

Date: March 28, 2018

**The Board of Directors,**

Nelco Limited,

EL-6, TTC Industrial Area,

MIDC, Electronics Zone,

Mahape, Navi Mumbai – 400710

Dear Sir / Madam,

**Subject: Composite Scheme of Arrangement and Amalgamation under Sections 230-232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder involving Nelco Limited (“Nelco” or the “Company” or “Amalgamated Company” or “Transferor Company”), Tatanet Services Limited (“TNSL” or “Amalgamating Company”), Nelco Network Products Limited (“NNPL” or “Transferee Company”) and their respective shareholders and creditors (the “Scheme”)**

This is with reference to our engagement letter dated August 23, 2017 entered with the Company for *inter-alia* certifying the accuracy and adequacy of disclosures pertaining to NNPL made in the abridged prospectus, prepared by the Company and NNPL, to be sent to the shareholders of the Company, pursuant to the Scheme.

The Scheme involves the transfer of two business undertakings (as defined in the Scheme) by way of slump sale on a going concern basis to NNPL followed by the amalgamation of TNSL with Nelco. Accordingly, we have been provided the abridged prospectus dated March 28, 2018 (“**Abridged Prospectus**”, enclosed as **Annexure 1**), as prepared by the Company and NNPL. The Abridged Prospectus will be circulated to the members of the Company at the time of seeking their approval to the Scheme as part of the explanatory statement to the shareholders’ notice.

Based on the information, undertakings, certificates, confirmations and documents provided to us by the Company and NNPL, we hereby confirm that the information contained in the Abridged Prospectus is accurate and adequate, in terms of the paragraph 3(a) of Annexure I of the SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 (“**SEBI Circular**”) read with the format provided in Part D of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the SEBI Circular CIR/CFD/DIL/7/2015 dated October 30, 2015, as applicable (“**Abridged Prospectus Format**”).

The above confirmation is based on the information furnished and explanations provided to us by the management of the Company and NNPL assuming the same is complete and accurate in all material aspects on an as is basis. We have relied upon the financials, information and representations furnished to us on an as is basis and have not carried out an audit of such information. Our scope of work does not

**JM Financial Limited**

Corporate Identity Number : L67120MH1986PLC038784

**Regd. Office:** 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

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constitute an audit of financial information and accordingly we are unable to and do not express an opinion on the fairness of any such financial information referred to in the Abridged Prospectus. This certificate is based on the information as at March 28, 2018. This certificate is a specific purpose certificate issued in terms with the SEBI Circular and hence it should not be used for any other purpose or transaction. This certificate is not, nor should it be construed to be, a certification of compliance of the Scheme with the provisions of applicable law including company, taxation and securities markets related laws or as regards any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.

We express no opinion whatsoever and make no recommendation at all as to the Company's underlying decision to effect the Scheme or as to how the holders of equity shares of the Company should vote at their respective meetings held in connection with the Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Scheme or its success. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of Company will trade following the Scheme for or as to the financial performance of the Company or NNPL following the consummation of the Scheme. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders/ investors should buy, sell or hold any stake in the Company or any of its related parties (holding company/ subsidiaries/associates etc.).

For **JM Financial Limited\***



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**Name:** Venugopal Nyalapelli

**Designation:** Director

**SEBI registration number:** INM000010361

Encl: as above

*\* JM Financial Limited has become a SEBI registered Category I Merchant Banker consequent upon amalgamation of JM Financial Institutional Securities Limited with it effective from January 18, 2018.*



**APPLICABLE INFORMATION IN THE FORMAT SPECIFIED FOR ABRIDGED PROSPECTUS  
(AS PROVIDED IN PART D OF SCHEDULE VIII OF THE SEBI ICDR REGULATIONS)**

This document contains applicable information pertaining to the unlisted entity, Nelco Network Products Limited (“NNPL” or the “Transferee Company”) and the Composite Scheme of Arrangement and Amalgamation under Sections 230-232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder involving Nelco Limited (“Nelco” or “Amalgamated Company” or “Transferor Company”), Tatanet Services Limited (“TNSL” or “Amalgamating Company”), NNPL and their respective shareholders and creditors (the “Scheme”) which is being issued pursuant to Circular No. CFD/DIL 3/ CIR/2017/21 dated March 10, 2017 (“SEBI Circular”) issued by the Securities and Exchange Board of India (“SEBI”). The Scheme is also available on the websites of BSE Limited (<http://www.bseindia.com/corporates/NOCUnder.aspx?expandable=3>) and the National Stock Exchange of India Limited (<https://www.nseindia.com/corporates/corporateHome.html?id=recentissues>). Nothing in this document constitutes an offer or an invitation by or on behalf of Nelco, NNPL or TNSL to subscribe for or purchase any of the securities of NNPL.

**THIS ABRIDGED PROSPECTUS CONTAINS '6' PAGES.  
PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.**

**This document dated March 28, 2018 should be read together with the Scheme and the notice to the shareholders of Nelco Limited in connection with the Scheme**

*Capitalised words not defined herein shall mean the words as defined in the Scheme*

**NELCO NETWORK PRODUCTS LIMITED**

**Registered Office and Corporate Office:** EL-6, TTC Industrial Area, MIDC Electronics Zone, Mahape, Navi Mumbai – 400710

**Telephone:** +91 22 67399100 **Fax:** +91 22 67918787 **Email:** uday.banerjee@nelco.in

**Corporate Identification Number:** U32309MH2016PLC285693

**Contact person:** Mr. Uday Banerjee

**PROMOTER OF NNPL**

Nelco Limited

**DETAILS OF THE SCHEME**

The Scheme provides for the following which shall be deemed to have occurred on the Effective Date (as defined in the Scheme):

1. The transfer of the following two businesses undertakings of Nelco by way of slump sale on a going concern basis to NNPL, (its wholly owned subsidiary):
  - (a) business of providing solutions in the areas of Automation Control of Integrated Security and Surveillance solutions (“ISSS”) through the supply, installation and fixed annual maintenance of security systems to railways, oil companies, large Government undertakings and other customers at a cash consideration of Rs. 10,08,00,000/- (Rupees Ten Crores and Eight Lakhs only) payable within 6 months from the Effective Date or such other date and terms as determined by the Board of Directors; and
  - (b) business of providing Very Small Aperture Terminals (“VSAT”) hardware and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to all customers other than to its wholly owned subsidiary TNSL at a cash consideration of Rs. 15,83,00,000/- (Rupees Fifteen Crores and Eighty Three Lakhs only) payable within 6 months from the Effective Date or such other date and terms as determined by the Board of Directors; and
2. The amalgamation of TNSL with Nelco and the consequential alteration of the main objects clause and authorised share capital clause in the Memorandum and Articles of Association of Nelco.

Upon this Scheme becoming effective, the entire paid up share capital of TNSL fully held by Nelco (either held in its own name or through its nominee(s)) on the Effective Date, shall stand cancelled in its entirety, without any further act, instrument or deed. Nelco shall not be required to issue and allot any shares as Nelco and its nominee are themselves the only shareholders of TNSL.





The Scheme is subject to approval from shareholders, creditors, BSE Limited (“BSE”), the National Stock Exchange of India Limited (“NSE”, together with BSE, “Stock Exchanges”), Department of Telecommunications (“DoT”), SEBI and the National Company Law Tribunal (“NCLT”).

#### GENERAL RISKS

Specific attention of the readers is invited to “Details of the Scheme” above and “Internal Risk Factors” on pages 1 and 5 respectively, of this document.

#### NAME OF THE CURRENT STATUTORY AUDITOR

Price Waterhouse Chartered Accountants LLP

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#### PROMOTER OF NNPL

Nelco is the holding company of NNPL. Nelco was incorporated on the August 31, 1940, under the provisions of the Indian Companies Act, VII of 1913 under the name of The National Radio & Engineering Company Limited vide certificate of incorporation no. 3164. The name of the Company was changed to The National Ekco Radio & Engineering Company Limited and a fresh certificate no. 3164 was issued by the Registrar of Companies, Bombay with effect from May 28, 1949. Subsequently, the name of the Company was changed to The National Radio & Electronics Company Limited and certificate of change of name no. 3164/TA dated August 6, 1969 was issued by the Asstt. Registrar of Companies, Maharashtra, Bombay. The name of the Company was further changed to Nelco Limited and a fresh certificate of incorporation bearing no. 11-3164 dated September 28, 1999 was issued by the Asstt. Registrar of Companies, Maharashtra, Mumbai.

Nelco is a publicly listed company having its registered office at EL-6, TTC Industrial Area, MIDC Electronics Zone, Mahape, Navi Mumbai - 400710. The equity shares of Nelco are listed on the NSE – Security Symbol: NELCO and BSE – Security Symbol: 504112. The issued, subscribed and paid up capital of Nelco is Rs. 22,81,84,000 divided into 2,28,18,400 equity shares of Rs. 10 each.

Nelco is engaged in the business of the providing Integrated Security and Surveillance solutions (ISSS) and Very Small Aperture Terminals (VSAT) hardware and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers.

#### Promoters of Nelco:

Sr. No.	Name of Promoters	No. of shares held	%
1.	The Tata Power Company Limited	1,10,99,630	48.64
2.	Af-Taab Investment Company Limited	3,28,410	1.44
3.	Titan Co. Limited	1,000	0.00
<b>Total shareholding*</b>		<b>1,14,29,040</b>	<b>50.08</b>

\*The above promoter shareholding does not include 13,500 shares that were erstwhile held by certain promoter group shareholders and were sold in physical form and have not been lodged for transfer with the Company by the respective transferees



**Board of Directors of Nelco:**

Sr. No.	Names of Directors	Designation	DIN
1.	Mr. R.R. Bhinge	Non-Executive Chairman (Non-Independent)	00036557
2.	Mr. S.Ramakrishnan	Non-Executive Director (Non-Independent)	00005090
3.	Mr. K.Ramachandran	Non-Executive Director (Independent)	00193357
4.	Mr. K.Raghuraman	Non-Executive Director (Independent)	00320507
5.	Ms. Hema Hattangady	Non-Executive Director (Independent)	00175563
6.	Mr. P.J. Nath	Managing Director & CEO	05118177

Names of the five largest Group Companies (as per Schedule VIII (Part A)(2)(IX)(C)(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI ICDR Regulations”).

1. Nelco Limited

**BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY**

NNPL was incorporated on September 8, 2016 under the provisions of the Companies Act, 2013 vide certificate of incorporation dated September 8, 2016 issued by the Deputy Registrar of Companies. NNPL is an unlisted public limited company, having its registered office at EL-6, TTC Industrial Area, MIDC, Electronics Zone, Mahape, Navi Mumbai – 400710.

NNPL is authorised by its Memorandum of Association to carry on the business of selling distributing products and providing services in or relating to VSAT Communication, Value Added Network (VAN) and other telecommunication services. At present, NNPL does not carry on any business activity.

On coming into effect of the proposed Scheme, NNPL will engage in and carry on the following activities: (i) the business of providing solutions in the areas of Automation Control of Integrated Security and Surveillance solutions (ISSS) through the supply, installation and fixed annual maintenance of security systems to railways, oil companies, large Government undertakings and other customers; and (ii) the business of providing VSAT hardware and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers.

**BOARD OF DIRECTORS**

Sr. No.	Name	Designation (Independent/ Whole time/ Executive/ Nominee)	Experience including current/ past position held in other firms
1.	Mr. R.R.Bhinge	Non-Executive Director	Mr. R.R. Bhinge holds a B.Tech. (Electrical Engineering) from Indian Institute of Technology, Bombay and a post graduate diploma in Business Administration from the Indian Institute of Management, Ahmedabad.. He was appointed as a Director on the board of Nelco Limited on August 29, 2003 and was appointed as Chairman on June 6, 2013. He was associated with Tata Industries Limited for 26 years as Chief Executive Officer of Tata Strategic Management Group (a division of Tata Industries Limited) and as Executive Director.





2.	Mr. P.J. Nath	Non-Executive Director	Mr. P.J. Nath holds a Master of Management Studies from BITS Pilani. He has been associated with Nelco for over 6 years. He was appointed as CEO on February 23, 2011 and was appointed on the Board of Nelco on June 13, 2012. Prior to joining Nelco, he was previously associated with Sify Technologies Limited as Executive President.
3.	Mr. Uday Banerjee	Non-Executive Director	Mr. Uday Banerjee is a Commerce Graduate and Chartered Accountant. He has been associated with Nelco for over 22 years. He was appointed as Manager Accounts on January 16, 1995 and was designated as Chief Financial Officer (CFO) on July 1, 2014. His current role as CFO includes overseeing and directing the financial operations, establishing financial controls, accounts finalization, audit treasury and taxation.

**Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/ rights issues, if any, of NNPL in the preceding 10 years:** Not applicable

#### SHAREHOLDING PATTERN PRIOR TO THE SCHEME AS ON DECEMBER 31, 2017

Sr. No.	Particular	No of shares	% Holding of share capital
1.	Promoter and Promoter Group	50,000	100.00
2.	Public	-	-
	<b>Total</b>	<b>50,000</b>	<b>100.00</b>

#### AUDITED FINANCIAL INFORMATION

##### Standalone financial information in relation to NNPL:

(All amounts in Rs. thousands unless otherwise stated)

Sr. No.	Particulars	For the period September 8, 2016 to March 31, 2017 prepared under Ind AS	For the period April 01, 2017 to September 30, 2017 prepared under Ind AS
1.	Total income from operations (net)	-	-
2.	Net profit/ (Loss) before tax and extraordinary items	(98)	(256)
3.	Net profit/ (Loss) after tax and extraordinary items	(98)	(256)
		<b>As at March 31, 2017</b>	<b>As at September 30, 2017</b>
4.	Equity share capital	500	500
5.	Reserve and Surplus/ Other Equity	(98)	(354)
6.	Net worth	402	146
7.	Basic earnings per share (Rs.)	(1.97)	(5.12)
8.	Diluted earnings per share (Rs.)	(1.97)	(5.12)
9.	Return on net worth (%)	(24.38%)	(175.35%)
10.	Net asset value per share (Rs.)	8.04	2.92



**Notes:**

1. The Company was incorporated on September 8, 2016. Hence, the Financial Information is for the period from September 8, 2016 to March 31, 2017. This being the Company's first financial statements, there are no corresponding figures for the previous period. The Company does not have any subsidiaries for consolidation purposes
2. Net worth (item 6) has been calculated by adding the balance of Equity Share Capital (item 4) and Reserve and Surplus / Other Equity (item 5).
3. Return on net worth (%) (item 9) has been calculated by applying the following formula: Net profit/ (Loss) after tax and extraordinary items (item 3) divided by Net Worth (item 6) and multiplied by 100.
4. Net asset value per share (item 10) has been calculated by adding the balances of Equity Share Capital (item 4) and Reserve and Surplus / Other Equity (item 5) and dividing the same by the number of shares outstanding

## INTERNAL RISK FACTORS

The Company has been recently incorporated with the objective to carry on *inter alia* the business of selling distributing products and providing services in or relating to VSAT Communication, Value Added Network (VAN) and other telecommunication services. At present, NNPL does not carry on any business activity.

Once operational, the Company i.e. NNPL may be exposed to the following risks:

### Network Systems:

#### 1. Technology Risk

Due to the proprietary nature of the technology, the Company is dependent on limited suppliers for VSAT equipment.

#### 2. Foreign Exchange and Operating Risk

Foreign rate fluctuations may adversely impact the profitability of operations since a major part of the VSAT hardware is imported from overseas. The Company has a high dependence on few market segments, such as banking & finance and offshore oil & gas exploration, for its revenue and profitability. Any major vagaries in these segments could impact the Company's equipment sales in the short term.

#### 3. Regulatory Environment

The VSAT services are regulated by DoT and the licenses are given for shared hub services based on the Satcom policy of the country. Any major change in the government regulations pertaining to Satcom policy and/or VSAT services could also pose a threat for equipment sales. Newer services like Aero and Maritime Communication which can significantly increase the VSAT equipment market, are dependent on receipt of necessary government approvals.

### Automation and Control:

#### 4. Non availability of spares

The Company continues to support the executed projects by way of warranty & annual maintenance contracts. As these projects have been executed using hardware and software supplied by multiple original equipment manufacturers (OEMs) prior to execution of these projects, the support provided by the Company is contingent upon availability of the equipment and support from OEMs. Technological obsolescence and closure of OEMs business may affect this business adversely.

## SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTIONS

1. Total number of outstanding litigation against and by NNPL and amount involved – Nil
2. Brief details of top 5 material outstanding litigations against NNPL and amount involved- Nil
3. Regulatory Action if any - disciplinary actions taken by SEBI or Stock Exchanges against the Promoters/ Group companies in last 5 financial years including outstanding action, if any: Nil
4. Brief details of outstanding criminal proceedings against promoters of NNPL: Nil





## RATIONALE OF THE SCHEME

The Scheme involves transfer of two business undertakings of Nelco by way of slump sale on a going concern basis to NNPL and amalgamation of TNSL with Nelco. The management of each Nelco, NNPL and TNSL believes that the Scheme will result in, inter alia, the following benefits:

The organizational and operational structure would be simplified on completion of the Scheme with the VSAT communication service business vesting in Nelco, the flagship listed parent entity and the related hardware business vesting in NNPL. This would result in the recurring revenue from VSAT communication service being in Nelco and the revenue from sale of hardware including VSAT equipment being in NNPL. The enhanced net worth of Nelco after the Arrangement and Amalgamation will improve its ability to bid for larger projects and pursue bigger opportunities.

## ANY OTHER IMPORTANT INFORMATION AS PER THE MERCHANT BANKER / NNPL

Nil

## DECLARATION BY NNPL

We hereby declare that all applicable provisions of the format of an abridged prospectus as set out in the SEBI Circular and Part D of Schedule VIII of the SEBI ICDR Regulations have been complied with. We further certify that all statements with respect to us in this document are true and correct.

For Nelco Network Products Limited



Mr. Uday Banerjee (Director)



Place: Navi Mumbai  
Date: March 28, 2018