

**NELCO NETWORK PRODUCTS LIMITED**

**CIN: U32309MH2016PLC285693**

**4<sup>th</sup> ANNUAL REPORT**

**2019-20**

# **NELCO NETWORK PRODUCTS LIMITED**

## **4<sup>th</sup> ANNUAL REPORT 2019-20**

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### **CORPORATE INFORMATION**

**(As on 16<sup>th</sup> July 2020)**

Board of Directors : Mr.R.R.Bhinge

Mr. P.J. Nath

Mr. Uday Banerjee

Company Secretary : Mr. Shreyans Upadhyay

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Bankers : Axis Bank Limited, Mumbai

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Auditors : Price Waterhouse Chartered Accountants LLP  
Mumbai

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Registered Office: MIDC, EL-6 TTC Industrial Area,  
Electronics Zone, Mahape,  
Navi Mumbai – 400 710

## DIRECTORS' REPORT

To

The Members

The Directors are pleased to present the 4<sup>th</sup> Annual Report on the business and operations of your Company and the Statements of Account for the year ended 31<sup>st</sup> March 2020.

As informed in the previous year's Annual Report, the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench approved the Composite Scheme of Arrangement and Amalgamation (Scheme) involving the internal restructuring of the various businesses of the Company and its two wholly owned subsidiaries viz. Tatanet Services Limited (TNSL) and Nelco Network Products Limited (NNPL). The approval from Department of Telecommunications (DoT) for transfer of VSAT and ISP licenses from TNSL to Nelco is awaited. After receipt of said approval, the Scheme will be effective.

In the first phase of the Scheme, Nelco will transfer its two businesses to NNPL on a going concern basis by way of slump sale. These businesses are (a) ISSS and (b) sale and maintenance of VSAT and related equipment. In the second phase, TNSL will amalgamate with Nelco. Post the said restructuring, the VSAT Communication service business will be in Nelco, which is the listed parent entity and the related equipment business will be in NNPL. The VSAT license will be transferred from TNSL to Nelco.

### 1. FINANCIAL RESULTS

(Rs. 000's)

	FY 2019-20	FY 2018-19
(a) Net Sales / Income from Other Operations	-	-
(b) Operating Expenditure	422	276
(c) Operating Loss	(422)	(276)
(d) Profit before Depreciation and Tax	-	-
(e) Less: Depreciation	-	-
(f) <b>Loss before Tax</b>	(422)	(276)
(g) Tax Expenses	-	-
(h) <b>Net Loss after Tax</b>	(422)	(276)

### 2. DIVIDEND

Due to loss incurred, the Board of Directors has not recommended dividend for the year ended 31<sup>st</sup> March 2020.

### 3. STATE OF COMPANY'S AFFAIRS

Financial, Business Environment, Operations, and Projects under Execution, Future Growth Areas: The Company has not started its commercial business operations during the year under review.

**4. RESERVES**

The Board of Directors has not proposed any amount for transfer to its reserves for the year under review.

**5. SUBSIDIARIES/JOINT VENTURES/ASSOCIATES**

The Company has no subsidiaries, Joint Ventures or Associates.

**6. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the Company, Mr. Uday Banerjee retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

During the year under review, four meetings of the Board of Directors were held on 27<sup>th</sup> April 2019, 24<sup>h</sup> July 2019, 23<sup>rd</sup> October 2019 and 23<sup>rd</sup> January 2020. During the year under review, no remuneration was paid to the Directors.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the Board of Directors has appointed Mr. Shreyans Upadhyay (ACS 58871) as Company Secretary with effect from 1<sup>st</sup> November 2019.

**7. REGULATORY AND LEGAL**

The Company does not have any pending litigation which would impact its financial position.

**8. RISK MANAGEMENT FRAMEWORK**

There are no elements of risk, which in the opinion of the Board may threaten the existence of the Company.

**INTERNAL CONTROLS & SYSTEMS:**

The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively.

**9. SUSTAINABILITY**

**9.1. SAFETY – CARE FOR OUR PEOPLE**

The Company has not started its commercial business operations during the year under review. The operations of the Company will not be of a hazardous nature. However, the Company emphasizes on maintaining a healthy and safe environment in and around its facilities as well as contract sites where projects will be under execution.

**9.2. CARE FOR OUR ENVIRONMENT**

Though the operations of the Company are not of hazardous nature, the Company takes all necessary precautions to maintain healthy and safe environment in and around its facilities.

**10. HUMAN RESOURCES**

The Company maintained cordial industrial relations during the year under review.

**11. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has no exports.

The foreign exchange earned during the year under review was Nil.

Total outgo of foreign currency was Nil.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

The details are given in the Annexure-1 attached to this report.

**13. RELATED PARTY TRANSACTIONS**

There were no related party transactions entered into during the year under review.]

**14. Deposits**

The Company has not accepted any deposits from the public during the year under review

**15. Extract of Annual Return**

Pursuant to Section 92 of the Act and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9, is given in Annexure-II forming part of this report.

**16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

During the year under review the Company has not advanced any loans, given any guarantees or made any investments, the particulars of which are required to be given under Section 186.

**17. AUDITORS**

At the 1<sup>st</sup> Annual General Meeting(AGM), the Members appointed Price Waterhouse Chartered Accountants LLP, (PWC) Chartered Accountants (ICAI Firm Registration No. 012754N/N500016) as Statutory Auditors to hold the office for a period of five years from the conclusion of 1<sup>st</sup> AGM till the conclusion of 6<sup>th</sup> AGM of the Company to be held in the year 2022. PWC has notified their resignation as the Statutory Auditors of the Company effective from the conclusion of the 4<sup>th</sup> AGM scheduled on 13th August, 2020. The reason for resignation has been given in explanatory statement at item no. 3 to the notice of AGM.

During the year under review the Statutory Auditors has not reported any instances of fraud committed against the company by its officers or employees under Section 143 (12) of the Companies Act, 2013, the details of which need to be mentioned in the Board's Report.

The Board has recommended appointment of S.R. Batliboi & Associates LLP, Chartered Accountants, (ICAI Firm Registration No. 103162W/E300004) as statutory

auditors of the Company in place of Price Waterhouse Chartered Accountants LLP, for a period of 5 years from the conclusion of 4<sup>th</sup> AGM till the conclusion of the 9<sup>th</sup> AGM to be held in the year 2025. In this connection, the attention of the Members is invited for approval of Item No. 3 of the Notice of AGM, for appointment of Statutory Auditors.

**18. COMPLIANCE OF SECRETARIAL STANDARDS**

The Company confirms compliance with requirement of Secretarial Standards 1 & 2.

**19. DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the statutory Auditors, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2019-20.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

(a) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31<sup>st</sup> March, 2020 and of the profit of the Company for that year;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) they have prepared the annual accounts on a going concern basis; and

(e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**20. ACKNOWLEDGEMENTS**

The Directors are thankful to the Government Authorities and Bankers.

On behalf of the Board of Directors,

Sd/-

R. R. Bhinge  
Chairman

Date: 16<sup>th</sup> July 2020

Place: Navi Mumbai

**Annexure 1 – Conservation of Energy and Technology Absorption**

(Ref.: Board's Report, Section 13)

**A. CONSERVATION OF ENERGY**

(i) The steps taken or impact on conservation of energy:

Although energy is not a major element of the cost for the Company, constant endeavors will be made to conserve energy and consequently minimize power and diesel costs.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

Power requirement of Company is too low to utilize alternate sources of energy.

**B. THE CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT: NIL**

**TECHNOLOGY ABSORPTION**

Efforts made towards Technology Absorption: The major thrust of technology absorption will be in the areas of increasing and improving the VSAT services.

Technology absorption, adaptation and innovation:

Constant endeavors will be made towards technology absorption, adaptation and innovation. The focus will be on improving the quality of the services as well as creating new services and solutions adapted to suit the customers' requirements for specific industry segments.

(i) Benefits derived: NA.

(ii) Expenditure incurred on Research and Development: Nil

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

a. Technology imported: The Company has not imported any technology in the last 3 years

b. Year of Import: NA

c. Has technology been fully absorbed: NA

d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action: NA

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH 2020

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	U32309MH2016PLC285693
ii.	Registration Date	8 <sup>th</sup> September 2016
iii.	Name of the Company	Nelco Network Products Limited
iv.	Category / Sub-Category of the Company	Company Limited by share/ Indian Non-Government Company
v.	Address of the Registered office and contact details	MIDC, Plot No. EL-6, TTC Industrial Area, Electronic Zone, Mahape, Navi Mumbai - 400710
vi.	Whether listed Company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
Nil			

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section(s)
1.	Nelco Limited MIDC, Plot No. EL-6, TTC Industrial Area, Electronic Zone, Mahape, Navi Mumbai – 400710	L32200MH1940PLC003164	Holding Company	100.00%	2(46) 2(87)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	50000	50000	100.00	-	50000	50000	100.00	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	-	50000	50000	100.00	-	50000	50000	100.00	-
<b>2) Foreign</b>									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp. (i) Indian (ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Specify)	-	-	-	-	-	-	-	-	-

**Nelco Network Products Limited**

Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50000	50000	100.00	-	50000	50000	100.00	-

**ii. Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Nelco Limited	49940	99.88	-	49940	99.88	-	-
2.	Mr. R.R.Bhinge (Jointly with Nelco Ltd.as its nominee)	10	0.02	-	10	0.02	-	-
3.	Mr. Kaushik Mandal (Jointly with Nelco Ltd. as its nominee)	10	0.02	-	10	0.02	-	-
4.	Mr. Uday Banerjee (Jointly with Nelco Ltd. as its nominee)	10	0.02	-	10	0.02	-	-
5.	Mr. Girish V. Kirkinde (Jointly with Nelco Ltd. as its nominee)	10	0.02	-	10	0.02	-	-
6.	Mr. Malav Shah (Jointly with Nelco Ltd. as its nominee)	10	0.02	-	10	0.02	-	-
7.	Mr. Arun Bahuguna (Jointly with Nelco Ltd. as its nominee)	10	0.02	-	10	0.02	-	-
	<b>Total</b>	50000	100	-	50000	100	-	-

iii. **Change in Promoters' Shareholding ( please specify if there is no change)**

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year*	50000	100.00	50000	100.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	NA	NA	NA	NA
	At the End of the year	50000	100.00	50000	100.00

**V.INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
6.	Total (A)	-	-	-	-	-
	Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Director	Total Amount (Rs)
	<u>Independent Directors</u> · Fee for attending board meetings (Sitting Fees)	-	-
	· Commission	-	-
	· Others, please specify	-	-
	Total (1)		-
	<u>Other Non-Executive Non-Independent Directors</u> · Fee for attending board meetings	-	-
	· Commission	-	-
	· Others, please specify	-	-
	Total (2)		-
	Total (B)=(1+2)		-
	Total Managerial Remuneration		-
	Overall Ceiling as per the Act		N.A.

**C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-  -  -	-  -  -	-  -  -	-  -  -
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
6.	Total	-	-	-	-

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	None				
Punishment					
Compounding					



# Price Waterhouse Chartered Accountants LLP

## Independent auditor's report

### To the Members of Nelco Network Products Limited

### Report on the audit of the financial statements

#### Opinion

1. We have audited the accompanying financial statements of Nelco Network Product Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Price Waterhouse Chartered Accountants LLP, Nesco IT Building III, 8th Floor, Nesco IT Park, Nesco Complex  
Gate No. 3 Western Express Highway, Goregaon East, Mumbai - 400 063  
T: +91 (22) 61198000, F: +91 (22) 61198799

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

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 Members of Nelco Network Products Limited  
Report on audit of the Financial Statements  
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## Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, 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;





# Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT  
To the Members of Nelco Network Products Limited  
Report on audit of the Financial Statements  
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
  - (e) On the basis of the written representations received from the directors as on May 16, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:





# Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT  
To the Members of Nelco Network Products Limited  
Report on audit of the Financial Statements  
Page 4 of 4

- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2020;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020;
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
12. The Company does not have any employees and according requirements for managerial remuneration in accordance provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

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



Nehal Upadhayay  
Partner  
Membership Number: 115872

Mumbai  
May 16, 2020



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Nelco Network Products Limited on the financial statements for the year ended March 31, 2020.

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Nelco Network Products Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.





# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Nelco Network Products Limited on the financial statements for the year ended March 31, 2020.

### Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



Nehal Upadhayay  
Partner

Membership Number: 115872

Mumbai  
May 16, 2020



## Price Waterhouse Chartered Accountants LLP

### Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Nelco Network Products Limited on the financial statements as of and for the year ended March 31, 2020

- i. The Company does not own any fixed assets. Therefore, the provisions of Clause 3(i)(a), (i)(b) and (i)(c) of the said Order are not applicable to the Company.
- ii. The Company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including, income tax and other material statutory dues, as applicable, with the appropriate authorities.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.





# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Nelco Network Products Limited on the financial statements as of and for the year ended March 31, 2020.  
Page 2 of 2

- xi. The Company has not paid/ provided for any managerial remuneration during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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



Nehal Upadhayay  
Partner

Membership Number: 115872

Mumbai  
May 16, 2020



**Nelco Network Products Limited**  
**Balance Sheet as at March 31, 2020**

(Rs in 000's)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Financial Assets			
Cash and cash equivalents	3	19	25
<b>Total Current assets</b>		<b>19</b>	<b>25</b>
<b>TOTAL ASSETS</b>		<b>19</b>	<b>25</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	4	500	500
(b) Other Equity			
Reserves and Surplus	5	(1,188)	(765)
<b>Total Equity</b>		<b>(688)</b>	<b>(265)</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
(a) Financial Liabilities			
Trade Payables			
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (i) (a) above	6	707	277
(b) Other Current Liabilities	7	-	13
<b>Total Current Liabilities</b>		<b>707</b>	<b>290</b>
<b>Total Liabilities</b>		<b>707</b>	<b>290</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19</b>	<b>25</b>

The above balance sheet should be read in conjunction with the accompanying notes.

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



**Nehal Upadhyay**  
Partner  
Membership No. 115872

Place : Mumbai  
Date : May 16, 2020

**For and on behalf of the Board of Directors of**  
**Nelco Network Products Limited**  
CIN- U32309MH2016PLC285693

  
**Pradip Nath**  
Director  
DIN 05118177

  
**Uday Banerjee**  
Director  
DIN 01474194

Place : Mumbai  
Date : May 16, 2020



**Nelco Network Products Limited**

**Statement of Profit and Loss for the year ended March 31, 2020**

(Rs. in 000's)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations (net)		-	-
<b>Total Income</b>		-	-
<b>Expenses</b>			
Other Expenses	8	423	276
<b>Total expenses</b>		<b>423</b>	<b>276</b>
<b>(Loss) before tax</b>		<b>(423)</b>	<b>(276)</b>
Income tax expense :-			
- Current tax		-	-
- Deferred tax		-	-
<b>Total Tax Expense</b>		<b>-</b>	<b>-</b>
<b>(Loss) for the year</b>		<b>(423)</b>	<b>(276)</b>
Other Comprehensive Income		-	-
<b>Other Comprehensive Income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>(423)</b>	<b>(276)</b>
<b>Earnings per share (Face value of Rs 10/- per share) : (Basic and Diluted) (in Rupees)</b>	12	<b>(8.46)</b>	<b>(5.52)</b>

The above statement of profit and loss should be read in conjunction with the accompanying notes.

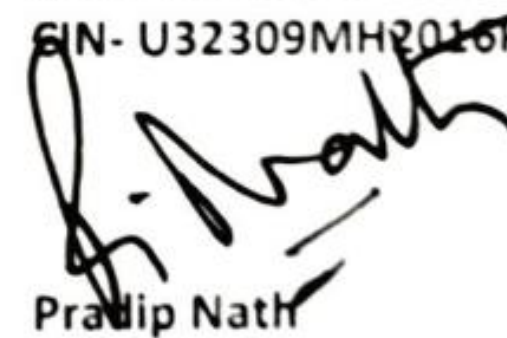
For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number : 012754N/N500016



**Nehal Upadhayay**  
Partner  
Membership No. 115872

Place : Mumbai  
Date : May 16, 2020

For and on behalf of the Board of Directors of  
Nelco Network Products Limited  
CIN- U32309MH2016PLC285693



**Pradip Nath**  
Director  
DIN 05118177



**Uday Banerjee**  
Director  
DIN 01474194

Place : Mumbai  
Date : May 16, 2020



**Nelco Network Products Limited**

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

(Rs. in 000's)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before tax	(423)	(276)
<b>Working capital adjustments :</b>		
Increase in trade payables and other current liabilities	417	71
(Decrease) / Increase in other current liabilities	-	47
<b>Cash (used in) operations</b>	<b>(6)</b>	<b>(158)</b>
Income tax paid	-	-
<b>Net cash (used in) operating activities</b>	<b>(6)</b>	<b>(158)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
<b>Net cash flow from / (used in) investing activities</b>	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>Net cash inflow from / (used in) financing activities</b>	-	-
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(6)</b>	<b>(158)</b>
Cash and cash equivalents at the beginning of the year	25	183
<b>Cash and cash equivalents at the end of the year</b>	<b>19</b>	<b>25</b>

**Reconciliation of cash and cash equivalents as per the cash flow statement**

Cash and cash equivalents comprise of :

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	19	25
<b>Balances per statement of cash flows</b>	<b>19</b>	<b>25</b>

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

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



**Nehal Upadhayay**  
Partner  
Membership No. 115872

Place : Mumbai  
Date : May 16, 2020

For and on behalf of the Board of Directors of  
Nelco Network Products Limited  
CIN- U32309MH2016PLC285693



**Pradip Nath**  
Director  
DIN 05118177



**Uday Banerjee**  
Director  
DIN 01474194

Place : Mumbai  
Date : May 16, 2020



## General Information

Nelco Network Products Limited (the 'Company') is a company limited by shares, incorporated and domiciled in India. The Company is an unlisted public company incorporated on September 08, 2016 under the provisions of Companies Act, 2013.

The registered office of the Company is located at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai - 400 710, CIN: U32309MH2016PLC285693.

The financial statements are presented in Indian Rupee (INR) which is also Functional Currency of the Company.

### 1 Summary of Significant accounting policies

This note provides a list of significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

##### a. Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

##### b. Historical Cost Convention

The financial statements have been prepared on a historical cost basis.

##### c. New and amended Standards adopted by the Company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019 to the extent applicable to the Company:

- Ind AS 116, Leases,
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes,
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing costs.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### 1.2 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft.

#### 1.3 Other financial assets

##### a. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through the statement of profit and loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income.

##### b. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.





**c. Impairment of financial assets**

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, except for specifically identified cases, Company follows a simplified approach permitted by the IND AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**d. Derecognition of financial assets**

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**e. Income Recognition**

Income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

**1.4 Financial Liabilities**

**a. Classification**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**b. Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through statement of profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through statement of profit and loss.

**c. Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.





**1.5 Trade and other payables**

These amounts represent liabilities for goods and services received by the Company prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using effective interest method.

**1.6 Contributed equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**1.7 Current and deferred tax**

The income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**a. Current Tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**b. Deferred Tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax assets and liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

**1.8 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**1.9 Earnings per share**

**i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.





## ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**1.10 Provisions and contingent liabilities****a. Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**b. Contingent liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle, or a reliable estimate of the amount cannot be made.

**c. Contingent Assets**

A contingent asset is disclosed, where an inflow of economic benefits is probable.

**1.11 Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand as per the requirement of Schedule III, unless otherwise stated.

**2.1 Critical estimates and judgments :-**

In the application of the Company's accounting policies, which are described in note 1, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the following areas the management of the Company has made critical judgements and estimates.

**a. Estimation of Provisions & Contingent Liabilities**

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the original estimated as provision.





**Nelco Network Products Limited**

**Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2020**

**Note 3 : Cash and cash equivalents**

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
- In Current accounts	19	25
<b>Total</b>	<b>19</b>	<b>25</b>





## Note 4 : Equity Share Capital

Particulars	(Rs. in 000's)	
	As at March 31, 2020	As at March 31, 2019
<b>Authorised share capital:</b>		
50,000 (50,000 as at March 31, 2019) equity shares of Rs.10/- each	500	500
	<b>500</b>	<b>500</b>
<b>Issued, Subscribed and paid-up share capital:</b>		
50,000 (50,000 as at March 31, 2019) equity shares of Rs.10/- each	500	500
<b>Total</b>	<b>500</b>	<b>500</b>

## Notes :

## (i) Movement in equity share capital

There has been no movement in issued, subscribed and paid up share capital of the company, during the current and previous year.

## (ii) Details of shares held by the holding company and the ultimate holding company :

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount (Rs. in 000's)	Number of shares	Amount (Rs. in 000's)
<b>Equity shares - Subscribed</b>				
Nelco Limited **	50,000	500	50,000	500

\*\*Including 60 shares held in name of certain employees of Nelco Limited who are holding these shares as a nominee for and on behalf of Nelco Limited. The beneficial interest in these share is held by Nelco Limited.

## (iii) Terms and rights attached to equity shares

The company has issued only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Nelco Limited	50,000	100%	50,000	100%





**Nelco Network Products Limited****Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2020****Note 5 : Other Equity****Reserve and Surplus****(Rs. in 000's)**

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	(1,188)	(765)
<b>Total</b>	<b>(1,188)</b>	<b>(765)</b>

**5.1 Retained earnings****(Rs. in 000's)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	(765)	(489)
Net loss for the year	(423)	(276)
<b>Closing balance</b>	<b>(1,188)</b>	<b>(765)</b>

**Retained Earnings**

The same reflects surplus/ (deficit) after taxes in the Statement of Profit and Loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

**Note 6 : Trade Payables****(Rs. in 000's)**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Trade Payables:</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 13)	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	120	101
Trade payables to related parties (Refer Note 11)	587	176
<b>Total</b>	<b>707</b>	<b>277</b>

**Note 7 : Other current liabilities****(Rs. in 000's)**

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	-	13
<b>Total</b>	<b>-</b>	<b>13</b>





**Note 8 : Other expenses**

(Rs. in 000's)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Advertisement	-	23
Rates & Taxes	10	75
Legal and professional charges	170	101
Bank Charges	-	-
Membership and subscription	30	-
Auditor's Remuneration	89	75
- Audit Fees	118	-
- Certification and other services	6	2
- Reimbursement of expenses		
<b>Total Other Expenses</b>	<b>423</b>	<b>276</b>

\* Figures are below rounding off norm adopted by the Company.





## Note 9 : Fair Value Measurements

(Rs. in 000's)

## a) Financial Instrument by category.

Particulars	As at 31 March 2020			As at 31 March 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial Assets			19	-	-	25
Cash and Cash equivalent	-	-	19	-	-	25
Total Financial Assets	-	-				
Financial Liabilities			707	-	-	277
Trade Payables	-	-	707	-	-	277
Total Financial Liabilities	-	-				

## b) Fair Value Hierarchy of Financial Assets and Liabilities

This section explains the judgements and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard.

**Level 1** - Level 1 Hierarchy includes financial instruments measured using quoted price. This includes listed equity instruments, traded bonds, mutual funds that have quoted price.

**Level 2** - The fair value of financial instruments that are not traded in an active market is determined using valuation technique which maximize the use of observable market data and rely as little as possible on entity - specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3** - If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

The carrying amounts of financial assets / liabilities recognised in the financial statements approximate their fair values due to their short-term nature. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

**Note 11 : Financial risk management**

Company's activities expose it to credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

**(A) Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk arises from Bank Balances.

**Credit Risk Management****Financial assets**

The Company maintains exposure in cash and cash equivalents. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company. The Company's maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 is the carrying value of each class of financial assets as disclosed in the financial statements.

**(B) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due through rolling cashflow forecast.

**Maturities of financial liabilities**

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.





**Nelco Network Products Limited**

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2020

(Rs. in 000's)

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2020				
Non - Derivative				
Trade payables	707	-	-	707
Total Non derivative liabilities	707	-	-	707

(Rs. in 000's)

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2019				
Non - Derivative				
Trade payables	277	-	-	277
Total Non derivative liabilities	277	-	-	277

**Note 10 Capital Management**

**Risk Management**

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Company is not exposed to any outside debts.





**Nelco Network Products Limited**

Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2020

**Note 11 : Related Party Transactions**

The disclosure pertaining to the related party transactions as required by Ind AS 24 "Related Party Disclosure", as applicable to the company are indicated below:

**Promoter of Ultimate Holding Company**

Tata Sons Limited, India

**Ultimate Holding Company**

Tata Power Company Limited, India

**Holding Company :**

The Company is controlled by the following entity

Name	Nature of Relationship	Place of incorporation	Ownership Interest	
			As at March 31, 2020	As at March 31, 2019
Nelco Limited	Immediate parent entity	India	100%	100%

**Directors of the Company****(i) Key Managerial Personnel**

Mr. P.J. Nath (Non-Executive Director)

**(ii) Non-Executive directors**

Mr. R.R. Bhinge (Non- Executive Director)

Mr. Uday Banerjee (Non-Executive Director)

Details of transactions between the Company and other related parties are disclosed below.

(Rs. in 000's)

Sr No	Particulars	Holding Company
	<b>Transactions :</b>	
a)	Reimbursements of Expenses paid	410 (158)
	<b>Balance outstanding at year end</b>	
a)	Payable	587 (176)

Notes :

i) Figures in brackets pertain to the previous year.

**Note 12 : Earnings per Share (EPS)**

Sr No	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	Net loss after tax attributable to equity shareholders (Rs. in 000's)	(423)	(276)
2	Weighted average number of shares (in numbers)	50,000	50,000
3	Earnings per share (Face value of Rs 10/- per share) : (Basic and Diluted) (in Rupees)	(8.46)	(5.52)

**Note 13: Micro, Small and Medium enterprises**

There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding as at March 31, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the company.





**Nelco Network Products Limited**

**Notes annexed to and forming part of the Financial Statements for the year ended March 31, 2020**

**Note 14 : Business Combination**

Pursuant to the approval from the Board of Directors dated September 01, 2017, The Company has entered into composite scheme of arrangement with Nelco Limited (the 'Holding Company') to acquire, for a lumpsum consideration, the following two of its business:

- a) Integrated Security and Surveillance Solutions ('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 communications systems, and co-location services to customers.

The Scheme is approved by National Company Law Tribunal ('NCLT') on November 2, 2018 and necessary steps for obtaining approvals from Department of Telecommunications ("DOT") are being taken. Pending necessary approvals, the Scheme has not been given effect to in the financial statements for the year ended March 31, 2020.

**Note 15: Segment Information**

In accordance with the requirements of Ind AS 108 – 'Operating Segment', based on the analysis of chief operating decision maker ("CODM") being the Board of Directors and subject to note 14 above, Currently there are no operating segments. The Company is not yet operational and is in the process of acquiring business of the holding company, thus disclosure of operating segment information is not required under Ind AS 108 - 'Operating Segment' notified by the Companies (Indian Accounting Standards) Rules, 2015. There is no revenue earned during the year as disclosed in statement of profit and loss. Company's operations are based primarily in India. Geographical segmentation are not relevant as they are not significant.

**Note 16: Going Concern**

The Company has accumulated losses as at March 31, 2020 which has eroded the Company's net worth and the Company has incurred net loss during the current year. Notwithstanding this, these financial statements have been prepared on going concern basis considering that the Company is in the process of acquiring certain business from its parent company (refer note 14 above) and the support letter from the parent company.

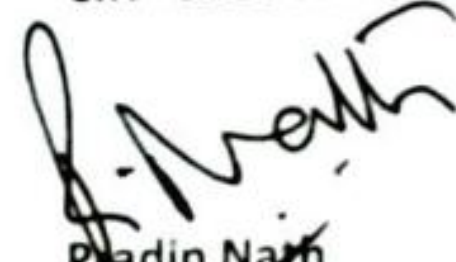
Signature to Notes '1' to '16' forming part of the Financial Statements.

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



Nehal Upadhyay  
Partner  
Membership No. 115872

For and on behalf of the Board of Directors of  
Nelco Network Products Limited  
CIN- U32309MH2016PLC285693



Pradip Nath  
Director  
DIN 05118177



Uday Banerjee  
Director  
DIN 01474194

Place : Mumbai  
Date : May 16, 2020

Place : Mumbai  
Date : May 16, 2020