-B)</b>	<b>-</b>	<b>-</b>

A

Notes forming part of the Consolidated financial statements

B. In respect of Subsidiary Company

(Rs.in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2016	As at 30 <sup>th</sup> September, 2014
<b>Deferred Tax Assets relating to</b>		
a) Provision for Doubtful debts	11.68	-
b) Unabsorbed tax depreciation*	40.32	-
<b>Total (A) :</b>	<b>52.00</b>	-
<b>(B) :</b>	-	-
<b>Less: Deferred Tax Liability</b>		
<b>Net Deferred Tax Assets / (Liabilities) (A-B)</b>	<b>52.00</b>	-

\* Considered to the extent that there are compensating timing differences, reversal of which will result in sufficient income against which this can be realized.

36. Contingent Liabilities

(Rs. in Lakhs)

Sr. No	Particulars	As at 31 <sup>st</sup> March, 2016	As at 30 <sup>th</sup> September, 2014
a)	Claims against the company not acknowledged as debt comprises of:		
	i) Excise duty, sales tax and service tax claims disputed by the company relating to issues of applicability and classification	4,393.62	4,490.34
	ii) Other matters (excluding claims where amounts are not ascertainable)	29.28	29.28
b)	Income Tax Demand against the company not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which company is in appeal.	631.33	631.33
	Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities		

37. Disclosure as required by Accounting Standard 29 – “Provisions, Contingent Liabilities and Contingent Assets” as at period end are as follows:

a) Provision for Warranty relates to warranty provision 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.



Notes forming part of the Consolidated financial statements

b) Provision for future losses pertains to certain onerous contracts where the unavoidable costs of meeting the obligations as per the contracts exceed the economic benefits expected to be received from it.

c) The movement and provision during the period are as follows: (Rs. in Lakhs)

Particulars	Warranties		Future foreseeable losses on contracts	
	Eighteen months ended 31 <sup>st</sup> March, 2016	Twelve months ended 30 <sup>th</sup> September, 2014	Eighteen months ended 31 <sup>st</sup> March, 2016	Twelve months ended 30 <sup>th</sup> September, 2014
Opening Balance	310.67	373.82	292.17	282.52
Add: Provision during the period	106.76	162.31	11.81	28.58
Less: Utilisation during the period	84.39	60.31	78.42	-
Less: Reversal during period	106.28	165.15	64.37	18.93
Closing Balance	<b>226.76</b>	<b>310.67</b>	<b>161.19</b>	<b>292.17</b>
Current ( Refer note 10)	226.76	310.67	94.38	82.00
Non-current ( Refer note 6)	-	-	66.81	210.17

38. During the current period, the Company has surrendered its factory license, as the Company does not intend to carry out any manufacturing activity.

39. Capital Commitment (Rs.in Lakhs )

Particulars	As at 31 <sup>st</sup> March, 2016	As at 30 <sup>th</sup> September, 2014
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	122.25	70.04
Other Commitments (in respect of backhaul connectivity charges)	17.55	-

40. The period end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are:

Particulars	Foreign Currency	As at 31 <sup>st</sup> March, 2016	As at 30 <sup>th</sup> September, 2014
Amount in Foreign currency (in Lakhs)			
Receivable	USD	0.19	0.33
Payable	USD	1.13	2.84
	EUR	0.20	0.40
	NOK	0.12	0.12

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Notes forming part of the Consolidated financial statements

Foreign currency exposures in respect of payable that have been hedged by a forward exchange contracts as at the period-end USD 10.63 Lakhs (Previous Year: USD 7.89 Lakhs).

41 In the year 2006, the Company had filed arbitration proceedings against Jawaharlal Nehru Port Trust (JNPT) for enforcement of its claim in respect of the additional work carried out, wrongful deduction of liquidated damages and encashment of bank guarantee by JNPT. The Arbitration award was passed in favour of the Company on 6th February, 2012. The said award, however, was challenged by JNPT in the Hon'ble Bombay High Court which dismissed the plea on 6th February, 2014 and awarded the claim to the Company. JNPT paid Rs. 1,240.90 Lakhs as decretal dues in June quarter 2014.

42 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

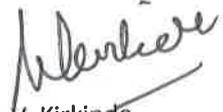
Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or (loss)	
	As % of consolidated net assets	Amount Rs in Lakhs	As % of consolidated profit or (loss)	Amount Rs in Lakhs
Nelco Limited	(208%)	(2,015.19)	(83%)	(512.00)
<b>Subsidiaries</b>				
<b>Indian</b>				
Tatanet Services Ltd	218%	2,110.90	(24%)	(148.39)
<b>Associates (Investment as per the equity method)</b>				
<b>Indian</b>				
Nelito System Ltd	90%	872.27	7%	42.61
<b>Total</b>	<b>100%</b>	<b>967.98</b>	<b>(100%)</b>	<b>(617.78)</b>

43. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosure.

 Signature to Notes forming part of financial statements " 1" to "43"

For and on behalf of the Board

Uday Banerjee  
Chief Financial Officer

  
Girish V. Kirkinde  
Company Secretary

Place: Mumbai  
Date: 04th May, 2016

  
R.R. Bhinge  
Chairman

  
P.J. Nath  
Executive Director & CEO