

4th November 2020

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

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

BSE Code : 504112

NSE Code : Nelco EQ

Dear Sirs,

Sub: Outcome of Board Meeting

Unaudited Financial Results for the Quarter and Half Year ended 30th September 2020

Further to our letter dated 23rd October 2020, we are submitting: -

- i) Unaudited Standalone Financial Results; and
- ii) Unaudited Consolidated Financial Results

for the quarter and Half Year ended 30th September 2020 which were approved by the Board of Directors of the Company at its meeting held today. The Board meeting commenced at 3.15 pm and concluded at 7.15 pm.

Also enclosed copy each of the Limited Review reports on the aforesaid results.

These are also being made available on the website of the Company at www.nelco.in.

The consolidated results shall be published in one English and one vernacular newspaper as required.

Please take the aforesaid on record.

Thanking you

Yours faithfully,
NELCO Limited



Girish V. Kirkinde
Company Secretary & Head legal
Encl: As above.

Nelco Limited, EL-6, Electronics Zone, MIDC, Mahape,
Navi Mumbai - 400 710, India. Tel: +91 22 6791 8728, 6739 9100
Fax: +91 22 6791 8787 Web: www.nelco.in
CIN No.L32200MH1940PLC003164; Email ID:-services@nelco.in

NELCO LIMITED

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

Statement of Consolidated Unaudited Financial Results for the quarter and half year ended September 30, 2020

(Rs. In Lakhs)

Sr.No.	Particulars	3 Months ended	Preceding 3 Months	Corresponding 3	6 Months ended	6 Months ended	Previous
		30.09.2020	ended 30.06.2020	Months ended	30.09.2020	30.09.2019	Year ended
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	a) Income from Operations	5,322	4,952	5,358	10,274	10,234	21,993
	b) Other Income	92	80	105	172	139	259
	Total Income (a+b)	5,414	5,032	5,463	10,446	10,373	22,252
2	Expenses						
	a) Purchase of stock- in-trade	742	425	1,142	1,167	2,091	3,374
	b) Changes in Inventories of stock-in-trade	(159)	(210)	(92)	(369)	(439)	(263)
	c) Employee Benefits Expense	762	891	827	1,653	1,659	3,361
	d) Finance Cost	245	294	309	539	612	1,323
	e) Depreciation and amortization expense	546	540	500	1,086	957	2,002
	f) Transponder Charges	1,410	1,446	955	2,856	1,822	4,241
	g) Other expenses	1,559	1,397	1,519	2,956	3,035	6,303
	Total Expenses	5,105	4,783	5,160	9,888	9,737	20,341
3	Profit before exceptional item and tax (1-2)	309	249	303	558	636	1,911
4	Exceptional Item (Refer note 3)	-	-	-	-	115	115
5	Profit before tax (3+4)	309	249	303	558	751	2,026
6	Tax expense						
	a) Current Tax	52	56	135	108	267	499
	b) Deferred Tax (net)	35	9	15	44	(7)	89
7	Net Profit for the period (5-6)	222	184	153	406	491	1,438
8	Other Comprehensive Income						
	Items that will not be reclassified to Profit or Loss						
	Remeasurement of post employment benefit obligations (net of tax)	10	(7)	-	3	(34)	(31)
9	Total Comprehensive Income for the period (7+8)	232	177	153	409	457	1,407
10	Paid up equity share capital (face value Rs.10/- each)	2,282	2,282	2,282	2,282	2,282	2,282
11	Other Equity						4,307
12	Earnings Per Share (Basic and Diluted) (Face value Rs. 10/-each) (not annualised)	0.97	0.81	0.67	1.78	2.15	6.30
13	Dividend Per Share (Par Value Rs 10 each)						
	Final Dividend on Equity Shares (in Rs)	1.20	-	1.50	1.20	1.50	1.50
	Total Equity Dividend percentage (%)	12	-	15	12	15	15

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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. 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 half year ended September 30, 2020.
 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 quarter and half year ended September 30, 2019 and year ended March 31, 2020.

(Rs. In Lakhs)

4 Standalone Financial details	3 Months ended 30.09.2020	Preceding 3 Months ended 30.06.2020	Corresponding 3 Months ended 30.09.2019	6 Months ended 30.09.2020	6 Months ended 30.09.2019	Previous Year ended 31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income from Continuing Operations	922	931	919	1,853	1,837	3,833
Profit before Tax- Continuing and Discontinued Operations	230	56	475	286	1,294	1,793
Profit after Tax- Continuing and Discontinued Operations	162	29	308	191	994	1,368
Total Comprehensive Income- Continuing and Discontinued Operations	172	22	308	194	960	1,337

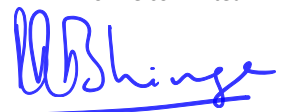
- 5 Based on evaluation of key financial parameters, the Company believes that it operates in only one reportable segment i.e. Network Systems and accordingly the financial results are reported as single reportable segment.

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- 6 The Company and its subsidiaries ("the Group") has considered the possible effects that may result from COVID-19 in the preparation of these interim financial results. The Group continued to provide VSAT connectivity and 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. Considering the revival of economic activity in the current quarter, 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.
- 7 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 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.
- 8 The Unaudited Standalone and Consolidated financial results for the quarter and half year ended September 30, 2020, 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" .
- 9 For the financial year ended 31st March 2020, the Company has paid Dividend of Rs.1.20 (12%) per equity share, which was recommended by the Board and approved by the Shareholders at the AGM held on 13th August 2020.
- 10 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.
- 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 November 4, 2020.

Place :- Mumbai
Date :- November 04, 2020

For Nelco Limited



R.R.Bhinge
Chairman
DIN :- 00036557



Nelco Limited
Consolidated Statement of Assets and Liabilities

(Rs. in Lakhs)

Particulars	As at September 30, 2020 (Unaudited)	As at March 31, 2020 (Audited)
ASSETS		
Non-current assets		
(a) Property, plant and equipment	8,713	10,580
(b) Capital work-in-progress	15	339
(c) Right-of-use assets	2,389	902
(d) Intangible assets	182	195
(e) Financial assets		
(i) Investments	16	16
(ii) Loans	142	41
(iii) Other financial assets	353	328
(f) Deferred tax assets (net)	612	656
(g) Income tax assets (net)	1,914	2,588
(h) Other non-current assets	123	45
Total non current assets	14,459	15,690
Current assets		
(a) Inventories	1,421	1,052
(b) Financial assets		
(i) Trade receivables	6,803	7,026
(ii) Cash and cash equivalents	988	1,311
(iii) Bank balances other than (ii) above	32	32
(iv) Loans	162	141
(v) Other financial assets	1,467	1,704
(c) Other current assets	1,094	1,051
Total current assets	11,967	12,317
TOTAL ASSETS	26,426	28,007
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	2,282	2,282
(b) Other equity		
Reserves and surplus	4,430	4,295
Other reserves	12	12
Total equity	6,724	6,589
LIABILITIES		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	2,222	2,948
(ii) Trade payables	167	-
(iii) Lease liabilities	2,022	626
(iv) Other financial liabilities	3	4
(b) Provisions	465	580
(c) Other non-current liabilities	7	11
(d) Deferred tax liabilities (net)	-	-
Total non-current liabilities	4,886	4,169
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,496	6,853
(ii) Trade payables	4,319	3,772
(iii) Lease liabilities	433	212
(iv) Other financial liabilities	2,035	2,694
(b) Provisions	168	190
(c) Contract liabilities	3,751	2,990
(d) Other current liabilities	614	538
Total current liabilities	14,816	17,249
Total liabilities	19,702	21,418
TOTAL EQUITY AND LIABILITIES	26,426	28,007

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Nelco Limited
Consolidated Statement of Cash Flow

(Rs. In Lakhs)

Particulars	Six months ended	Six months ended
	September 30, 2020	September 30, 2019
	Unaudited	Unaudited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax	558	751
Adjustments for:		
Depreciation and amortisation expense	1,086	957
Finance Costs	539	612
Unrealised foreign exchange (gain) / loss	(129)	54
Unrealised mark to market (gain) / loss	72	-
Provision for doubtful debts	50	-
Gain on disposal of property, plant and equipment (net)	(33)	(5)
Profit on sale of investment in associate	-	(115)
Unwinding of discount on financial asset measured at amortised cost	(5)	-
Interest Income classified as investing cash flow	(2)	(26)
Interest income	(80)	-
Remeasurement of post employment benefit obligations	-	(34)
Amortisation of processing fees	-	4
Operating Profit Before Working Capital Changes	2,056	2,198
Adjustments For Changes In Working Capital:		
Movements in Assets		
- (Increase) / Decrease in trade receivables	173	(645)
- (Increase) / Decrease in other current assets	(43)	(90)
- (Increase) / Decrease in other non current assets	(73)	14
- (Increase) / Decrease in inventories	(369)	(439)
- (Increase) / Decrease in other financial assets - current	216	(384)
- (Increase) / Decrease in other financial assets - non current	(126)	(75)
- (Increase) / Decrease in other bank balances	-	(4)
Movements in Liabilities		
- (Decrease) / Increase in trade payables	757	(289)
- (Decrease) / Increase in other financial liabilities - non current	(1)	(3)
- (Decrease) / Increase in other liabilities - non current	(4)	(5)
- (Decrease) / Increase in provisions - non current	(115)	81
- (Decrease) / Increase in other financial liabilities - current	(313)	(315)
- (Decrease) / Increase in current contract liabilities	761	(145)
- (Decrease) / Increase in other current liabilities	76	79
- (Decrease) / Increase in provisions - current	(22)	(34)
Cash generated from operations	2,973	(56)
- Taxes Paid (Net of refunds)	566	(246)
Net cash generated from operating activities (A)	3,539	(302)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment / intangible assets	(476)	(2,283)
Proceeds from sale of property, plant and equipment / intangible assets	33	5
Interest received	82	25
Proceeds from sale of investment in Associate Company	-	677
Net cash (used in) investing activities (B)	(361)	(1,576)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings		
- Receipts	3,812	3,701
- Payments	(6,828)	(1,819)
Proceeds from sales and lease back	1,549	-
Finance lease payments	-	(92)
Principal payment of lease liabilities	(168)	(51)
Interest payment of lease liabilities	(38)	-
Finance costs paid	(495)	(564)
Dividend Paid (including divided distribution tax)	(275)	(398)
Net cash generated from financing activities (C)	(2,443)	777
Net (Decrease) / Increase in Cash & Cash Equivalents [(A)+(B)+(C)]	735	(1,101)
Cash and Cash Equivalents at the beginning of the period	253	494
Cash and Cash Equivalents at the end of the period	988	(607)

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

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Nelco Limited (the "Holding Company" or "the Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended September 30, 2020 and year to date from April 1, 2020 to September 30, 2020 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. The Statement includes the results of the following subsidiaries: (a) Tatanet Services Limited and (b) Nelco Network Products Limited
5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw your attention to the following
 - 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 it 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 7 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

7. The comparative consolidated financial information of the Company for the quarter June 30, 2020 and corresponding quarter September 30, 2019 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 modified opinion on financial information for the quarter June 30, 2020 on July 31, 2020 and corresponding quarter September 30, 2019 on October 23, 2019 and modified 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**

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o=Personal,
email=vineet.kedia@srb.in
Date: 2020.11.04 13:28:15 +05'30'

per Vineet Kedia
Partner

Membership No.: 212230

UDIN: 20212230AAAABT7221



Place: Mumbai

Date: November 4, 2020

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NELCO LIMITED

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

Statement of Standalone Unaudited Financial Results for the quarter and half year ended September 30, 2020

Rs in Lakhs

Sr.No.	Particulars	3 Months ended 30.09.20	Preceding 3 Months ended 30.06.2020	Corresponding 3 Months ended 30.09.2019	6 Months ended 30.09.2020	6 Months ended 30.09.2019	Previous Year ended 31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
A	Continuing Operations						
1	Income						
	a) Income from Operations	922	931	919	1,853	1,837	3,833
	b) Other Income	41	35	96	76	134	241
	Total Income (a+b)	963	966	1,015	1,929	1,971	4,074
2	Expenses						
	a) Employee Benefits Expense	405	500	429	905	836	1,748
	b) Finance Cost	77	97	127	174	242	508
	c) Depreciation and amortization expense	14	15	20	29	33	72
	d) Sub Contracting Expenses	28	25	24	53	49	107
	e) Other expenses	279	212	236	491	527	1,092
	Total Expenses	803	849	836	1,652	1,687	3,527
3	Profit before exceptional item and tax (1-2)	160	117	179	277	284	547
4	Exceptional Item (Refer note 3)	-	-	-	-	564	564
5	Profit before tax from continuing operations (3+4)	160	117	179	277	848	1111
6	Tax expense						
	a) Current Tax	86	10	58	96	125	144
	b) Deferred Tax	(21)	17	12	(4)	33	140
7	Net Profit from Continuing Operations (5-6)	95	90	109	185	690	827
B	Discontinued Operations (Refer note 1)						
8	Profit / (Loss) before tax from discontinued operations	70	(61)	296	9	446	682
9	Tax Expense of discontinued operations	3	-	97	3	142	141
10	Profit / (Loss) after tax from Discontinued Operations (8-9)	67	(61)	199	6	304	541
11	Net Profit for the period (7+10)	162	29	308	191	994	1,368
12	Other Comprehensive Income						
	Items that will not be reclassified to Profit or Loss- Continuing Operations (net of tax)	5	(2)	-	3	(21)	(22)
	Items that will not be reclassified to Profit or Loss- Discontinued Operations (net of tax)	5	(5)	-	-	(13)	(9)
	Other Comprehensive Income	10	(7)	-	3	(34)	(31)
13	Total Comprehensive Income for the period (11+12)	172	22	308	194	960	1,337
14	Paid up equity share capital (face value Rs.10/- each)	2,282	2,282	2,282	2,282	2,282	2,282
15	Other Equity						2,854
16	Earnings Per Share (Basic and Diluted) (Face Value Rs. 10/-each) (not annualised)						
	From Continuing Operations	0.42	0.39	0.48	0.81	3.02	3.63
	From Discontinued Operations	0.29	(0.27)	0.87	0.03	1.33	2.37
	From Continuing and Discontinued Operations	0.71	0.12	1.35	0.84	4.35	6.00
17	Dividend Per Share (Par Value Rs 10 each)						
	Final Dividend on Equity Shares (in Rs)	1.20	-	1.50	1.20	1.50	1.50
	Total Equity Dividend percentage (%)	12	-	15	12	15	15

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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
- 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 :
 - Integrated Security and Surveillance Solution ("ISSS") business and
 - 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
 - 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	3 Months ended	Preceding 3 Months	Corresponding 3	6 months ended	6 months ended	Rs in Lakhs
	30.09.20	ended 30.06.2020	Months ended	30.09.2020	30.09.2019	Previous Year
	Unaudited	Unaudited	30.09.2019	Unaudited	Unaudited	ended 31.03.2020
			Unaudited			Audited
Income from Operations including other income	2,220	1,614	3,076	3,834	5,465	11,322
Expenses	2,150	1,675	2,780	3,825	5,019	10,640
Profit/(Loss) before Tax	70	(61)	296	9	446	682
Tax Expense	3	-	97	3	142	141

- 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 quarter and half year ended September 30, 2020.
- 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 half year and quarter ended September 30, 2019 and year ended March 31, 2020.
- 4 The Company has considered the possible effects that may result from COVID-19 in the preparation of these interim 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 in the past six months. Considering the revival of economic activity in the current quarter, 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.
- 5 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 September 30, 2020 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.
- 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 For the financial year ended 31st March 2020, the Company has paid Dividend of Rs.1.20 (12%) per equity share, which was recommended by the Board and approved by the Shareholders at the AGM held on 13th August 2020.
- 8 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.
- 9 Previous period / year figures have been re-grouped or reclassified, to conform to such current period's classification.
- 10 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 November 04, 2020.

For Nelco Limited


R.R. Bhinge
 Chairman
 DIN :-00036557

Place :- Mumbai
 Date :- November 04, 2020

VB

Nelco Limited
Statement of Assets and Liabilities

(Rs. In Lakhs)

Particulars	As at	As at
	September 30, 2020	March 31, 2020
	Unaudited	Audited
ASSETS		
Non-current assets		
(a) Property, plant and equipment	192	214
(b) Right-of-use assets	24	24
(c) Intangible assets	2	5
(d) Financial assets		
(i) Investments	507	507
(ii) Loans	1	1
(e) Deferred tax assets (net)	525	570
(f) Income tax assets (net)	931	1,398
(g) Other non-current assets	2	3
Total non-current assets	2,184	2,722
Current assets		
(a) Financial assets		
(i) Trade receivables	1,914	1,543
(ii) Cash and cash equivalents	653	561
(iii) Bank balances other than (ii) above	32	32
(iv) Loans	149	625
(v) Other financial assets	-	63
(b) Other current assets	625	580
Assets classified as held for sale* (Refer note 1)	13,162	14,747
Total current assets	16,535	18,151
TOTAL ASSETS	18,719	20,873
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	2,282	2,282
(b) Other equity		
Reserve and surplus	2,765	2,845
Other reserves	9	9
Total equity	5,056	5,136
LIABILITIES		
Non-current liabilities		
(a) Financial liabilities		
(i) Other financial liabilities	3	4
(b) Provisions	218	308
Total non-current liabilities	221	312
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	2,500	3,734
(ii) Trade payables	327	194
(iii) Other financial liabilities	260	482
(b) Provisions	79	88
(c) Other current liabilities	136	109
Liabilities directly associated with assets classified as held for sale (Refer note 1)	10,140	10,818
Total Current liabilities	13,442	15,425
Total liabilities	13,663	15,737
TOTAL EQUITY AND LIABILITIES	18,719	20,873

*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.

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Nelco Limited
Standalone Statement of Cash Flow



(Rs in Lakhs)

Particulars	Six months ended September 30, 2020	Six months ended September 30, 2019
	Unaudited	Unaudited
A. CASH FLOW FROM OPERATING ACTIVITIES		
<u>Profit before tax from</u>		
Continuing operations	277	848
Discontinued operations	9	446
Profit before income tax including discontinued operations	286	1,294
Adjustments for:		
Depreciation and amortisation expense	721	686
Finance costs	446	510
Interest income	(82)	51
Profit on sale of property, plant & equipment	(33)	(4)
Profit on sale of investment in associate	-	(564)
Unwinding of discount on financial asset measured at amortised cost	(5)	(1)
Expected credit loss on trade receivables	6	(15)
Remeasurement of post employment benefit obligations	-	(34)
Amortisation of processing fees	4	4
Unrealised mark to market (gain) / loss on forward contracts	64	-
Unrealised foreign exchange (gain) / loss	(120)	44
Operating profit before working capital changes	1,287	1,971
Adjustments for changes in working capital:		
Movements in assets		
- (Increase) / Decrease in inventories	(369)	(439)
- (Increase) / Decrease in trade receivables	1,149	(880)
- (Increase) / Decrease in other financial assets - current	707	(302)
- (Increase) / Decrease in other financial assets - Non Current	(597)	(46)
- (Increase) / Decrease in other current assets	(36)	6
- (Increase) / Decrease in other non current assets	(79)	13
Movements in liabilities		
- (Decrease) / Increase in trade payables	126	(161)
- (Decrease) / Increase in other financial liabilities - non current	(1)	(3)
- (Decrease) / Increase in other liabilities - non current	(4)	(5)
- (Decrease) / Increase in provisions - non current	(115)	81
- (Decrease) / Increase in other financial liabilities - current	(387)	(316)
- (Decrease) / Increase in contract liabilities	200	23
- (Decrease) / Increase in other current liabilities	27	(43)
- (Decrease) / Increase in provisions - current	(19)	(34)
Cash generated from operations	1,889	(135)
- Taxes Paid (net of refunds)	417	89
Net cash generated from operating activities (A)	2,306	(46)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment / Intangible assets	(186)	(1,969)
Proceeds from sale of property, plant and equipment / Intangible assets	33	4
Interest received	82	(51)
Proceeds from sale of investment in associate	-	677
Bank Balance not considered as cash and cash equivalents- deposits placed	-	(4)
Loans given to related parties	(33)	(520)
Repayment of loans by related parties	509	615
Net cash (used in) investing activities (B)	405	(1,248)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	3,806	3,123
Repayment of borrowings	(6,300)	(1,705)
Proceeds from sales and lease back	1,548	-
Principal payment of lease liabilities	(118)	(49)
Interest payment of lease liabilities	(14)	-
Finance costs paid	(432)	(513)
Dividend paid (including dividend distribution tax)	(275)	(398)
Net cash generated from financing activities (C)	(1,785)	458
Net (decrease)/Increase in cash & cash equivalents [(A)+(B)+(C)]	926	(836)
Cash and cash equivalents at the beginning of the period	(273)	211
Cash and cash equivalents at the end of the period	653	(625)

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Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Nelco Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Nelco Limited (the "Company") for the quarter ended September 30, 2020 and year to date from April 1, 2020 to September 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw your attention to the following:
 - 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 it 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.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- b) Note 5 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 conclusion is not modified in respect of these matters

6. The comparative standalone financial information of the Company for the quarter June 30, 2020 and corresponding quarter September 30, 2019 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 modified opinion on financial information for the quarter June 30, 2020 on July 31, 2020 and corresponding quarter September 30, 2019 on October 23, 2019 and modified 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: 2020.11.04 13:26:11 +05'30'

per Vineet Kedia

Partner

Membership No.: 212230

UDIN: 20212230AAAABS1753



Place: Mumbai

Date: November 4, 2020