

16<sup>th</sup> May 2020

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

National Stock Exchange of India Ltd.  
5<sup>th</sup> 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 16<sup>th</sup> May 2020  
Pursuant to Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015  
Ref : Our letter dated 12<sup>th</sup> May 2020.

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This is to inform you that the Board of Directors of the Company at its meeting held today, 16<sup>th</sup> May, 2020 have approved and taken on record the Audited Financial Results (Standalone & Consolidated) of the Company for the quarter & year ended 31<sup>st</sup> March 2020. 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.

In accordance with the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 read with Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020 granting relaxation from the provisions of Regulation 47 of the SEBI Regulations, the financial results will not be advertised in the newspapers. However, the same will be available on Company's website [www.nelco.in](http://www.nelco.in).

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 2019-20 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 3.30 p.m. and concluded at 7.30 p.m.

Yours faithfully,  
NELCO Limited

Girish V. Kirkinde  
Company Secretary & Head – Legal

Encl: as stated above.

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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

Part-I

**Statement of Consolidated Financial Results for the quarter and year ended March 31, 2020**

(Rs. In Lakhs)

Sr.No.	Particulars	3 Months ended	Preceding 3 Months	Corresponding 3	Current	Previous
		31.03.2020	ended 31.12.2019	Months ended	Year ended	Year ended 31.03.2019
		Unaudited	Unaudited	Unaudited	Audited	Audited
		(Refer note 10)		(Refer note 10)		
<b>1</b>	<b>Income</b>					
	a) Income from Operations	6,123	5,636	5,151	21,993	19,101
	b) Other Income	46	74	101	259	428
	<b>Total Income (a+b)</b>	<b>6,169</b>	<b>5,710</b>	<b>5,252</b>	<b>22,252</b>	<b>19,529</b>
<b>2</b>	<b>Expenses</b>					
	a) Purchase of stock- in-trade	505	778	458	3,374	3,297
	b) Changes in Inventories of stock-in-trade	175	1	324	(263)	98
	c) Employee Benefits Expense	853	849	756	3,361	2,779
	d) Finance Cost	367	344	227	1,323	738
	e) Depreciation and amortization expense	535	510	386	2,002	1,296
	f) Transponder Charges	1,377	1,042	903	4,241	3,469
	g) Other expenses	1,657	1,611	1,595	6,303	5,859
	<b>Total Expenses</b>	<b>5,469</b>	<b>5,135</b>	<b>4,649</b>	<b>20,341</b>	<b>17,536</b>
<b>3</b>	<b>Add:- Share of Profit of Associate accounted for using equity method</b>	-	-	-	-	9
<b>4</b>	<b>Profit before exceptional item and tax (1-2+3)</b>	<b>700</b>	<b>575</b>	<b>603</b>	<b>1,911</b>	<b>2,002</b>
<b>5</b>	<b>Exceptional item ( Refer note 3)</b>	-	-	-	115	-
<b>6</b>	<b>Profit before Tax (4+5)</b>	<b>700</b>	<b>575</b>	<b>603</b>	<b>2,026</b>	<b>2,002</b>
<b>7</b>	<b>Tax expense</b>					
	a) Current Tax	158	74	202	499	596
	b) Deferred Tax (net)	(40)	136	(26)	89	(823)
<b>8</b>	<b>Net Profit for the period (6-7)</b>	<b>582</b>	<b>365</b>	<b>427</b>	<b>1,438</b>	<b>2,229</b>
<b>9</b>	<b>Other Comprehensive Income</b>					
	Items that will not be reclassified to Profit or Loss					
	Remeasurement of post employment benefit obligations	(6)	9	1	(31)	(21)
	Share of other comprehensive income of Associate accounted for using equity method	-	-	-	-	(1)
<b>10</b>	<b>Total Comprehensive Income for the period (8+9)</b>	<b>576</b>	<b>374</b>	<b>428</b>	<b>1,407</b>	<b>2,207</b>
<b>11</b>	<b>Paid up equity share capital ( face value Rs.10/- each)</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>
<b>12</b>	<b>Other Equity</b>				<b>4,307</b>	<b>3,302</b>
<b>13</b>	<b>Earnings Per Share (Basic and Diluted) (Face value Rs. 10/-each) (not annualised)</b>	<b>2.55</b>	<b>1.60</b>	<b>1.87</b>	<b>6.30</b>	<b>9.77</b>
<b>14</b>	<b>Dividend Per Share ( Par Value Rs 10 each )</b>					
	Final Dividend on Equity Shares ( in Rs)	-	-	-	1.50	-
	Total Equity Dividend percentage (%)	-	-	-	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 or consolidated financial position 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 year ended March 31, 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 quarter ended June 30, 2019.
- 4 The Company and its subsidiaries has adopted Ind AS 116 "Leases", effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, using the modified retrospective approach and comparative information is not restated. Accordingly in the current year, the Group has recognised right-of-use assets of Rs. 1090 lakhs and lease liabilities of Rs. 1018 lakhs on the transition date. Accordingly, the expenses of the nature of lease rentals classified under Other expenses in previous year has changed to depreciation cost for the right-of-use asset and finance cost for interest accrued. The net effect of this adoption is insignificant on the profit for the year and earnings per share.

Standalone Financial details	3 Months ended 31.03.2020	Preceding 3 Months ended 31.12.2019	Corresponding 3 Months ended 31.03.2019	Current Year ended 31.03.2020	Previous Year ended 31.03.2019
	Unaudited (Refer note 10)	Unaudited	Unaudited (Refer note 10)	Audited	Audited
Income from Continuing Operations	1,017	979	880	3,833	3,357
Profit before Tax- Continuing and Discontinued Operations	164	335	252	1,793	1,348
Profit after Tax- Continuing and Discontinued Operations	169	205	180	1,368	1,772
Total Comprehensive Income- Continuing and Discontinued Operations	163	214	180	1,337	1,751



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- 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 for the year ended March 31, 2020. Consequently, prior period comparatives have been modified to conform to current period's presentation.
- 7 The outbreak of Coronavirus (COVID-19) pandemic has profoundly impacted the economies across the Globe including India. In order to contain the spread of COVID-19, the Central Government of India as well as the various State Governments ordered complete lock-down including restrictions on domestic and international travels. During this period the Company and its subsidiaries ("the Group") continued to provide VSAT connectivity services and VSAT equipment on lease as it is considered as an essential service being part of "Telecommunication, Internet Services, Broadcasting and cable services", with relevant permissions from the relevant authorities. The Deployment of new VSATs however were minimal due to most of the customers offices being closed and restrictions in movement, which is likely to pick up momentum as the lockdown gets relaxed and the economic activities revive.

The Group continues to monitor the impact of the global pandemic in future and it may be different from the estimates made as on the date of financial statements. Based on the information available on the date of approval of these financial statements, the management has evaluated the impact of the aforesaid situation on the business of the Group, financial risks including credit risks and liquidity risks. Considering that the Group's revenue consists of recurring annual service contracts, sales orders in hand, liquidity position at year end and available approved credit limits, the management is of the opinion that 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 asset disclosed in the financial results.

- 8 As a part of transition to Goods 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. 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 will be filing Special Leave Petition in Hon'ble Supreme Court as soon as the lockdown is over and the Supreme Court commences admitting of the petitions. 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, 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" .
- 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, 2020, 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
- 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 May 16, 2020.

Place :- Mumbai  
Date :- May 16, 2020



For Nelco Limited

*R.R. Bhinge*

R.R. Bhinge

Chairman  
DIN :- 00036557

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Nelco Limited

Consolidated Statement of Cash Flow for the year ended March 31, 2020

(Rs. In Lakhs)

Particulars	Year Ended March 31, 2020 (Audited)	Year Ended March 31, 2019 (Audited)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for Purchase of Property, Plant and Equipment / Intangible Assets	(4,800)	(5,339)
Proceeds from Sale of Property, Plant and Equipment / Intangible Assets	11	680
Interest Received	107	201
Proceeds from sale of investment in Associate Company	677	-
Bank balances not considered as Cash and cash equivalents		
Fixed deposits placed	-1	(16)
Dividend From associate	-	6
<b>Net cash (used in) investing activities (B)</b>	<b>(4,006)</b>	<b>(4,468)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings		
- Receipts	17,521	18,544
- Payments	(15,204)	(15,229)
Finance lease payments		(75)
Principal payment of lease liabilities	(192)	-
Interest payment of lease liabilities	(91)	-
Finance costs paid	(1,184)	(738)
Dividend Paid	(403)	-
<b>Net cash generated / (used in) financing activities (C)</b>	<b>447</b>	<b>2,502</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents [(A)+(B)+(C)]</b>	<b>(241)</b>	<b>156</b>
Cash and Cash Equivalents as at April 1, 2019	494	338
<b>Cash and Cash Equivalents as at March 30, 2020</b>	<b>253</b>	<b>494</b>

Reconciliation of cash and cash equivalents as per cash flow statement

Cash and Cash Equivalents Comprise of :	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)
Cash and Cash Equivalents Comprise of :		
Balance with Scheduled Banks in Current Accounts	1,069	422
Cash on Hand	1	1
Cheques on Hand	241	125
Bank Overdraft	(1,058)	(54)
<b>Total</b>	<b>253</b>	<b>494</b>



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Nelco Limited  
Consolidated Statement of Cash Flow for the year ended March 31, 2020

(Rs. In Lakhs)

Particulars	Year Ended March 31, 2020 (Audited)	Year Ended March 31, 2019 (Audited)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before income tax	2,026	2,002
Profit before income tax	2,026	2,002
Adjustments for:		
Depreciation and amortisation expense	2,002	1,296
Finance Costs	1,323	738
Unrealised foreign exchange (gain) / loss	163	(7)
Unrealised mark to market (gain) / loss	(75)	-
Provision for doubtful debts	(4)	(32)
Bad debts written off	70	72
Provision for warranty (net)	-	26
Liabilities/Provisions no longer required, written back	-	(69)
Provision for foreseeable losses written back	-	(10)
Gain on disposal of property, plant and equipment (net)	(3)	(6)
Profit on sale of investment in associate	(115)	-
Unwinding of discount on financial asset measured at amortised cost	(3)	(57)
Interest income classified as investing cash flow	(3)	(22)
Interest income	(104)	(179)
Amortisation of processing fees	8	-
Share of net profit of associate accounted for using the equity method	-	(9)
<b>Operating Profit Before Working Capital Changes</b>	<b>5,285</b>	<b>3,743</b>
<b>Adjustments For Changes In Working Capital:</b>		
<b>Movements in Assets</b>		
- (Increase) / Decrease in Trade receivables	(1,086)	(340)
- (Increase) / Decrease in Other Current Assets	(89)	(539)
- (Increase) / Decrease in Other Non Current Assets	12	(46)
- (Increase) / Decrease in Financial Assets - Non Current - Loans	(17)	5
- (Increase) / Decrease in Inventories	(263)	98
- (Increase) / Decrease Other Financial Assets - Current	(547)	(849)
- (Increase) / Decrease in Other Financial Assets - Non Current	(43)	(269)
- (Increase) / Decrease in Financial Assets - Current - Loans	(5)	28
- (Increase) / Decrease in Other Bank Balances	(3)	(1)
<b>Movements in Liabilities</b>		
- (Decrease) / Increase in Trade Payables	(18)	495
- (Decrease) / Increase in Other Financial Liabilities - Non Current	(3)	(3)
- (Decrease) / Increase in Other Liabilities - Non Current	(10)	(9)
- (Decrease) / Increase in Provisions - Non Current	89	70
- (Decrease) / Increase in Other Financial Liabilities - Current	83	136
- (Decrease) / Increase in current Contract Liabilities	638	2,352
- (Decrease) / Increase in Other current liabilities	287	(2,324)
- (Decrease) / Increase in Provisions - Current	(47)	(12)
<b>Cash generated from operations</b>	<b>4,263</b>	<b>2,535</b>
- Taxes Paid (Net of refunds)	(946)	(413)
<b>Net cash (used in) generated from operating activities (A)</b>	<b>3,317</b>	<b>2,122</b>



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**Nelco Limited**  
**Consolidated Statement of Assets and Liabilities as at March 31, 2020**

(Rs. in Lakhs)

Particulars	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	10,580	8,426
(b) Capital work-in-progress	339	1,650
(c) Right-of-use assets	902	-
(d) Intangible assets	195	182
(e) Financial assets		
(i) Investments	16	16
(ii) Loans	41	24
(iii) Other financial assets	328	285
(f) Deferred tax assets (net)	656	745
(g) Income tax assets (net)	2,588	2,141
(h) Other non-current assets	45	54
<b>Total non current assets</b>	<b>15,690</b>	<b>13,593</b>
<b>Current assets</b>		
(a) Inventories	1,052	789
(b) Financial assets		
(i) Trade receivables	7,026	5,997
(ii) Cash and cash equivalents	1,311	548
(iii) Bank balances other than (ii) above	32	29
(iv) Loans	141	136
(v) Other financial assets	1,704	1,119
(c) Other current assets	1,051	962
Assets classified as held for sale	-	562
<b>Total current assets</b>	<b>12,317</b>	<b>10,142</b>
<b>TOTAL ASSETS</b>	<b>28,007</b>	<b>23,735</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	2,282	2,282
(b) Other equity		
Reserves and surplus	4,295	3,290
Other reserves	12	12
<b>Total equity</b>	<b>6,589</b>	<b>5,584</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	2,948	3,385
(ii) Lease liabilities	626	-
(ii) Other financial liabilities	4	7
(b) Provisions	580	491
(c) Other non-current liabilities	11	21
<b>Total non-current liabilities</b>	<b>4,169</b>	<b>3,904</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	6,853	3,406
(ii) Trade payables	3,772	3,633
(iii) Lease liabilities	212	-
(iv) Other financial liabilities	2,694	4,399
(b) Provisions	190	206
(c) Contract liabilities	2,990	2,352
(d) Other current liabilities	538	251
<b>Total current liabilities</b>	<b>17,249</b>	<b>14,247</b>
<b>Total liabilities</b>	<b>21,418</b>	<b>18,151</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,007</b>	<b>23,735</b>



# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nelco Limited

### Report on the Audit of Consolidated Financial Results

#### Opinion

1. We have audited the consolidated annual financial results of Nelco Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate company for the year ended March 31, 2020 and the consolidated statement of assets and liabilities and the consolidated statement of cash flows as at and for the year ended on that date including the notes thereon (together referred to as the "consolidated financial results"), 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').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial results:
  - (i) include the annual financial results of the following entities:
    - Tatanet Services Limited (Subsidiary Company)
    - Nelco Network Products Limited (Subsidiary Company)
    - Nelito Systems Limited (Associate Company upto May 29, 2019)
  - (ii) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
  - (iii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Group and its associate company for the year ended March 31, 2020 and the consolidated statement of assets and liabilities and the consolidated statement of cash flows as at and for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. 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 and its associate 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.

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)



# Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT  
To the Board of Directors of Nelco Limited  
Report on the Consolidated Financial Results  
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## Emphasis of Matter

4. We draw your attention to the following :

- a. Note 2 to the consolidated 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, 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. The Scheme will be given effect to in the financial statements on receipt of all necessary approvals.
- b. Note 7 to the consolidated financial results which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Group. The management believes that no adjustments are required in the consolidated financial results as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.
- c. Note 8 to the consolidated 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 proposed to be filed by the Holding Company with the Hon'ble Supreme Court of India against the order passed by the Hon'ble High Court of Bombay disallowing the Holding 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.

## Board of Directors' Responsibilities for the Consolidated Financial Results

5. These Consolidated financial results have 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 these consolidated financial results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group including its associate company and the consolidated statement of assets and liabilities and the consolidated statement of cash flows in accordance with the recognition and measurement principles laid down in the Indian 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



# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nelco Limited

Report on the Consolidated Financial Results

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Directors of the companies included in the Group and of its associate company 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 its associate 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

6. In preparing the consolidated financial results, 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.
7. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for overseeing the financial reporting process of the Group and of its associate company.

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

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are 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 these consolidated financial results.
9. 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 consolidated financial results, 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. (Refer paragraph 13 below)



# Price Waterhouse Chartered Accountants LLP

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- 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 consolidated 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 Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group and financial information of its associate company to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors.
10. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results 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.
11. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

## Other Matters

12. The consolidated financial results include the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are neither subject to limited review nor audited by us.

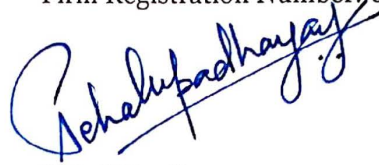


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13. The consolidated financial results dealt with by this report have been prepared for the express purpose of filing with stock exchanges on which the Company's shares are listed. These results are based on and should be read with the audited consolidated financial statements of the group and its associate company for the year ended March 31, 2020 on which we have issued an unmodified audit opinion vide our report dated May 16, 2020.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016



Nehal Upadhayay  
Partner  
Membership Number: 115872  
UDIN: 20115872AAAACB4766

Mumbai  
May 16, 2020

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

Part-I

Statement of Standalone Financial Results for the quarter and year ended March 31, 2020

(Rs in Lakhs)

Sr.No.	Particulars	3 Months ended	Preceding 3	Corresponding 3	Current Year	Previous Year
		31.03.2020	Months ended	Months ended	ended 31.03.2020	ended 31.03.2019
		Unaudited	31.12.2019	31.03.2019	Audited	Audited
		(Refer note 8)	Unaudited	Unaudited	(Refer note 8)	Audited
<b>A</b>	<b>Continuing Operations</b>					
<b>1</b>	<b>Income</b>					
	a) Income from Operations	1,017	979	880	3,833	3,357
	b) Other Income	39	68	35	241	245
	<b>Total Income (a+b)</b>	<b>1,056</b>	<b>1,047</b>	<b>915</b>	<b>4,074</b>	<b>3,602</b>
<b>2</b>	<b>Expenses</b>					
	a) Employee Benefits Expense	465	447	409	1,748	1,758
	b) Finance Cost	108	158	116	508	439
	c) Depreciation and amortization expense	25	14	42	72	93
	d) Sub Contracting Expenses	33	25	23	107	113
	e) Other expenses	283	282	315	1,092	1,043
	<b>Total Expenses</b>	<b>914</b>	<b>926</b>	<b>905</b>	<b>3,527</b>	<b>3,446</b>
<b>3</b>	<b>Profit before exceptional item and tax (1 -2)</b>	<b>142</b>	<b>121</b>	<b>10</b>	<b>547</b>	<b>156</b>
<b>4</b>	<b>Exceptional item ( Refer note 3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>564</b>	<b>-</b>
<b>5</b>	<b>Profit before tax from continuing operations (3 +4)</b>	<b>142</b>	<b>121</b>	<b>10</b>	<b>1111</b>	<b>156</b>
<b>6</b>	<b>Tax expense</b>					
	a) Current Tax	13	6	6	144	47
	b) Deferred Tax	(6)	113	(22)	140	(826)
<b>7</b>	<b>Net Profit from Continuing Operations (5-6)</b>	<b>135</b>	<b>2</b>	<b>26</b>	<b>827</b>	<b>935</b>
<b>B</b>	<b>Discontinued Operations ( Refer note 1)</b>					
<b>8</b>	<b>Profit before tax from discontinued operations</b>	<b>22</b>	<b>214</b>	<b>242</b>	<b>682</b>	<b>1,192</b>
<b>9</b>	<b>Tax Expense of discontinued operations</b>	<b>(12)</b>	<b>11</b>	<b>88</b>	<b>141</b>	<b>355</b>
<b>10</b>	<b>Profit after tax from Discontinued Operations (8-9)</b>	<b>34</b>	<b>203</b>	<b>154</b>	<b>541</b>	<b>837</b>
<b>11</b>	<b>Net Profit for the period (7+10)</b>	<b>169</b>	<b>205</b>	<b>180</b>	<b>1,368</b>	<b>1,772</b>
<b>12</b>	<b>Other Comprehensive Income</b>					
	Items that will not be reclassified to Profit or Loss- Continuing Operations	-7	6	-	(22)	(10)
	Items that will not be reclassified to Profit or Loss- Discontinued Operations	1	3	-	(9)	(11)
	<b>Other Comprehensive Income</b>	<b>-6</b>	<b>9</b>	<b>-</b>	<b>-31</b>	<b>(21)</b>
<b>13</b>	<b>Total Comprehensive Income for the period (11+12)</b>	<b>163</b>	<b>214</b>	<b>180</b>	<b>1,337</b>	<b>1,751</b>
<b>14</b>	<b>Paid up equity share capital ( face value Rs.10/- each)</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>	<b>2,282</b>
<b>15</b>	<b>Other Equity</b>				<b>2,854</b>	<b>1,920</b>
<b>16</b>	<b>Earnings Per Share (Basic and Diluted) (Face Value Rs. 10/-each) (not annualised)</b>					
	From Continuing Operations	0.59	0.01	0.11	3.63	4.10
	From Discontinued Operations	0.15	0.89	0.67	2.37	3.67
	From Continuing and Discontinued Operations	0.74	0.90	0.78	6.00	7.77
<b>17</b>	<b>Dividend Per Share ( Par Value Rs 10 each )</b>					
	Final Dividend on Equity Shares ( in Rs)	-	-	-	1.50	-
	Total Equity Dividend percentage (%)	-	-	-	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	(Rs in Lakhs)				
	3 Months ended 31.03.2020	Preceding 3 Months ended 31.12.2019	Corresponding 3 Months ended 31.03.2019	Current Year ended 31.03.2020	Previous Year ended 31.03.2019
	Unaudited (Refer note 8)	Unaudited	Unaudited (Refer note 8)	Audited	Audited
Income from Operations including other income	2,426	3,431	2,472	11,322	9,467
Expenses	2,404	3,217	2,230	10,640	8,275
Profit before Tax	22	214	242	682	1,192
Tax Expense	(12)	11	SS	141	355

- 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 year ended March 31, 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 quarter ended June 30, 2019.
- 4 The Company has adopted Ind AS 116 "Leases", effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, using the modified retrospective approach and comparative information is not restated. Accordingly in the current year, the Company has recognised right-of-use assets of Rs 506 Lakhs and lease liabilities of Rs 435 Lakhs on the transition date. Accordingly, the expenses of the nature of lease rentals classified under Other expenses in previous year has changed to depreciation cost for the right-of-use asset and finance cost for interest accrued. The net effect of this adoption is insignificant on the profit for the year and earnings per share.
- 5 The outbreak of Coronavirus (COVID-19) pandemic has profoundly impacted the economies across the Globe including India. In order to contain the spread of COVID-19, the Central Government of India as well as the various State Governments ordered complete lock-down including restrictions on domestic and international travels. During this period the Company continued to provide VSAT maintenance services and VSAT equipment on lease as it is considered as an essential service being part of "Telecommunication, Internet Services, Broadcasting and cable services", with relevant permissions from the relevant authorities. The Deployment of new VSATs however were minimal due to most of the customers offices being closed and restrictions in movement, which is likely to pick up momentum as the lockdown gets relaxed and the economic activities revive.

The Company continues to monitor the impact of the global pandemic in future and it may be different from the estimates made as on the date of financial statements. Based on the information available on the date of approval of these financial statements, the management has evaluated the impact of the aforesaid situation on the business of the Company, financial risks including credit risks and liquidity risks. Considering that the Company's revenue consists of recurring annual service contracts, sales orders in hand, liquidity position at year end and available approved credit limits, the management is of the opinion that 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 asset disclosed in the financial results.



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- 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, 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 will be filing Special Leave Petition in Hon'ble Supreme Court as soon as the lockdown is over and the Supreme Court commences admitting of the petitions. In view of this, no provision has been made in the books of account against the recoverability of these balances.
- 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 from year ended March 31, 2020. Consequently, prior period comparatives have been modified to conform to current period's presentation.
- 8 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.
- 9 For the financial year ended March 31, 2020, 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
- 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 May 16, 2020.

Place :- Mumbai  
Date :- May 16, 2020



For Nelco Limited

R.R. Bhinge  
Chairman  
DIN :- 00036557

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**Nelco Limited**
**Standalone Statement of Assets and Liabilities as at March 31, 2020**

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	Audited	Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	214	259
(b) Capital work-in-progress	-	22
(c) Right-of-use assets	24	-
(d) Intangible assets	5	3
(e) Financial assets		
(i) Investments	507	507
(ii) Loans	1	-
(f) Deferred tax assets (net)	570	710
(g) Income tax assets (net)	1,398	1,324
(h) Other non-current assets	3	6
<b>Total non-current assets</b>	<b>2,722</b>	<b>2,831</b>
<b>Current assets</b>		
(a) Financial assets		
(i) Trade receivables	1,543	984
(ii) Cash and cash equivalents	561	265
(iii) Bank balances other than (ii) above	32	29
(iv) Loans	625	524
(v) Other financial assets	63	52
(b) Other current assets	580	703
Assets classified as held for sale (Refer note 1 and 3)	14,747	13,336
<b>Total current assets</b>	<b>18,151</b>	<b>15,893</b>
<b>TOTAL ASSETS</b>	<b>20,873</b>	<b>18,724</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	2,282	2,282
(b) Other equity		
Reserve and surplus	2,845	1,911
Other reserves	9	9
<b>Total equity</b>	<b>5,136</b>	<b>4,202</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Other financial liabilities	4	7
(b) Provisions	308	242
<b>Total non-current liabilities</b>	<b>312</b>	<b>249</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	3,734	3,269
(ii) Trade payables	194	211
(iii) Other financial liabilities	482	453
(b) Provisions	88	119
(c) Other current liabilities	109	140
Liabilities directly associated with assets classified as held for sale ( Refer note 1 and 3)	10,818	10,081
<b>Total Current liabilities</b>	<b>15,425</b>	<b>14,273</b>
<b>Total liabilities</b>	<b>15,737</b>	<b>14,522</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,873</b>	<b>18,724</b>



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(Rs in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<u>Profit before tax from</u>		
Continuing operations	1,111	156
Discontinued operations	682	1,192
<b>Profit before income tax including discontinued operations</b>	<b>1,793</b>	<b>1,348</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,407	867
Finance costs	1,075	627
Interest income	(156)	(224)
Dividend on non current investments	-	(6)
Provision for foreseeable losses	-	(10)
Profit on sale of property, plant & equipment	(3)	(6)
Profit on sale of investment in associate	(564)	-
Unwinding of discount on financial asset measured at amortised cost	(3)	(57)
Expected credit loss on trade receivables	16	51
Provision for warranty	-	26
Amortisation of processing fees	8	-
Unrealised mark to market (gain) / loss on forward contracts	(67)	-
Unrealised foreign exchange (gain) / loss	153	-
<b>Operating profit before working capital changes</b>	<b>3,659</b>	<b>2,616</b>
<b>Movements in assets</b>		
- (Increase) / Decrease in inventories	(263)	98
- (Increase) / Decrease in trade receivables	(1,480)	(248)
- (Increase) / Decrease in financial assets - current -Loans	18	71
- (Increase) / Decrease in financial assets - non-current - Loans	(17)	5
- (Increase) / Decrease in other financial assets - current	(422)	(820)
- (Increase) / Decrease in other financial assets - Non Current	(39)	(269)
- (Increase) / Decrease in other bank balances	-	(1)
- (Increase) / Decrease in other current assets	102	(491)
- (Increase) / Decrease in other non current assets	18	(41)
<b>Movements in liabilities</b>		
- (Decrease) / Increase in trade payables	(43)	291
- (Decrease) / Increase in other financial liabilities - non current	(3)	(3)
- (Decrease) / Increase in other liabilities - non current	(10)	(9)
- (Decrease) / Increase in provisions - non current	89	70
- (Decrease) / Increase in other financial liabilities - current	80	135
- (Decrease) / Increase in contract liabilities	(163)	485
- (Decrease) / Increase in other current liabilities	(31)	(461)
- (Decrease) / Increase in provisions - current	(47)	(12)
<b>Cash generated from operations</b>		
- Taxes Paid (net of refunds)	1,448	1,416
<b>Net cash (used in) operating activities ( A)</b>	<b>(359)</b>	<b>(224)</b>
	<b>1,089</b>	<b>1,192</b>



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(Rs in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for purchase of property, plant and equipment / Intangible assets	(2,781)	(4,862)
Proceeds from sale of property, plant and equipment / Intangible assets	11	661
Interest received	156	224
Proceeds from sale of investment in associate	677	-
Bank balances not considered as Cash and cash equivalents		
Deposit placed	(1)	-
Loans given to related parties	(1,485)	(847)
Repayment of loans by related parties	1,382	1,072
Dividend received on equity instruments	-	6
<b>Net cash (used in)/ generated from investing activities (B)</b>	<b>(2,041)</b>	<b>(3,746)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	17,061	18,191
Repayment of borrowings	(15,014)	(14,845)
Finance lease payments	-	(75)
Principal payment of lease liabilities	(101)	-
Interest payment of lease liabilities	(36)	-
Finance costs paid	(1,039)	(624)
Dividend paid	(403)	-
<b>Net cash generated / (used in) financing activities (C)</b>	<b>468</b>	<b>2,647</b>
<b>Net (decrease)/Increase in cash &amp; cash equivalents [(A)+(B)+(C)]</b>	<b>(484)</b>	<b>93</b>
<b>Cash and cash equivalents as at April 1, 2019</b>	<b>211</b>	<b>118</b>
<b>Cash and cash equivalents as at March 31, 2020</b>	<b>(273)</b>	<b>211</b>
<b>Reconciliation of cash and cash equivalents as per cash flow statement</b>		
<b>Cash and cash equivalents comprise of :</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
a) Balance with scheduled banks in current accounts	389	182
b) Cash on hand	1	1
c) Cheques on hand	171	82
d) Bank overdraft	(834)	(54)
<b>Total</b>	<b>(273)</b>	<b>211</b>



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# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nelco Limited

Report on the Audit of Standalone Financial Results

### Opinion

1. We have audited the standalone annual financial results of Nelco Limited (hereinafter referred to as the 'Company') for the year ended March 31, 2020 and the standalone statement of assets and liabilities and the standalone statement of cash flows as at and for the year ended on that date including the notes thereon (together referred to as the "standalone financial results"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial results:
  - (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
  - (ii) give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2020 and the standalone statement of assets and liabilities and the standalone statement of cash flows as at and for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. 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 Matter

4. We draw your attention to the following :
  - a. Note 2 to the standalone 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, the Company has

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

# Price Waterhouse Chartered Accountants LLP

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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. The Scheme will be given effect to in the financial statements on receipt of all necessary approvals.

- b. Note 5 to the standalone financial results which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.
- c. Note 6 to the standalone 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 proposed to be 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.

## Board of Directors' Responsibilities for the Standalone Financial Results

5. These Standalone financial results have been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of these standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Company and the standalone statement of assets and liabilities and the standalone statement of cash flows in accordance with the recognition and measurement principles laid down in the Indian 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 Board of Directors of the Company are responsible for 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone financial results by the Directors of the Company, as aforesaid.
6. In preparing the standalone financial results, the Board of Directors of the Company are responsible for assessing the ability of the Company 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.



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7. The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

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

8. Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are 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 these standalone financial results.
9. 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 standalone financial results, 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. (Refer paragraph 12 below)
  - 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 Company 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 standalone 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 standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.



# Price Waterhouse Chartered Accountants LLP

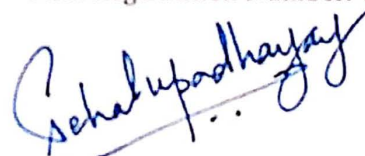
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10. We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify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

11. The standalone financial results include the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are neither subject to limited review nor audited by us.
12. The standalone financial results dealt with by this report has been prepared for the express purpose of filing with stock exchanges on which the Company's shares are listed. These results are based on and should be read with the audited standalone financial statements of the Company for the year ended March 31, 2020 on which we issued an unmodified audit opinion vide our report dated May 16, 2020.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016



Nehal Upadhayay  
Partner  
Membership Number: 115872  
UDIN: 20115872AAAACA9370

Mumbai  
May 16, 2020