

28th April 2021

BSE Limited
Corporate Relationship Dept
1st Floor, New Trading Ring
Rotunda Building, P.J. Towers, Fort,
Mumbai – 400 001
BSE : 504112

National Stock Exchange of India Ltd.
5th floor, Exchange Plaza, Plot No.C-1
Block “G” Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

NSE: Nelco EQ

Dear Sirs,

Sub: Outcome of the Board Meeting held on 28th April 2020
Pursuant to Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
Ref : Our letter dated 16th April 2021.

This is to inform you that the Board of Directors of the Company at its meeting held today, 28th April, 2021 have approved and taken on record the Audited Financial Results (Standalone & Consolidated) of the Company for the quarter & year ended 31st March 2021. The same are enclosed alongwith the respective Audit Reports thereon.

Pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015), we hereby declare that in the said Audited Financial Results (Consolidated and Standalone), the Statutory Auditors have not expressed any modified opinion(s) in their Audit Reports.

At the said Meeting, the Board of Directors have recommended a Dividend of Rs. 1.20/- per Equity Share of Rs.10/- each (12%) for the Financial Year 2020-21 subject to the approval of the Shareholders at the ensuing Annual General Meeting.

The Meeting of the Board of Directors of the Company commenced at 5.15 p.m. and concluded at 8.45 p.m.

Yours faithfully,
NELCO Limited



Girish V. Kirkinde
Company Secretary & Head – Legal

Encl: as stated above.

NELCO LIMITED

REGD. OFFICE :- EL-6, TTC INDUSTRIAL AREA, MIDC, ELECTRONIC ZONE, MAHAPE, NAVI MUMBAI - 400 710, CIN: L32200MH1940PLC003164

Statement of Consolidated audited Financial Results for the quarter and year ended March 31, 2021

(Rs. In Lakhs)

Sr.No.	Particulars	3 Months ended	Preceding 3 Months	Corresponding 3 Months	Current year	Previous Year
		31.03.2021	ended 31.12.2020	ended 31.03.2020	ended 31.03.2021	ended 31.03.2020
		Unaudited (Refer note 10)	Unaudited	Unaudited (Refer note 10)	Audited	Audited
1	Income					
	a) Income from Operations	6,483	5,855	6,123	22,612	21,993
	b) Other Income	83	29	36	284	249
	Total Income (a+b)	6,566	5,884	6,159	22,896	22,242
2	Expenses					
	a) Purchase of stock- in-trade	929	793	505	2,889	3,374
	b) Changes in Inventories of stock-in-trade	171	112	175	(86)	(263)
	c) Employee Benefits Expense	946	812	853	3,411	3,361
	d) Finance Cost	192	222	357	953	1,313
	e) Depreciation and amortization expense	589	555	535	2,230	2,002
	f) Transponder Charges	1,305	1,332	1,377	5,493	4,241
	g) Other expenses	1,804	1,658	1,657	6,418	6,303
	Total Expenses	5,936	5,484	5,459	21,308	20,331
3	Profit before exceptional item and tax (1-2)	630	400	700	1,588	1,911
4	Exceptional Item (Refer note 3)	-	-	-	-	115
5	Profit before tax (3+4)	630	400	700	1,588	2,026
6	Tax expense					
	a) Current Tax	293	196	158	597	499
	b) Deferred Tax (net) (Refer note 4)	(111)	(178)	(40)	(245)	89
7	Net Profit for the period/year (5-6)	448	382	582	1,236	1,438
8	Other Comprehensive Income/(expenses)					
	Items that will not be reclassified to Profit or Loss:					
	Remeasurement of post employment benefit obligations (net of tax)	18	7	(6)	28	(31)
9	Total Comprehensive Income for the period/year (7+8)	466	389	576	1,264	1,407
10	Paid up equity share capital (face value Rs.10/- each)	2,282	2,282	2,282	2,282	2,282
11	Other Equity				5,296	4,307
12	Earnings Per Share (Basic and Diluted) (Face value Rs. 10/-each) (not annualised)	1.96	1.67	2.55	5.42	6.30
13	Dividend Per Share (Par Value Rs 10 each)					
	Final Dividend on Equity Shares (in Rs)	-	-	-	1.20	1.20
	Total Equity Dividend percentage (%)	-	-	-	12	12



Notes :-

- 1 The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to
 - (i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following :
 - (a) Integrated Security and Surveillance Solution ('ISSS') business and
 - (b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and
 - (ii) the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme).
The Proposed Scheme has been approved by National Company Law Tribunal ('NCLT') on November 2, 2018 and approval from Department of Telecommunications (DoT) is awaited. Since, the above reorganisation is between the Company (holding company) and its two wholly owned subsidiaries, this has no implication on consolidated financial results of the Company along with its wholly owned subsidiaries.
- 2 NCLT approved the Proposed Scheme on November 2, 2018. As per the NCLT Order, this Scheme is effective only on receiving the written approval from the Department of Telecommunications (DoT) for transfer of licenses. The NCLT Order required the Company to file the Order with the Registrar of Companies (RoC) within 30 days. Upon filing, RoC updated the records to reflect the Scheme as effective and TNSL as "amalgamated" even though DoT approval is awaited. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the scheme with immediate effect. The decision of NCLT is awaited. Pending necessary approvals, the Scheme has not been given effect to in the financial results for the for the quarter and year ended March 31, 2021.
In addition to standalone financial results the board of directors has also approved the consolidated financial results of the Group wherein the results of TNSL are included in the consolidated financial results.
- 3 During the year ended March 31, 2020, the Company sold investments in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year. The resultant gain on sale of investments has been disclosed as an exceptional item in the financial results of the year ended March 31, 2020.
- 4 Deferred tax credit of Rs 178 lakhs recognised for the quarter ended December 31, 2020 includes Rs. 94 lakhs pertains to earlier periods.

(Rs. In Lakhs)

5	Standalone Financial details	3 Months ended	Preceding 3 Months	Corresponding 3	Current year	Previous Year
		31.03.2021	ended 31.12.2020	Months ended	ended 31.03.2021	ended 31.03.2020
		Unaudited	Unaudited	31.03.2020	Audited	Audited
	Income from Continuing Operations	1,041	948	1,017	3,842	3,833
	Profit before Tax- Continuing and Discontinued Operations	274	324	164	884	1,793
	Profit after Tax- Continuing and Discontinued Operations	196	331	169	718	1,368
	Total Comprehensive Income- Continuing and Discontinued Operations	214	338	163	746	1,337

- 6 Based on evaluation of key financial parameters, the Company believes that it operates in only one reportable segment i.e. Network Systems and accordingly the financial results are reported as single reportable segment.



- 7 The Company and its subsidiaries ("the Group") has considered the possible effects that may result from COVID-19 in the preparation of these financial results. The Group continued to provide VSAT connectivity, maintenance services and VSAT equipment on lease. However, the deployment of new VSATs was lower than previous year due to slower economic revival across various sectors and restrictions in movement during the financial year. Considering the revival of economic activity, improvement in customer order flow and based on the information available, the management has evaluated and considered the possible impact of the aforesaid situation on the business of the Group, including adjustment to the financial results. Considering the above and Group's current financial position, there is no material uncertainty on the Group's ability to do business as a going concern and there are no impairment indicators for any of the assets of the Group. The Group continues to monitor any material changes to future economic conditions and they may be different from the estimates made as on the date of the financial results.
- 8 As a part of transition to Goods and Services Tax (GST) in June 2017, the Company and its subsidiary carried forward the Cenvat/Service tax/Sales tax input credit balance as on March 31, 2021 for future set-off against GST payable aggregating to Rs. 116 Lakhs. However, due to technical glitch on the GSTN portal, the Company and its subsidiary could not file the Tran 1 Form within the prescribed period including the extended filing period. The Company and its subsidiary filed a writ petition in the Hon'ble High Court of Bombay for allowing the carry forward of the input credit balances. However, vide its order dated March 20, 2020, the petition was dismissed and the claim of the Company was disallowed. With respect to its subsidiary, the petition is pending for hearing with the Hon'ble High Court of Bombay. In view of the multiple judgements by various High Courts in India on this matter which supports the Company's claim and based on the advice received from independent legal counsel, the Company expects to recover this input credit balance. The Company has filed Special Leave Petition in Hon'ble Supreme Court and which has been admitted by Supreme Court. In view of this, no provision has been made in the books of account against the recoverability of these balances.
- 9 The Audited Standalone and Consolidated financial results for the quarter and year ended March 31, 2021, of the Company are available on the Company's website 'www.nelco.in', Bombay Stock Exchange's website "www.bseindia.com" and National Stock Exchange's website "www.nseindia.com" .
- 10 The figures for the last quarter results are the balancing figures between the audited figures in respect of the full financial year and published year to date figures upto the third quarter of the respective financial year.
- 11 For the financial year ended March 31, 2021, the Board of Directors has recommended a final dividend of Rs. 1.2 (12%) per equity share. The payment is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company
- 12 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 13 Previous period / year figures have been re-grouped or reclassified, to conform to such current period's classification.
- 14 The above results have been prepared in accordance with Indian Accounting Standards ('IND AS') notified under Section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting standard) Rules, 2015 and have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on April 28, 2021.

Place :- Mumbai
Date :- April 28, 2021



For Nelco Limited



R.R. Bhinge

Chairman

DIN :- 00036557

VB



Nelco Limited
Consolidated Statement of Assets and Liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2021 (Audited)	As at March 31, 2020 (Audited)
ASSETS		
Non-current assets		
(a) Property, plant and equipment	8,317	10,580
(b) Capital work-in-progress	406	339
(c) Right-of-use assets	2,264	902
(d) Intangible assets	178	195
(e) Financial assets		
(i) Investments	16	16
(ii) Loans	268	115
(iii) Other financial assets	242	328
(f) Deferred tax assets (net)	737	656
(g) Income tax assets (net)	1,535	2,588
(h) Other non-current assets	721	597
Total non current assets	14,684	16,316
Current assets		
(a) Inventories	1,138	1,052
(b) Financial assets		
(i) Trade receivables	5,814	7,026
(ii) Cash and cash equivalents	916	1,311
(iii) Bank balances other than (ii) above	35	32
(iv) Loans	60	67
(v) Other financial assets	1,625	1,704
(c) Other current assets	347	499
Total current assets	9,935	11,691
TOTAL ASSETS	24,619	28,007
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	2,282	2,282
(b) Other equity		
Reserves and surplus	5,284	4,295
Other reserves	12	12
Total equity	7,578	6,589
LIABILITIES		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	1,514	2,948
(ii) Trade payables	167	-
(iii) Lease liabilities	1,864	626
(iv) Other financial liabilities	-	4
(b) Provisions	307	336
(c) Other non-current liabilities	8	11
Total non-current liabilities	3,860	3,925
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,733	6,853
(ii) Trade payables	3,493	3,772
(iii) Lease liabilities	416	212
(iv) Other financial liabilities	2,870	2,694
(b) Provisions	325	434
(c) Contract liabilities	2,049	2,990
(d) Other current liabilities	295	538
Total current liabilities	13,181	17,493
Total liabilities	17,041	21,418
TOTAL EQUITY AND LIABILITIES	24,619	28,007



JB

Nelco Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2021

(Rs. In Lakhs)

Particulars	Year Ended	Year Ended
	March 31, 2021	March 31, 2020
	Audited	Audited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,588	2,026
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortisation expense	2,230	2,002
Finance Costs	953	1,323
Unrealised mark to market (gain) / loss on forward contracts	(133)	163
Unrealised foreign exchange (gain) / loss (net)	71	(75)
Provision for doubtful debts	189	(4)
Gain on disposal of property, plant and equipment (net)	(28)	(3)
Profit on sale of investment in associate	-	(115)
Unwinding of discount on financial asset measured at amortised cost	(14)	(3)
Interest Income classified as investing cash flow	(4)	(3)
Interest income	(133)	(104)
Amortisation of processing fees	6	8
Operating Profit Before Working Capital Changes	4,725	5,215
Movement in working capital		
- (Increase) / Decrease in trade receivables	1,023	(1,016)
- (Increase) / Decrease in other current assets	152	(89)
- (Increase) / Decrease in other non current assets	(110)	12
- (Increase) / Decrease in financial assets - non current - loans	(153)	(17)
- (Increase) / Decrease in inventories	(86)	(263)
- (Increase) / Decrease in other financial assets - current	48	(547)
- (Increase) / Decrease in other financial assets - non current	86	(43)
- (Increase) / Decrease in financial assets - current - loans	-	(5)
- (Increase) / Decrease in other bank balances	(3)	(3)
- (Decrease) / Increase in trade payables	7	(18)
- (Decrease) / Increase in other financial liabilities - non current	(4)	(3)
- (Decrease) / Increase in other liabilities - non current	(3)	(10)
- (Decrease) / Increase in provisions - non current	(29)	89
- (Decrease) / Increase in other financial liabilities - current	66	83
- (Decrease) / Increase in current contract liabilities	(941)	638
- (Decrease) / Increase in other current liabilities	(243)	287
- (Decrease) / Increase in provisions - current	(109)	(47)
Cash generated from operations	4,426	4,263
- Direct taxes paid (net of refunds)	970	(946)
Net cash flow generated from operating activities (A)	5,396	3,317
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment / intangible assets	(930)	(4,800)
Proceeds from sale of property, plant and equipment / intangible assets	37	11
Interest received	137	107
Proceeds from sale of investment in Associate Company	-	677
Bank Balance not considered as cash and cash equivalents- deposits placed	-	(1)
Net cash (used in) investing activities (B)	(756)	(4,006)



VB

Nelco Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2021

(Rs. In Lakhs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings		
- Receipts	7,816	17,521
- Payments	(12,377)	(15,204)
Proceeds from sales and lease back	1,294	-
Payment of principal portion of lease liabilities	(223)	(192)
Payment of interest portion of lease liabilities	(133)	(91)
Finance costs paid	(808)	(1,184)
Dividend Paid (including dividend distribution tax)	(272)	(403)
Net cash flows (used in) /generated from financing activities (C)	(4,703)	447
Net (Decrease) / increase in Cash & Cash Equivalents [(A)+(B)+(C)]	(63)	(241)
Cash and cash equivalents at the beginning of the year	253	494
Cash and cash equivalents at the end of the year	190	253

Cash and Cash Equivalents Comprise of :	As at March 31, 2021	As at March 31, 2020
a) Balance with scheduled banks in current accounts	506	1,069
b) Cash on Hand	1	1
c) Cheques on Hand	409	241
d) Bank Overdraft	(726)	(1,058)
Total	190	253



Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Nelco Limited

Report on the audit of the Consolidated Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date consolidated financial results of Nelco Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us and based on the financial information referred to in other matter section below, the Statement:

- i. includes the results of the following subsidiaries: (a) Tatanet Services Limited and (b) Nelco Network Products Limited
- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income and other financial information of the Group for the quarter ended March 31, 2021 and for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

- a) Note 2 to the financial results regarding composite scheme of arrangement between the Company, Tatanet Services Limited (TNSL) and Nelco Network Products Limited which was approved by the National Company Law Tribunal ("NCLT") vide its order dated November 2, 2018 (the "Scheme"). As per the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval was not yet obtained. The RoC records were, however, updated to reflect the Scheme as effective and TNSL as "amalgamated" with the Company. Based on legal advice obtained by the Company, the Company has approach NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the



effect of the Scheme with immediate effect. The decision of NCLT is awaited. The scheme will be effect to in the financial results on receipt of all necessary approval.

- b) Note 8 to the financial results regarding the input tax credit balances under the Cenvat/Service tax/Sales tax considered fully recoverable by the management and no provision made against the same in the books based on the legal advice obtained and the special leave petition filed by the Company with the Hon'ble Supreme Court of India against the order passed by the Hon'ble High Court of Bombay disallowing the Company's claim to carry forward these balances on transition to Goods and Services Tax (GST) for future set-off against GST payable. With respect to its subsidiary, the petition is pending for hearing with the Hon'ble High Court of Bombay.

Our conclusion is not modified in respect of these matters.

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive profit and other financial information of the Group in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; 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 Statement 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 Statement by the Directors of the Holding Company, as aforesaid. In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results and the financial information of the entities within the Group of which we are the independent auditors to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Other Matter

The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations. The comparative standalone financial information of the Company for the corresponding quarter March 31, 2020 were reviewed by the predecessor auditor and the consolidated financial statements of the Company for the year ended March 31, 2020, were audited by predecessor auditor who expressed an unmodified opinion on financial information for the corresponding quarter March 31, 2020 on May 16, 2020 and unmodified opinion on financial information for the year ended March 31, 2020 on May 16, 2020.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**VINEET
KEDIA**

Digitally signed by VINEET KEDIA
DN: cn=VINEET KEDIA, c=IN,
o=Personal,
email=vineet.kedia@srb.in
Date: 2021.04.28 18:10:18 +05'30'



per Vineet Kedia

Partner

Membership No.: 212230

UDIN: 21212230AAAAABF9381

Place: Mumbai

Date: April 28, 2021

NELCO LIMITED

REGD. OFFICE :- EL-6, TTC INDUSTRIAL AREA, MIDC, ELECTRONIC ZONE, MAHAPE, NAVI MUMBAI - 400 710, CIN: L32200MH1940PLC003164

Statement of Standalone audited Financial Results for the quarter and year ended March 31, 2021

Rs in Lakhs

Sr.No.	Particulars	3 Months ended	Preceding 3	Corresponding 3	Current Year ended	Previous Year ended
		31.03.2021	Months ended	Months ended	31.03.2021	31.03.2020
		Unaudited	Unaudited	Unaudited	Audited	Audited
		(Refer note 10)		(Refer note 10)		
A	Continuing Operations					
1	Income					
	a) Income from Operations	1,041	948	1,017	3,842	3,833
	b) Other Income	34	7	29	117	231
	Total Income (a+b)	1,075	955	1,046	3,959	4,064
2	Expenses					
	a) Employee Benefits Expense	531	463	465	1,899	1,748
	b) Finance Cost	46	57	108	277	508
	c) Depreciation and amortization expense	8	15	25	52	72
	d) Sub Contracting Expenses	38	38	33	129	107
	e) Other expenses	285	272	283	1,048	1,092
	Total Expenses	908	845	914	3,405	3,527
3	Profit before exceptional item and tax (1-2)	167	110	132	554	537
4	Exceptional Item (Refer note 4)	-	-	-	-	564
5	Profit before tax from continuing operations (3+4)	167	110	132	554	1101
6	Tax expense					
	a) Current Tax	5	42	13	143	144
	b) Deferred Tax (Refer note 2)	126	(126)	(6)	(4)	140
7	Net Profit from Continuing Operations (5-6)	36	194	125	415	817
B	Discontinued Operations (Refer note 1)					
8	Profit before tax from discontinued operations	107	214	32	330	692
9	Tax Expense of discontinued operations					
	a) Current Tax	171	77	(12)	251	141
	b) Deferred Tax (Refer note 2)	(224)	-	-	(224)	-
10	Net Profit from Discontinued Operations (8-9)	160	137	44	303	551
11	Net Profit for the period/year (7+10)	196	331	169	718	1,368
12	Other Comprehensive Income/(expenses)					
	Items that will not be reclassified to Profit or Loss- Continuing Operations (net of tax)	7	3	(7)	13	(22)
	Items that will not be reclassified to Profit or Loss- Discontinued Operations (net of tax)	11	4	1	15	(9)
	Other Comprehensive Income/(expenses)	18	7	(6)	28	(31)
13	Total Comprehensive Income for the period/ year (11+12)	214	338	163	746	1,337
14	Paid up equity share capital (face value Rs.10/- each)	2282	2,282	2,282	2,282	2,282
15	Other Equity				3,326	2,854
16	Earnings Per Share (Basic and Diluted) (Face Value Rs. 10/-each) (not annualised)					
	From Continuing Operations	0.16	0.85	0.55	1.82	3.58
	From Discontinued Operations	0.70	0.60	0.19	1.33	2.41
	From Continuing and Discontinued Operations	0.86	1.45	0.74	3.15	5.99
17	Dividend Per Share (Par Value Rs 10 each)					
	Final Dividend on Equity Shares (in Rs)	-	-	-	1.20	1.20
	Total Equity Dividend percentage (%)	-	-	-	12	12



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Notes :-

- 1 The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to
- (i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following :
- (a) Integrated Security and Surveillance Solution ("ISSS") business and
- (b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and
- (ii) the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme).
The Proposed Scheme has been approved by National Company Law Tribunal ('NCLT') on November 2, 2018 and approval from Department of Telecommunications (DoT) is awaited. Considering the management's intent to transfer the business as noted in (i) above, these businesses/ operations have been classified as discontinued operations in accordance with IND AS 105.
The financial parameters in respect of the activities attributable to the business referred to in (i) above are as follows :

Particulars	Rs in Lakhs				
	3 Months ended 31.03.2021	Preceding 3 Months ended 31.12.2020	Corresponding 3 Months ended 31.03.2020	Current Year ended 31.03.2021	Previous Year ended 31.03.2020
	Unaudited (Refer note 10)	Unaudited	Unaudited (Refer note 10)	Audited	Audited
Income from Operations including other income	3,042	2,781	2,426	9,657	11,322
Expenses	2,935	2,567	2,394	9,327	10,630
Profit before Tax	107	214	32	330	692
Tax Expense					
a) Current Tax	171	77	(12)	251	141
b) Deferred Tax	(224)	-	-	(224)	-

- 2 Deferred tax credit related to continuing operations of Rs 126 lakhs recognised for the quarter ended December 31, 2020 includes deferred tax credit of Rs 94 lakhs pertains to earlier periods. This has been reclassified from continued operations to discontinued operations during the quarter ended March 31, 2021. With effect from current quarter, deferred tax pertaining to discontinued operations has been recognised under tax expense of discontinued operations.
- 3 NCLT approved the Proposed Scheme on November 2, 2018. As per the NCLT Order, this Scheme is effective only on receiving the written approval from the Department of Telecommunications (DoT) for transfer of licenses. The NCLT Order required the Company to file the Order with the Registrar of Companies (RoC) within 30 days. Upon filing, RoC updated the records to reflect the Scheme as effective and TNSL as "amalgamated" even though DoT approval is awaited. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the scheme with immediate effect. The decision of NCLT is awaited. Pending necessary approvals, the Scheme has not been given effect to in the financial results for the quarter and year ended March 31, 2021.
- 4 During the year ended March 31, 2020, the Company sold investments in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year. The resultant gain on sale of investments has been disclosed as an exceptional item in the financial results of the year ended March 31, 2020.
- 5 The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial results. The Company continued to provide VSAT related services. However, the deployment of new VSATs was lower than previous year due to slower economic revival across various sectors and restrictions in movement during the financial year. Considering the revival of economic activity, improvement in customer order flow and based on the information available, the management has evaluated and considered the possible impact of the aforesaid situation on the business of the Company, including adjustment to the financial results. Considering the above and Company's current financial position, there is no material uncertainty on the Company's ability to do business as a going concern and there are no impairment indicators for any of the assets of the company. The Company continues to monitor any material changes to future economic conditions and they may be different from the estimates made as on the date of the financial results.
- 6 As a part of transition to Goods Services Tax (GST) in June 2017, the Company carried forward the Cenvat/Service tax/Sales tax input credit balance of Rs 31 Lakhs as on March 31, 2021 for future set-off against GST payable. However, due to technical glitch on the GSTN portal, the Company could not file the Tran 1 Form within the prescribed period including the extended filing period. The Company filed a writ petition in the Hon'ble High Court of Bombay for allowing the carry forward of the input credit balances. However vide its order dated March 20, 2020, the petition was dismissed and the claim of the Company was disallowed. In view of the multiple judgements by various High Courts in India on this matter which supports the Company's claim and based on the advice received from independent legal counsel, the Company expects to recover this input credit balance. The Company has filed Special Leave Petition in Hon'ble Supreme Court and which is admitted by Supreme Court. In view of this, no provision has been made in the books of account against the recoverability of these balances.



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- 7 Based on evaluation of key financial parameters, the Company believes that it operates in only one reportable segment i.e. Network Systems and accordingly the financial results are reported as single reportable segment.
- 8 For the financial year ended March 31, 2021, the Board of Directors has recommended a final dividend of Rs. 1.20 (12%) per equity share. The payment is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.
- 9 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective
- 10 The figures for the last quarter results are the balancing figures between the audited figures in respect of the full financial year and published year to date figures upto the third quarter of the respective financial year.
- 11 Previous period / year figures have been re-grouped or reclassified, to conform to such current period's classification.
- 12 The above results have been prepared in accordance with Indian Accounting Standards ('IND AS') notified under Section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting standard) Rules, 2015 and have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on April 28, 2021.

Place :- Mumbai
Date :- April 28, 2021



For Nelco Limited



R.R.Bhinge
Chairman
DIN :-00036557

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Nelco Limited
Statement of Assets and Liabilities

(Rs. In Lakhs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	Audited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	197	214
(b) Right-of-use assets	24	24
(c) Intangible assets	3	5
(d) Financial assets		
(i) Investments	507	507
(ii) Loans	1	1
(e) Deferred tax assets (net) {Refer footnote (b)}	247	570
(f) Income tax assets (net)	475	1,398
(g) Other non-current assets	612	470
Total non-current assets	2,066	3,189
Current assets		
(a) Financial assets		
(i) Trade receivables	2,525	1,543
(ii) Cash and cash equivalents	670	561
(iii) Bank balances other than (ii) above	35	32
(iv) Loans	165	625
(v) Other financial assets	-	63
(b) Other current assets	96	113
Assets classified as held for sale {Refer footnote (a) and note 1 of the results}	13,168	14,747
Total current assets	16,659	17,684
TOTAL ASSETS	18,725	20,873
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	2,282	2,282
(b) Other equity		
Reserve and surplus	3,317	2,845
Other reserves	9	9
Total equity	5,608	5,136
LIABILITIES		
Non-current liabilities		
(a) Financial liabilities		
(i) Other financial liabilities	-	4
(b) Provisions	159	178
Total non-current liabilities	159	182
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	1,726	3,734
(ii) Trade payables	342	194
(iii) Other financial liabilities	503	482
(iv) Lease liabilities	-	-
(b) Provisions	175	218
(c) Other current liabilities	158	109
Liabilities directly associated with assets classified as held for sale {Refer footnote (a) and note 1 of the results}	10,054	10,818
Total Current liabilities	12,958	15,555
Total liabilities	13,117	15,737
TOTAL EQUITY AND LIABILITIES	18,725	20,873

(a) In addition to the assets and liabilities of the discontinuing operations as disclosed above, the Company would transfer the cash balance to the extent attributable to the realised profits of discontinuing operations on approval of scheme as the same is currently being maintained together with continuing operations for the Company as a whole.

(b) Deferred tax assets amounting to Rs. 387 lakhs pertaining to discontinued operations has been reclassified to assets classified as held for sale during the year end March 31, 2021.



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Nelco Limited
Standalone Statement of Cash Flows for the year ended March 31, 2021

(Rs in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Audited	Audited
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from		
Continuing operations	554	1,101
Discontinued operations	330	692
Profit before tax	884	1,793
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortisation expense	1,485	1,407
Finance costs	792	1,075
Interest income	(140)	(156)
Profit on sale of property, plant & equipment	(28)	(3)
Profit on sale of investment in associate	-	(564)
Unwinding of discount on financial asset measured at amortised cost	(14)	(3)
Expected credit loss on trade receivables	123	16
Amortisation of processing fees	6	8
Unrealised mark to market (gain) / loss on forward contracts	63	(67)
Unrealised foreign exchange (gain) / loss (net)	(126)	153
Operating profit before working capital changes	3,045	3,659
Movement in working capital		
- (Increase) / decrease in inventories	(86)	(263)
- (Increase) / decrease in trade receivables	29	(1,480)
- (Increase) / decrease in financial assets - current -Loans	-	18
- (Increase) / decrease in financial assets - non-current - Loans	-	(17)
- (Increase) / decrease in other financial assets - current	147	(422)
- (Increase) / decrease in other financial assets - Non Current	(9)	(39)
- (Increase) / decrease in other current assets	57	102
- (Increase) / decrease in other non current assets	(123)	18
- (Decrease) / increase in trade payables	(93)	(43)
- (Decrease) / increase in other financial liabilities - non current	(4)	(3)
- (Decrease) / increase in other liabilities - non current	(3)	(10)
- (Decrease) / increase in provisions - non current	(29)	89
- (Decrease) / increase in other financial liabilities - current	36	80
- (Decrease) / increase in contract liabilities	(122)	(163)
- (Decrease) / increase in other current liabilities	49	(31)
- (Decrease) / increase in provisions - current	(137)	(47)
Cash generated from operations	2,757	1,448
- Direct taxes paid (net of refunds)	759	(359)
Net cash flow generated from operating activities (A)	3,516	1,089



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Nelco Limited
Standalone Statement of Cash Flows for the year ended March 31, 2021

(Rs in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment / intangible assets	(370)	(2,781)
Proceeds from sale of property, plant and equipment / intangible assets	37	11
Interest received	140	156
Proceeds from sale of investment in associate	-	677
Bank Balance not considered as cash and cash equivalents- deposits placed	(3)	(1)
Loans given to related parties	(294)	(1,485)
Repayment of loans by related parties	744	1,382
Net cash flows generated from / (used in) investing activities (B)	254	(2,041)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	7,807	17,061
Repayment of borrowings	(11,469)	(15,014)
Proceeds from sales and lease back	1,280	
Payment of principal portion of lease liabilities	(104)	(101)
Payment of interest portion of lease liabilities	(87)	(36)
Finance costs paid	(708)	(1,039)
Dividend paid (including dividend distribution tax)	(272)	(403)
Net cash flows (used in) /generated from financing activities (C)	(3,553)	468
Net (decrease)/increase in cash & cash equivalents [(A)+(B)+(C)]	217	(484)
Cash and cash equivalents at the beginning of the year	(273)	211
Cash and cash equivalents at the end of the year	(56)	(273)

Note :

1) Reconciliation of cash and cash equivalents as per cash flow statement

Cash and cash equivalents comprise of :	As at March 31, 2021	As at March 31, 2020
a) Balance with scheduled banks in current accounts	300	389
b) Cash on hand	1	1
c) Cheques on hand	369	171
d) Bank overdraft	(726)	(834)
Total	(56)	(273)



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Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Nelco Limited

Report on the audit of the Standalone Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Nelco Limited (the "Company") for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

- a) Note 2 to the financial results regarding composite scheme of arrangement between the Company, Tatanet Services Limited (TNSL) and Nelco Network Products Limited which was approved by the National Company Law Tribunal ("NCLT") vide its order dated November 2, 2018 (the "Scheme"). As per the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval was not yet obtained. The RoC records were, however, updated to reflect the Scheme as effective and TNSL as "amalgamated" with the Company. Based on legal advice obtained by the Company, the Company has approach NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the Scheme with immediate effect. The decision of NCLT is awaited. The scheme will be given effect to in the financial results on receipt of all necessary approval.



- b) Note 6 to the financial results regarding the input tax credit balances under the Cenvat/Service tax/Sales tax considered fully recoverable by the management and no provision made against the same in the books based on the legal advice obtained and the special leave petition filed by the Company with the Hon'ble Supreme Court of India against the order passed by the Hon'ble High Court of Bombay disallowing the Company's claim to carry forward these balances on transition to Goods and Services Tax (GST) for future set-off against GST payable.

Our opinion is not modified in respect of these matters.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations. The comparative standalone financial information of the Company for the corresponding quarter March 31, 2020 were reviewed by the predecessor auditor and the standalone financial statements of the Company for the year ended March 31, 2020, were audited by predecessor auditor who expressed an unmodified opinion on financial information for the corresponding quarter March 31, 2020 on May 16, 2020 and unmodified opinion on financial information for the year ended March 31, 2020 on May 16, 2020

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**VINEET
KEDIA** Digitally signed by VINEET KEDIA
DN: cn=VINEET KEDIA, c=IN,
o=Personal,
email=vineet.kedia@srb.in
Date: 2021.04.28 17:41:20 +05'30'



per Vineet Kedia

Partner

Membership No.: 212230

UDIN: 21212230AAAABD1711

Place: Mumbai

Date: April 28, 2021