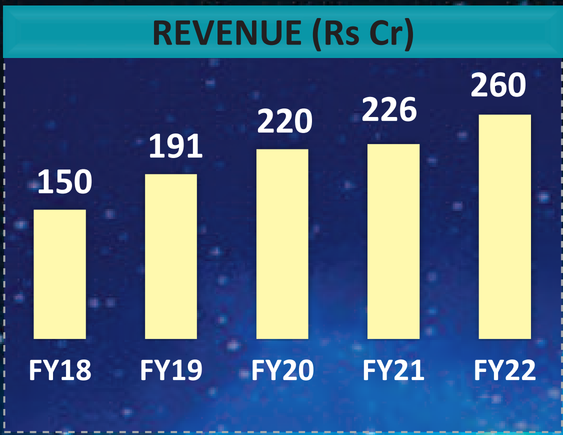
79th ANNUAL REPORT
2021-22

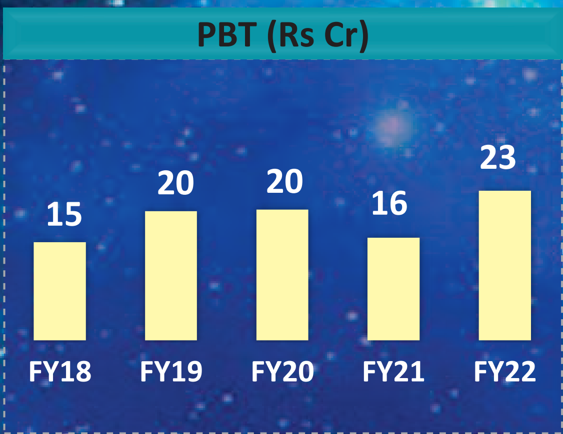
nelco

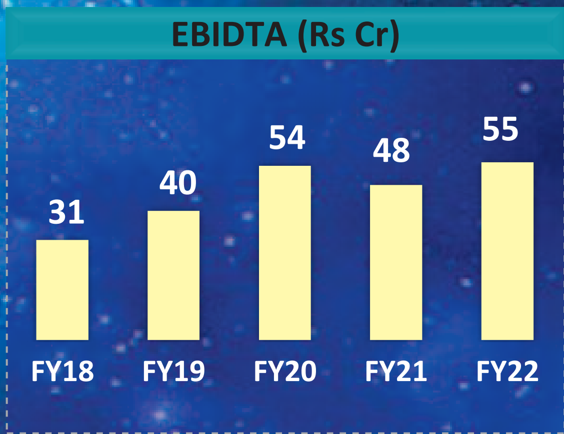
unlock potential

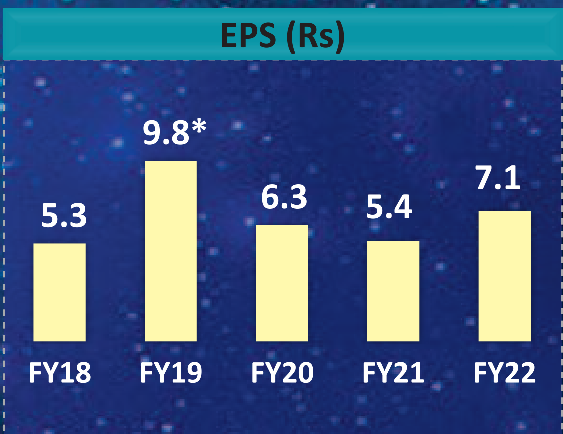
A TATA Enterprise

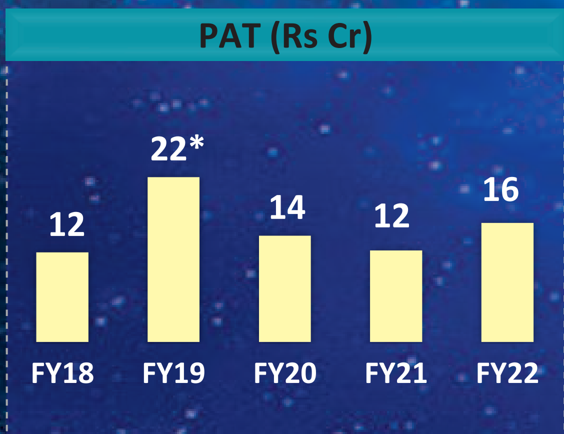
Highlights of Nelco-Consolidated











** FY19 figures include the impact of one-time deferred tax credit*

The year gone by ....

MEDIA SNIPPETS

ET Telecom

Tata's Nelco bags contract worth Rs 40 cr from ONGC to enhance communication infrastructure

Under the contract terms, Nelco will supply, commission, and maintain ONGC's very small aperture terminal (VSAT)-based network. This network will also be used to enhance the communication infrastructure of ONGC's offshore sites in Western India, according to an official release.

ET Satcom

Satcom companies will have a valid play in India; to complement telecom networks: Nelco CEO

MD & CEO P J Nath in conversation with the Prime Minister, Shri Narendra Modi at the launch of ISpA

'Indian Space Association to represent entire sector, will help in development'

The Indian EXPRESS

ET Telecom

In-flight Internet tariff may be bundled with flight tickets: Tata's Nelco

As one of the pioneers in Inflight Communication services in India, we are geared up to start working with Domestic Airlines and provide best-in-class connectivity.

THE FINANCIAL EXPRESS

Satcom is not trying to replace telecom networks: Nelco CEO

On the back of low earth orbit (LEO) satellites, the satcom services market is set to grow over four times in the coming five years.

tele.net

Nelco providing technology agnostic satcom services in the B2B Space

The company will continue to adopt newer satcom technologies best suited for various segments, customers and applications.

CNBC TV18

The company is in a growth phase and the growth momentum will continue. The company is doing well across sectors

Business Today

How Satellite Communications could Propel the Next Boom in the Telecom Space

ET Satcom

Satellite communication may act as a frontline service: Trai's Raghunandan

ET Telecom

India poised to become a major Satcom hub by 2030

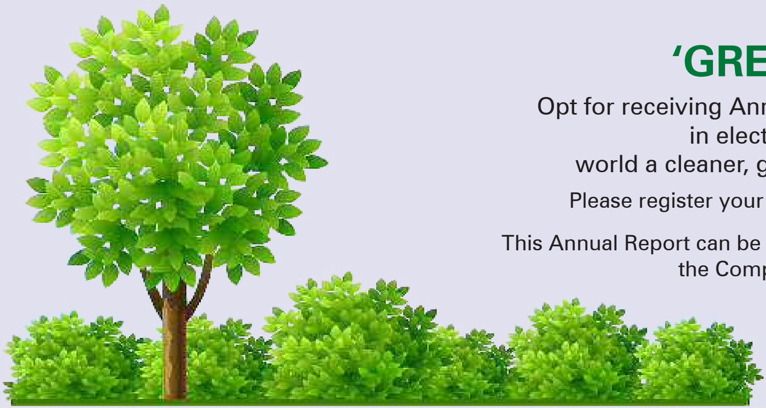
CORPORATE INFORMATION

Chairman Emeritus	R. N. Tata
Board of Directors	Mr. A. S. Lakshminarayanan, Chairman (w.e.f. 29th May, 2022) Mr. P.J.Nath, Managing Director & CEO Mr. K.N.Murthy Dr. Lakshmi Nadkarni Mr. Ajay Kumar Pandey Mr. Saurabh Ray (w.e.f. 26th April, 2022)
Chief Financial Officer	Mr. Malav Shah
Company Secretary & Head - Legal	Mr. Girish V Kirkinde
Share Registrars	TSR Consultants Pvt. Ltd. (formerly known as TSR Darashaw Consultants Pvt. Ltd.) C-101, 1st Floor, 247 Park, Vikhroli West, Mumbai 400 083. Tel : 022 66568484, Fax : 022 66568494 Email: csg-unit@tcplindia.co.in Website: www.tcplindia.co.in
Statutory Auditors	S.R. Batliboi & Associates LLP, Chartered Accountants
Bankers	Bank of India Union Bank of India ICICI Bank Ltd. IDFC First Bank Shinhan Bank Axis Bank Ltd.
Registered Office	EL-6, TTC Industrial Area, MIDC Electronics Zone, Mahape, Navi Mumbai – 400 710 Email: services@nelco.in Investor relations : girish.kirkinde@nelco.in Website: www.nelco.in Tel: +91 22 6739 9100
Corporate Identity No. (CIN)	L32200MH1940PLC003164

SAVE TREES, SAVE THE EARTH

SUPPORT

'GREEN INITIATIVE'



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Please register your consent for this **csg-unit@tcplindia.co.in**

This Annual Report can be viewed under the 'Investor Relations' section on the Company's website: **www.nelco.in**

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79th Annual General Meeting (through Video Conferencing)

Date : Friday, 8th July 2022

Time : 3.30 p.m. (IST)

NOTICE

The SEVENTY NINETH ANNUAL GENERAL MEETING of NELCO LIMITED will be held on Friday, the 8th day of July, 2022 at 3.30 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2022 together with the Reports of the Board of Directors and the Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended 31st March, 2022 together with the Report of the Auditors thereon.

3. To declare a dividend on Equity Shares for the financial year ended 31st March, 2022.

4. To appoint a Director in place of Mr. P. J. Nath (DIN 05118177) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. **Appointment of Mr. Saurabh Ray as Non-Executive & Non-Independent Director**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "**RESOLVED THAT** Mr. Saurabh Ray (DIN 09573704), who was appointed by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, as an Additional Director of the Company effective 26th April 2022 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 and any other applicable provisions, if any, of the Companies Act, 2013 ('Act') (including any modification or re-enactment thereof) and Article 125 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. **Appointment of Mr. A. S. Lakshminarayanan as Non-Executive & Non-Independent Director**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "**RESOLVED THAT** Mr. A. S. Lakshminarayanan (DIN 08616830), who was appointed by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, as an Additional Director of the Company effective 29th May 2022 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 and any other applicable provisions, if any, of the Companies Act, 2013 ('Act') (including any modification or re-enactment thereof) and Article 125 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".

7. **Ratification of Cost Auditor's Remuneration**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "**RESOLVED that** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 1,25,000 (Rupees one lakh twenty five thousand) plus GST and reimbursement of out of pocket expenses on actual basis incurred in connection with the audit, payable to M/s. P. D. Dani & Associates (Firm Registration No. 000593), who were appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year 2021-22.

NOTES:

1. In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" read with General Circular No. 14/ 2020 dated April 8, 2020, the General Circular No. 17/ 2020 dated April 13, 2020, No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020 and General Circular No.2/2022 dated May 5, 2022 in

relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" and General Circular No.02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") and SEBI vide its circular dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic", circular dated January 15, 2021 and circular dated May 13, 2022 ("SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM on Friday, 8th July, 2022 at 3.30 p.m. (IST). The deemed venue for the AGM will be EL-6, TTC Industrial Area, Electronics Zone, MIDC, Mahape, Navi Mumbai - 400 710.

2. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF THE AGM VENUE ARE NOT ANNEXED TO THIS NOTICE**.

3. The relative Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item No. 5 to 7 of the Notice, is annexed hereto. As per the provisions of Clause 3.A.III. of the General Circular No. 20/2020 dated 5th May 2020, the matter of Special Business as appearing at Item No. 5 to 7 of the accompanying Notice, is considered to be unavoidable by the Board and hence, forming part of this Notice. The relevant details, pursuant to Regulations 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/ re-appointment at this AGM are also annexed. Requisite declarations have been received from Director/s for seeking appointment/ re-appointment.

4. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on the National Securities Depository Limited's ('NSDL') e-Voting website at www.evoting.nsdl.com. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

5. Institutional Investors, who are Members of the Company, are encouraged to attend the 79th AGM through VC/ OAVM mode and vote electronically. Corporate Members intending to appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case may be, to attend the AGM through VC / OAVM or to vote through remote e-Voting are requested to send a certified copy of the Board Resolution to the Scrutiniser by e-mail at nelco.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. In line with the MCA Circulars dated May 5, 2020, January 13, 2021 and General Circular No.2/2022 dated May 5, 2022 and SEBI Circulars dated May 12, 2020, January 15, 2021 and May 13, 2022, the Notice of the AGM along with the Annual Report 2021-22 is being sent through electronic mode to those Members whose email addresses are registered with the Company/Depositories and physical copies to those shareholders who request for the same. The Notice convening the 79th AGM has been uploaded on the website of the Company at www.nelco.in and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also available on the website of NSDL at www.evoting.nsdl.com.

8. Book Closure and Dividend:

i) **The Register of Members and the Share Transfer Books of the Company will be closed from Thursday, 23rd June 2022 to Thursday, 30th June 2022, both days inclusive.** The dividend of ₹ 1.80 per equity share of ₹ 10 each (i.e.18%), if declared by the Members at the AGM, will be paid subject to deduction of income-tax at source ('TDS'), wherever applicable, on or after Tuesday, 12th July, 2022 as under:

To all the Beneficial Owners as at the end of the day on **Wednesday, 22nd June 2022** as per the list of beneficial owners to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and

To all Members in respect of **shares held in physical form** after giving effect to valid transmission and transposition in respect of valid requests lodged with the Company/Registrar and Share Transfer Agent on or before the close of business hours on **Wednesday, 22nd June 2022**.

ii) Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders w.e.f. 1st April 2020 and the Company is required to deduct TDS from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company by sending documents through e-mail by Friday, 17th June 2022. For the detailed process, please click here https://www.nelco.in/pdf/disclosure-of-events/tax-deduction-dividend-03-06-2022.pdf

iii) Further, in order to receive the dividend in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means are requested to mail the following documents to Company's Registrars and Transfer Agents, TSR Consultants Private Limited, so that it reaches them latest by Friday, 17th June 2022:

a. signed request letter mentioning their name, folio number, complete address and following details relating to bank account in which the dividend is to be received:

- Name and Branch of Bank and Bank Account type;
- Bank Account Number & Type allotted by the Bank after implementation of Core Banking Solutions;
- 11 digit IFSC Code.

b. self-attested copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;

c. self-attested copy of the PAN Card; and

d. self-attested copy of any document (such as Aadhaar Card, Driving License, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/ addition/deletion in such bank details. Accordingly, the Members holding shares in demat form are requested to update their Electronic Bank Mandate with their respective DPs.

Further, please note that instructions, if any, already given by Members in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form.

iv) The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/Bankers' cheque/demand draft to such Members, upon normalization of postal services and other activities.

v) Members are requested to note that, dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/Claimants are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules. For details of unclaimed dividend and shares transferred to IEPF, please refer to Company's website viz. www.nelco.in. Members who have not yet encashed their dividend warrant(s) for the financial year 2018-19, 2019-20 & 2020-21 are requested to make their claims to the Company accordingly, without any delay.

9. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at https://www.nelco.in/investor-relation/shareholder-information.php and on the website of the Company's Registrar and Transfer Agents, TSR Consultants Private Limited ("TCPL") at https://www.tcplindia.co.in/. It may be noted that any service request can be processed only after the folio is KYC Compliant.

10. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation. Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or TCPL, for assistance in this regard.

11. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to TCPL at csg-unit@tcplindia.co.in in case the shares are held in physical form, quoting their folio no. Further, Members may note that SEBI has mandated the submission of PAN by every participant in securities market.

12. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form SH-14. The said forms can be downloaded from the Company's website at www.nelco.in. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the RTA at mail to csg-unit@tcplindia.co.in in case the shares are held in physical form, quoting your folio no.

13. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or TCPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

14.(i) Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to girish.kirkinde@nelco.in by mentioning their DP ID & Client ID/Physical Folio Number.

(ii) Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 4th July, 2022 through email on girish.kirkinde@nelco.in. The same will be replied by the Company suitably.

15. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.

16. To support the 'Green Initiative', the Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with TCPL in case the shares are held by them in physical form.

Process for registering e-mail addresses to receive this Notice electronically and cast votes electronically:

i. **Registration of e-mail addresses with TCPL**: The Company has made special arrangements with TCPL for registration of e-mail addresses of those Members (holding shares either in electronic or physical form) who wish to receive this Notice electronically and cast votes electronically. Eligible Members whose e-mail addresses are not registered with the Company/DPs are required to provide the same to TCPL on or before **5.00 p.m. (IST) on Wednesday, 22nd June 2022**.

Process to be followed for registration of e-mail address is as follows:

a. Visit the link https://tcpl.linkintime.co.in/EmailReg/Email_Register.html

b. Select the Name of the Company from dropdown

c. Enter the Folio No./DP ID, Client ID, Shareholder Name, PAN details, Mobile no. and E-mail id. Shareholders holding shares in physical form are required to additionally enter one of their share certificate numbers.

d. System will send OTP on mobile no and email id.

e. Enter OTP received on mobile no and email id.

f. The system will then confirm the e-mail address for the limited purpose of service of Notice of AGM and Annual Report 2021-22.

The above system also provides a facility to the Members holding shares in physical form to upload a self-attested copy of their PAN Card, if the PAN details are not updated in accordance with the requirements prescribed by SEBI.

After successful submission of the e-mail address, NSDL will e-mail a copy of this AGM Notice and Annual Report for FY 2021-22 along with the e-Voting user ID and password. In case of any queries, Members may write to evoting@nsdl.co.in.

ii. Registration of e-mail address permanently with Company/DP: Members are requested to register the same with their concerned DPs, in respect of electronic holding and with TCPL, in respect of physical holding, by writing to them at csg-unit@tcplindia.co.in. Further, those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated/updated with their DPs/TCPL to enable servicing of notices/documents/Annual Reports and other communications electronically to their e-mail address in future.

iii. Alternatively, Members may also send an e-mail request to evoting@nsdl.co.in along with the following documents for procuring user id and password and registration of e-mail addresses for e-Voting for the resolutions set out in this Notice:

- **In case shares are held in physical form,** please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card.
- **In case shares are held in demat form,** please provide DP ID-Client ID (8 digit DP ID + 8 digit Client ID or 16 digit Beneficiary ID), Name, client master or copy of Consolidated Account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card.

iv. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

17. Remote e-Voting before/during the AGM:

i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended) and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as remote e-Voting during the AGM will be provided by NSDL.

ii. Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of Friday, 1st July 2022 may cast their vote by remote e-Voting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before the AGM as well as remote e-Voting during the AGM. Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date i.e. Friday, 1st July 2022, may obtain the User ID and Password by sending a request at evoting@nsdl.co.in.

iii. The remote e-Voting period commences on Monday, 4th July 2022 at 9.00 a.m. (IST) and ends on Thursday, 8th July 2022 at 5.00 p.m. (IST). The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. Friday, 1st July 2022.

iv. Members will be provided with the facility for voting through electronic voting system during the VC proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote at the end of discussion on the resolutions on which voting is to be held, upon announcement by the Chairman. Members who have cast their vote on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again.

v. The remote e-Voting module on the day of the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.

18. Other instruction

(i) Mr. P. N. Parikh, Company Secretary (FCS No. 327) or failing him Mr. Mitesh Dhabliwala, Company Secretary (FCS No. 8331) of M/s. Parikh and Associates, Practicing Company Secretaries, have been appointed as the Scrutinizer by the Board for providing facility to the Members of the Company to scrutinize remote e-Voting process before the AGM as well as remote e-Voting during the AGM in a fair and transparent manner.

(ii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility.

(iii) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who will acknowledge the receipt of the same and declare the result of the voting forthwith.

(iv) The results will be declared within 48 hours of conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.nelco.in and on the website of NSDL: www.evoting.nsdl.com immediately after the results are declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE").

(v) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of AGM i.e. Friday, 8th July 2022.

(vi) All documents referred to in the accompanying Notice of the AGM and the Explanatory Statement and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available electronically for inspection by the members during the AGM upon log-in to NSDL e-Voting system at https://www.evoting.nsdl.com

19. Instructions for attending the AGM through VC/OAVM and remote e-Voting (before and during the AGM) are given below:

A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM

i. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned below for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

ii. Members are encouraged to join the Meeting through Laptops for better experience.

iii. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

iv. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

v. **Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 79th AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's e-mail address at girish.kirkinde@nelco.in before 3.00 p.m. (IST) on Monday, 4th July 2022. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.**

vi. Members who would like to express their views/ask questions as a speaker at the Meeting may **pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at girish.kirkinde@nelco.in between Friday, 1st July 2022 (9.00 a.m. IST) and Tuesday, 5th July 2022 (5.00 p.m. IST). Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.**

vii. Members who need technical assistance before or during the AGM to access and participate in the Meeting may contact NSDL on toll-free number: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Abhijeet Gunjal at evoting@nsdl.co.in.

B. INSTRUCTIONS FOR REMOTE E-VOTING BEFORE/DURING THE AGM

The instructions for remote e-Voting before the AGM are as under:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	a. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	b. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp c. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. d. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi/Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
i. For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
ii. For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
iii. For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address, etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

The instructions for e-Voting during the AGM are as under:

i. The procedure for remote e-Voting during the AGM is same as the instructions mentioned above for remote e-Voting since the Meeting is being held through VC/OAVM.

ii. Only those Members/Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

iii. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

General Guidelines for Members:

i. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.

ii. In case of any queries/grievances pertaining to remote e-Voting (before the AGM and during the AGM), you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for shareholders available in the download section of www.evoting.nsdl.com or call on the toll-free number: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Abhijeet Gunjal at evoting@nsdl.co.in.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to girish.kirkinde@nelco.in.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to girish.kirkinde@nelco.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.

3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

By Order of the Board of Directors

Girish V. Kirkinde
Company Secretary & Head – Legal
ACS 7493

Navi Mumbai, 30th May 2022

Registered Office:
EL-6, TTC Industrial Area, MIDC Electronics Zone,
Mahape, Navi Mumbai – 400 710
CIN: L32200MH1940PLC003164
Tel.: 91 22 67399100 Fax.: 91 22 67398787
E-mail: services@nelco.in
Website: www.nelco.in

EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 5 to 7 of the accompanying Notice dated 30th May 2022.

Item No.: 5

The Board of Directors, on the recommendation of Nominations, HR and Remuneration Committee (NRC), appointed Mr. Saurabh Ray (DIN 09573704) as an Additional Director of the Company with effect from 26th April 2022. Pursuant to the provisions of Section 161(1) of the Act, Mr. Ray holds office upto the date of this AGM and is eligible to be appointed as a Director, whose office shall be liable to retire by rotation. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing Mr. Ray's candidature for the office of Director.

A brief profile of Mr. Ray is as under:

Mr. Saurabh Ray aged 53 years has done B.Tech in Computer Sc. & Engineering from University of Calcutta after completing B.Sc. Hons in Physics. He also completed executive education on "Innovation Leadership Consortium" from TUCK School of Business at Dartmouth, Hanover, USA and certified in "Masterclass in Digital Leadership" from MIT, Boston, USA. He has worked for more than 27 years in Information Technology and services industry. Currently working at The Tata Power Company Ltd. (TPCL) as the Head of Enterprise Application. Prior to TPCL, Mr. Ray was working as Vice President in Wipro Ltd. for 3 years managing the global delivery of one of the business units. Before that he spent 23 years in Tata Consultancy Services playing various management roles. His area of expertise is related to Business Strategy, Sales and Delivery, Technology Transformation.

The Board commends the Ordinary Resolution set out in Item No. 5 of the accompanying Notice for approval of the Members. This item being special business, is unavoidable in nature. Except Mr. Ray, none of the Directors or Key Managerial Personnel (KMP) of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice. Mr. Ray is not related to any other Director or KMP of the Company.

Item No.: 6

The Board of Directors, on the recommendation of Nominations, HR and Remuneration Committee (NRC), appointed Mr. A. S. Lakshminarayanan (DIN 08616830) as an Additional Director of the Company with effect from 29th May 2022. Pursuant to the provisions of Section 161(1) of the Act, Mr. Lakshminarayanan holds office upto the date of this AGM and is eligible to be appointed as a Director, whose office shall be liable to retire by rotation. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing Mr. Lakshminarayanan's candidature for the office of Director.

A brief profile of Mr. Lakshminarayanan is as under:

Mr. A. S. Lakshminarayanan currently working as Managing Director and Chief Executive Officer of the Tata Communications Ltd. (TCL). He is a global techno-commercial leader across regions and industries recognised for developing scalable businesses in UK, Europe, Japan and India and has worked across the globe. In a short span at TCL, since October 2019, Mr. Lakshminarayanan is re-engineering TCL and steering it to deliver strong profitability. The newly defined 'reimagine' strategy focuses on platform play, financial fitness, commitments on sustainability, innovation and AI. Under Mr. Lakshminarayanan's leadership, TCL is progressing to play a solid role as a digital ecosystem enabler – a digital fabric on which customers can build secure, connected, digital experiences.

Prior to joining TCL, Mr. Lakshminarayanan was President and CEO of Tata Consultancy Services (TCS) Japan accelerating the company's market opportunity and brand in the region. Other leadership positions he has held within TCS include, Global Head of four business units (Telecom, Media & Information Services, HiTech and Utilities) and Head of UK & Europe. An over 35 years Tata Group veteran, engineering graduate from BITS, Pilani, and London Business School senior executive programme alumnus. He is an IEEE (Institute of Electrical and Electronics Engineers) long-standing member. He is also on the Board of Tata Teleservices Ltd. and Tejas Networks Ltd. He is known to drive all things technology and transformation, with trust and purpose being central.

The Board commends the Ordinary Resolution set out in Item No. 6 of the accompanying Notice for approval of the Members. This item being special business, is unavoidable in nature. Except Mr. Lakshminarayanan, none of the Directors or Key Managerial Personnel (KMP) of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice. Mr. Lakshminarayanan is not related to any other Director or KMP of the Company.

Item No.: 7

Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit Committee of Directors, the Board of Directors has approved the appointment of M/s. P.D.Dani & Associates (PDA) (Firm Registration No. 000593) as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for FY22, at a remuneration of ₹ 1,25,000 (Rupees One Lakh Twenty Five Thousand) plus GST and reimbursement of out of pocket expenses on actual basis incurred in connection with the audit. They have vast experience in the field of cost audit.

The Board commends the Ordinary Resolution set out in Item No.7 of the accompanying Notice for ratification of the Cost Auditors' remuneration by the Members of the Company. This item being special business, is unavoidable in nature. None of the Directors or Key Managerial Personnel (KMP) of the Company and their respective relatives are concerned or interested in the Resolution at Item No.7 of the accompanying Notice.

By Order of the Board of Directors

Girish V. Kirkinde
Company Secretary & Head – Legal
ACS 7493

Navi Mumbai, 30th May 2022

Registered Office:
EL-6, TTC Industrial Area, MIDC Electronics Zone,
Mahape, Navi Mumbai – 400 710
CIN: L32200MH1940PLC003164
Tel.: 91 22 67399100 Fax.: 91 22 67398787
E-mail: services@nelco.in
Website: www.nelco.in

Details of the Director seeking appointment / re-appointment at Annual General Meeting [Pursuant to Regulations 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards - 2 on General Meetings.

Name of the Director	Mr. Saurabh Ray	Mr. A. S. Lakshminarayanan
DIN	09573704	08616380
Date of Birth (Age)	25th November 1969 (53 Years)	13th April 1961 (61 Years)
Date of Appointment	26th April 2022	29th May 2022
Expertise in Specific Functional Area	Information and Technology Services	Deep understanding of the global technology market and enterprises' growing digital needs
Qualifications	B.Tech in Computer Sc. & Engineering	Degree in Mechanical Engineering from BITS, Pilani Alumnus of London Business School.
Terms and conditions of appointment or re-appointment	N.A.	N.A.
Relationship between Directors inter se	Mr. Ray is not related to any other Directors of the Company.	Mr. Lakshminarayanan is not related to any other Directors of the Company.
Directorship held in other Companies (excluding Foreign Companies)	Nelco Network Products Ltd	Tata Communications Ltd. Tata Teleservices Ltd. Tejas Networks Ltd.
Committee positions held in other Companies	Nil	Tata Communications Ltd. Member • Corporate Social Responsibility, Safety and sustainability Committee • Stakeholders Relationship Committee Tata Teleservices Ltd. Member • Nomination and Remuneration Committee • Finance Committee • Empowered Committee • Share / warrant / Debenture Allotment & Transfer Committee
Remuneration	No remuneration is paid*	No remuneration is paid*
No. of meetings of Board attended during the year	Nil*	Nil*
No. of shares held (a) Own (b) For other persons on a beneficial basis	Nil	Nil

*They have been appointed in FY 2022-23 and hence, details of remuneration paid are not applicable

DIRECTORS' REPORT

To

The Members,

The Directors have pleasure in presenting Seventy Nineth Annual Report of Nelco Limited (Company or Nelco) alongwith the Audited Statement of Accounts for the year ended 31st March 2022.

As informed earlier, 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). As per the NCLT order, the scheme shall be effective on the date on which the last of all the approvals and sanctions from appropriate authorities as may be required under the law in respect of the Scheme have been obtained. The Company received the requisite approval from Department of Telecommunications (DoT) on 9th June 2021 for transfer of the Internet Service Provider license and VSAT license from TNSL to the Company under the Scheme. Accordingly, the Scheme became effective on 9th June 2021.

1. Financial Results

(₹ in lakhs)

Sr. No.	Particulars	Standalone*		Consolidated	
		FY2021-22	FY2020-21	FY2021-22	FY2020-21
A	**Continuing Operations**				
a	Revenue from Operations	14,316	13,112	26,007	22,612
b	Other Income	259	152	474	284
c	Total Income	14,575	13,264	26,481	22,896
d	Operating Expenditure	12,143	10,768	20,949	18,125
e	Profit before finance cost, tax and depreciation and amortization (PBITDA)	2,432	2,496	5,532	4,771
f	Less: Finance Cost	268	438	753	953
g	Less: Depreciation/Amortization	835	809	2,464	2,230
h	Net Profit/(Loss) before tax	1,329	1,249	2,315	1,588
i	Current/Deferred Tax Expenses	307	325	707	352
j	Net Profit/(Loss) after Tax	1,022	924	1,608	1,236
B	**Discontinuing Operations** (being transferred to Wholly Owned Subsidiary)**				
k	Profit from Discontinuing operations (before tax)	116	330	-	-
l	Tax Expenses	29	27	-	-
m	Profit after Tax from Discontinuing operations	87	303	-	-
C	**Profit after tax from Total Operations**	1,109	1,227	1,608	1,236
n	Add: Other comprehensive income/(expenses)	(56)	28	(30)	28
o	Total Comprehensive Income	1,053	1,255	1,578	1,264

**Operations that are being transferred to Nelco Network Products Ltd. (Wholly Owned Subsidiary) as a part of internal restructuring.

* During the year the Company has received approval from Department of Telecommunications (DoT) for transfer of VSAT and ISP license held by subsidiary Company Tatanet Service Limited (TNSL) to Nelco Limited. Upon approval from DoT, the scheme of restructuring becomes effective from appointment date i.e. April 1, 2017. Pursuant to approval, the Proposed Scheme has been accounted for as follows.

- Discontinued operations have been transferred to NNPL in accordance with IND AS 105. Considering the materiality and convenience reason, demerger impact is given from June 1, 2021; and
- TNSL merger has been accounted in Nelco Limited (standalone) in accordance with Appendix C of IND AS 103 "Business Combination" and accordingly, results of all the previous periods have been restated by including results of the Company from the beginning of the previous year i.e. April 1, 2020.

2. Dividend

The Directors of your Company recommend for FY 2021-22, a dividend of ₹ 1.80 per share of ₹ 10/- each i.e. 18% (previous year ₹ 1.20 per share i.e. 12%) subject to the approval of the Members at the ensuing AGM. If approved, the total dividend outgo for FY 2021-22 would amount to ₹ 410.73 lakhs (previous year ₹ 273.82 lakhs).

According to Regulation 43A of the Listing Regulations, the top 1000 listed entities based on market capitalization, calculated as on 31st March of every financial year are required to formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports. Accordingly, the Dividend Policy of the Company can be accessed using the following link: https://www.nelco.in/pdf/Policies/dividend-distribution-policy.pdf

3. Financial Performance and the state of the Company's affairs

3.1 Standalone

On a Standalone basis, your Company achieved revenue of ₹ 14,316 Lakhs in FY 2021-22 from Continuing Operations as against ₹ 13,112 Lakhs in FY 2020-21.

In FY 2021-22 the Company earned from continued operations, a net profit after tax of ₹ 1,022 Lakhs from its total operations as against profit of ₹ 924 Lakhs in FY 2020-21. This was due to increase in service revenue from satellite connectivity services.

In FY 2021-22 revenue from discontinued operations is ₹ 1,406 Lakhs whereas in PY 2020-21 revenue was ₹ 9,513 Lakhs. There is lower revenue in the current year as Discontinued Operations were carried by the Company for two months till scheme of internal restructuring became effective, whereas in the previous year revenue was for full year period. Profit after tax from Discontinued Operations for 2021-22 is ₹ 87 Lakhs and for 2020-21 ₹ 303 Lakhs. Same has been transferred by the Company to its subsidiary Nelco Network Products Limited (NNPL) in accordance with approved scheme of internal restructuring.

Profit from Discontinuing Operations are calculated considering the direct cost of those Operations and interest on identifiable loans that are being transferred under the Scheme. The entire corporate overheads are considered part of Continuing Operations.

3.2 Consolidated

On a Consolidated basis, revenue from Operations was ₹ 26,007 Lakhs in FY 2021-22 as against ₹ 22,612 Lakhs in FY 2020-21 i.e. increase by 15% over previous year.

The segment wise performance (Consolidated) from total operations for the year was as follows:

Based on evaluation of key financial parameters, the Company believes that it operates in only one reportable segment i.e. Network Systems and accordingly the financial results are reported as single reportable segment from the year ended 31st March, 2020.

The Company earned a net profit after tax of ₹ 1,608 Lakhs from total operations as against profit of ₹ 1,236 Lakhs in FY 2020-21. No material changes and commitments have occurred after the close of the year under review till the date of this Report which affect the financial position of the Company.

3.3 Operations

Information in detail has been given in the Management Discussion & Analysis which forms a part of this report.

4. Reserves

The Board of Directors has decided to retain the entire amount of profit for FY 2021-22 in the statement of profit and loss.

5. Subsidiary Companies

5.1. The Company has one wholly owned subsidiary i.e. Nelco Network Products Ltd. (NNPL) as on 31st March 2022. The other wholly owned subsidiary, Tatanet Services Ltd. was amalgamated with the Company on 9th June 2021 pursuant to NCLT order approving the Composite Scheme of Arrangement and Amalgamation (Scheme).

NNPL holds Inflight & Maritime Communication (IFMC) licence issued by DOT. Pursuant to the Scheme, it has acquired from the Company two businesses on a going concern basis by way of slump sale. These businesses are (a) Industrial Security and Surveillance System (ISSS) and (b) sale and maintenance of VSAT and related equipment. There has been no other major change in business of NNPL during the year under review.

The revenue of NNPL for FY 2021-22 was ₹ 11,734 Lakhs and profit after tax was ₹ 578 Lakh and the accumulated reserve and surplus since incorporation was ₹ 3,382 Lakhs.

As required under Section 129(3) of the Companies Act, 2013 (Act), the salient features of financial statements of NNPL in Form AOC-1 is attached to the financial statements of the Company.

Further, pursuant to Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiary Company, are available on the website of the Company https://www.nelco.in/investor-relation/financial.php.

The Policy for determining material subsidiaries of the Company has been provided in the following link: https://www.nelco.in/pdf/Policies/Policy%20for%20determining%20Material%20Subsidiaries.pdf.

6. Directors and Key Managerial Personnel

Change in Board Composition

Directors Appointment

Pursuant to the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board of Directors appointed Mr. Saurabh Ray as Additional Director of the Company with effect from 26th April 2022. In accordance with Section 161(1) of the Act, he holds office upto the date of the ensuing AGM and a Notice under Section 160(1) of the Act has been received from a Member signifying the intention to propose their appointment as Director. The Board recommends his appointment as Director of the Company.

Cessation

On 29th May 2022, Mr. R. R. Bhinge ceases to be Director and Chairman of the Company on attaining the age of 70 years (the age of retirement), as per the Group Governance Guidelines on Board Effectiveness for retirement of Non-Executive Directors.

Mr. Anand Agarwal, the nominee of the Parent Company, The Tata Power Company Ltd. (TPC) resigned from the Board of Directors of the Company w.e.f. 26th April 2022 on withdrawal of his nomination by TPC.

The Board placed on record its deep sense of appreciation of the valuable contribution made by Mr. Bhinge and Mr. Agarwal to the operations and growth of the Company during their association with the Company.

Re-appointment

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. P. J. Nath retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

Independent Directors

In terms of Section 149 of the Act and SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 (Listing Regulations), the Shareholders of the Company appointed, Mr. K. N.Murthy, Dr. Lakshmi Nadkarni and Mr. Ajay Kumar Pandey as Independent Directors for a period of 5 years from 28th January 2020 to 27th January 2025. The Company has received declarations from them confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Rules framed thereunder and Regulation 16(1) (b) of the Listing Regulations. In terms of Regulations 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be anticipated that could impair or impact their ability to discharge their duties.

In the opinion of the Board, the Independent Directors fulfil the conditions of independence specified in the Act and the Listing Regulations and are independent of the management. Further, the Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience (including the proficiency) and expertise in their respective fields and that they hold highest standards of integrity.

Further, the Independent Directors of the Company, wherever applicable, have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

Additional information and brief profile as stipulated under Listing Regulations and Secretarial Standards-2 on General Meetings with respect to Director seeking appointment is annexed to the Notice of AGM.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

Pursuant to Section 203 of the Act, the Key Managerial Personnel of the Company as on 31st March 2022 are:

- Mr. P.J. Nath, Managing Director & CEO
- Mr. Malav Shah, Chief Financial Officer
- Mr. Girish Kirkinde, Company Secretary & Head-Legal

Mr. Uday Banerjee, Chief Financial Officer superannuated from the services of the Company on 31st December 2021.

Number of Board meetings

During the year under review, Seven Board Meetings were held. For further details, please refer Report on Corporate Governance.

Governance Guidelines:

The Company has adopted Governance Guidelines on Board Effectiveness. The said Guidelines covers aspects related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director's term, retirement age and Committees of the Board. It also includes aspects relating to nomination, appointment, induction and development of Directors, Director Remuneration, subsidiary oversight, Code of Conduct, Board Effectiveness Review and mandates of Board Committees.

7. Annual Evaluation of Board Performance and Performance of its Committees and Individual Directors

As required under the Act and Listing Regulations, the Board has carried out formal annual evaluation of the performance of the Board, its Committees and of individual directors. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the board after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate meeting of Independent Directors, performance of non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, considering the views of Executive Director and non-Executive Directors.

The Board and the NRC reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In the Board meeting that followed the meeting of the Independent Directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

Based on inputs received from the Board members, it emerged that the Board had a good mix of competency, experience, qualifications and diversity. Each Board member contributed in his/her own manner to the collective wisdom of the Board, keeping in mind his/her own background and experience. There was active participation and adequate time was given for discussing strategy. Overall, the Board was functioning very well in a cohesive and interactive manner.

7.1 Committees of the Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. The following substantive Committees constituted by the Board function according to their respective roles and defined scope:

- Audit Committee (AC)
- Nominations, HR and Remuneration Committee (NRC)
- Stakeholders Relationship Committee (SRC)
- Corporate Social Responsibility Committee (CSRC)
- Risk Management Committee (RMC)
- Executive Committee of the Board (ECOB)

Details of composition, terms of reference and number of meetings held for respective Committees are given in the Report on Corporate Governance which forms part of the Annual Report. Further, during the year under review, all recommendations made by the Audit Committee have been accepted by the Board.

The details of the familiarization programs for Independent Directors are disclosed on the Company's website and the web link for the same is: https://www.nelco.in/pdf/Policies/programme-f-d-policy.pdf

The Company has adopted a Code of Conduct for its Non-Executive Directors including a code of conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Act. The Company has also adopted the Tata Code of Conduct for its employees including the Managing and Executive Directors. The above codes can be accessed on the Company's website at https://www.nelco.in/investor-relation/corporate-governance.php:

In terms of the Listing Regulations, all Directors and senior management personnel have affirmed compliance with their respective codes. The CEO & Managing Director has also confirmed and certified the same, which certification is provided at the end of the Report on Corporate Governance.

7.2 Remuneration Policy for the Directors, Key Managerial Personnel and other Employees

In terms of the provisions of Section 178(3) of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations, the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Board has adopted the Policy on Board Diversity, which is reproduced in Annexure-I forming part of this report and Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company is available on the websites of the Company at:

https://www.nelco.in/pdf/Policies/Remuneration%20Policy%20for%20Directors,%20KMP%20and%20Other%20employees.pdf.

Salient Features of this policy are as under:-

- The philosophy for remuneration of Directors, Key Managerial Personnel ("KMP") and all other employees of Nelco Ltd. ("Company") is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

- Independent Directors ("ID") and non-independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.

- Overall remuneration should be reflective of size of the company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.

- The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.

- The extent of overall remuneration to Managing Director ("MD")/ Executive Directors("ED")/ KMP/ rest of the employees should be sufficient to attract and retain talented and qualified individuals suitable for every role.

- The remuneration mix for the MD/EDs is as per the contract approved by the shareholders.
- In addition to the basic/fixed salary, the company provides to other KMPs and employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible and also performance linked bonus.
- Remuneration is payable to Director for services rendered in professional capacity and which NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.
- There is no change in the aforesaid policies during the year under review.
- Except the Performance Linked Payment (PLP) which is a part of his Cost to the Company (CTC), the Managing Director & CEO has neither received any commission from the Company nor from its Holding or Subsidiary Company.

7.3 Particulars of Employees and Remuneration

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules) is provided in Annexure - II (A) forming part of this Report.

Statement containing particulars of top 10 employees and the employees drawing remuneration in excess of limits prescribed under Section 197 (12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure II (B) forming part of this report. None of the employees listed in the said Annexure II (B) is related to any Director of the Company. In terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. The said Statement is also open for inspection at the Registered Office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary.

8. Significant and material Orders passed by the Regulators or Courts or Tribunal

No significant and materials orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and your Company's operations in future.

Corporate Governance, Management Discussion & Analysis and Business Responsibility Report

As per Listing Regulations, the Corporate Governance Report with the Auditors' Certificate thereon and the Management Discussion and Analysis are attached, which forms part of this Annual Report.

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report, initiatives taken from an environmental, social and governance perspective in the prescribed format is attached as a separate section of this Annual Report.

Vigil Mechanism

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. In line with the Tata Code of Conduct (TCoC), any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations of the TCoC cannot be undermined.

Pursuant to Section 177(9) of the Act and Regulation 4(2)(d)(iv) of the Listing Regulations, a Whistle-blower Policy and Vigil Mechanism was established for Directors, employees and stakeholders to report to the Management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chief Ethics Counsellor (CEC)/Chairman of the Audit Committee of the Company for redressal. The Company has revised the Whistle-blower Policy to include "reporting of incidents of leak or suspected leak of unpublished price sensitive information" in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. The revised Policy was approved by the Board at its meeting. The updated policy has been posted on the Company's website at https://www.nelco.in/pdf/Policies/Whistle%20Blower%20Vigil%20Mechanism%20Policy.pdf. The Company affirms that no personnel have been denied access to the Audit Committee

9. Risks and Concerns

The Company is faced with risks of different types including strategic, financial, regulatory and operational. Each of the risks need different approaches for mitigation and management. Details of various risks faced by the Company are provided in Management Discussion & Analysis.

9.1 Risk Management Framework and Internal Financial Controls

Risk Management framework: The Company has established a risk management framework and policy based on which risks are identified and assessed across its business segments. The Risk Management Committee (RMC) of the Board was constituted in FY22 to enhance the focus on risk identification and mitigation. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Company's key risks are discussed with RMC on a half yearly basis.

The Audit Committee and Board have an additional oversight in the area of key strategic and financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The internal Risk Management Committee at the Company level which comprises of the CEO, CFO, Risk Officer and key business and operations heads, ensures that existing and future risk exposures of the Company are identified, assessed, quantified, minimized, managed and appropriately mitigated. The Company's framework of risk management process provides clear basis for informed decision making at all levels of the organization on an ongoing basis, having duly evaluated likely risks and their mitigation plans being controllable and within risk appetite of the Company. There are no elements of risk, which in the opinion of the Board may impact the existence of the Company.

Internal Financial Control and Systems: The Company has an internal control system, commensurate with the nature of its business, the size and complexity of its operations and as such the internal financial controls with reference to the Financial Statements are adequate. The Company has appointed independent Chartered Accountant firm as Internal Auditors who audits governance, risks management and internal controls and processes. The Internal Auditors present their findings to the Audit Committee. Testing of Internal Financials Controls also form a part of internal audit schedule. The scope and authority of internal audit is defined in Audit Committee Charter adopted by the Company.

As per the Audit Committee Charter adopted by the Board and as per provisions of Section 177 of the Companies Act, 2013 (the Act) one of the responsibilities of the Audit Committee is to review the effectiveness of the Company's Internal control system, including Internal Financial Controls. Internal controls have been discussed in detail in Management Discussion & Analysis in this report. The Company has implemented robust processes to ensure that all internal financial controls are effectively working. On review of the internal audit observations and action taken on audit observations, there are no adverse observations having material impact on financials, commercial implications or material non-compliances which have not been acted upon. In addition, the statutory auditors carry out an audit at quarterly intervals and these reports also have not reported any adverse findings.

Process Robustness: The Company also carries out business excellence assessments and process deep dives through external agencies to establish and improve efficiency and effectiveness of processes in various key functions. The Company assesses the process maturity and robustness for its key functions on the following:

- Process documentation and workflow
- Process measures and controls (manual/system driven) including maker-checker mechanisms
- Performance tracking for key measures/metrics
- Initiatives taken for process improvements

The Company also carries out internal audits and process deep dives through external agencies to establish and improve efficiency and effectiveness of processes in various key functions. On review of the internal audit observations and action taken on audit observations, there are no adverse observations having material impact on financials, commercial implications or material non-compliances which have not been acted upon. In addition, the statutory auditors carry out an audit at quarterly intervals and these reports also have not reported any adverse findings.

10. Sustainability

10.1 Corporate Social Responsibility

The Company has formed a CSR committee comprising of the following Directors:

Mr. R. R. Bhinge, Chairman
Dr. Lakshmi Nadkarni and
Mr. P. J. Nath

As the Company has not earned net profits computed as defined in Section 198 of the Act, it is not mandatorily required to spend on CSR activities. However, after the amalgamation on 9th June 2021 of Tatanet Services Ltd. (TNSL) as per the Scheme with the Company, TNSL's obligation for CSR spend of ₹ 14.76 Lakhs stands transferred to the Company. Accordingly, the Company spent ₹ 14.76 Lakhs for FY2021-22 towards the CSR activities. The annual report on CSR activities is provided in Annexure - III to this Report. The Company has formulated the policy on CSR which is available on Company's websites: https://www.nelco.in/pdf/Policies/CSR%20Policy.pdf. The Company motivates employees to take up volunteering which benefit the society through participation in Nelco organized CSR activities, Tata ProEngage and Tata Volunteering week.

10.2 Safety, Health and Environment

The Company placed utmost importance to establish a safe work environment for its employees, contractual workforce, suppliers, visitors and partners. Specific focus was given to determine safety standards on Office Safety, Field Safety, Working at Height safety & Electrical and Fire Safety. The Apex Safety Committee met frequently to assess the work conditions, Incident reported and risk assessments. The Works Committee ensured specific safety norms are followed across regions. Reporting of Incidences and unsafe conditions are encouraged and the committee analysed the reported instances and corrective actions taken to avoid recurrence.

The Company adopts a proactive and responsible approach to safeguard the welfare of its employees. Communication on health tips, virtual seminars on health topics, fitness related sessions, Doctors availability in the premise are some of the services available for employees and families.

Training & awareness sessions were conducted periodically on Fire Safety and on usage of the fire saving equipment. Fire Evacuation Drills were conducted to check emergency preparedness. The compliance related to the Fire safety are followed and audited periodically to ensure adherence.

While VSAT services qualified under the 'essential services' category, Safety and Health of the employees, especially those who were in customer services roles and employees who were visiting offices under special circumstances were taken on priority. All hygiene specific guidance were followed. Regular deep cleaning of the office premises and checks including thermal screening, oximeter check, footwear disinfectant and vehicle sanitization continued to ensure safety of the employees in office. Company initiated vaccination drives for employees & families and contract resources in the year. A part of our employees continued to work from home during the year.

11. Human Resources

As on 31st March 2022, the Company had employee strength of 86. During the year under review, 9 employees were recruited, and 10 employees were separated.

Various people related initiatives were undertaken by the Company during the year to enable organizational growth through people care and development which include:

- During ongoing Pandemic and lockdown, Health and wellbeing of the employees had become a major priority for the Company. The connect meetings gave opportunities to employees to express themselves and get solutions to their work matters. Besides HR connect meetings, the regular connect sessions were conducted by the Department Heads. Over and above this the MD connect sessions were also initiated to ensure that the employees are heard at the highest level and encouraged to give their best. The Company strengthened its engagement with 3rd party contract employees and included Franchisees and its engineers too in the connect programs. Special learning programmes, including Technical, Functional and Behavioural trainings were designed for contract employees and the Franchisee engineers. These trainings also included sessions on TCoC, Safety & POSH awareness. Performance awards were also announced for the Franchisee engineers.
- Every year Employee Engagement Surveys are conducted to enable people to voice out their concerns and suggestions for making the workplace better for everyone. The Company utilises multiple platforms that encourage open communication amongst employees and allow them to voice their opinion. MD Connects and Ideas Portal are two such platforms where employees share ideas which are further evaluated by a committee and translated into actions wherever feasible. Knowledge sessions and employee welfare and sports activities are also conducted from time to time to ensure continuous learning, team bonding and motivation.
- Reward & Recognition: In order to make recognitions an integral part of the Company, it has automated the Reward and Recognition module to ensure timely recognition. By introducing additional reward categories in the policy, which includes anytime, anywhere appreciation, Nelco wishes to add more vigour and robustness

in the way employees are recognised and appreciated for their exemplary performances and operational excellence. Nelco Innovista awards is a platform which rewarded participants for their creative and innovative minds.

- Capability Development: Company focuses on overall capability building of functional, managerial and behavioural skills. The capability building programs considering the present and future business requirements are part of strategic planning exercise.

  Training needs are primarily sourced through performance appraisal discussions with respective managers. Training programmes are facilitated by e-learning platform as well as internal and external trainers. During pandemic, the Company has been committed towards building the skill levels of employees through organizing virtual workshops and fulfilling the training requirements through e-learning platforms. Employees were encouraged to undergo trainings of their choice apart from the training needs identified by their managers. The company also arranged webinars and learning opportunities through Tata group learning portals & webinars and helped employees upgrade their knowledge.

  Innovation in working is encouraged through competitions like Tata Innovista and Tata Business Leadership Awards, where employees showcase creative ideas/actions in business, process or technology. A comprehensive Competency assessment is carried out for employees and plans made for bridging the identified skill gaps through relevant training programs

- Performance & Talent Management: Employee performance is monitored and managed through rigorous processes of Performance Appraisal. Mapping the SMART goals in the online system ensures that Goals are properly maintained and tracked for improving the peoples, departments' and overall organization's productivity. The Annual Performance evaluation is based on achievement against pre-defined Key Result Areas (KRAs) for each individual, which are agreed at the beginning of the year and the role-based Tata Leadership Practices (TLP). Continuous dialogue is encouraged between managers and their teams with focus on guiding and training first time managers through performance coaching. Talent management framework is rolled out for High-Potential employees which help them to grow in the organization faster. The Company also conducted Critical resources Planning exercise in order to create succession plan at the middle management level.

- Succession Planning: Successors have been identified for critical positions (for N & N-1 level) in the Company to ensure business continuity. Based on the outcome of this process, decisions to hire capable person for specific positions have also been recommended. Wherever successors are not available, a detailed back up plan is drafted to ensure business is not impacted in case of any emergency situation.

- The Company has an instituted Policy on Prevention of Sexual Harassment (POSH), which seeks to govern the guidelines and grievance redressal procedures as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. As per policy, a Complaints Redressal Committee/Internal Complaints Committee has been formed in the Company with inclusion of an external lady member. POSH related sessions were conducted for employees and allied resources. No complaints related to POSH have been received during the year. The Company has ensured to cover all the Associates, Franchisee engineers and vendors in the POSH and Ethics workshops so that the culture of integrity and respect is spread throughout the extended arm of Nelco.

12. Credit Rating

During the year CRISIL has assigned ratings for long term and short-term bank facilities of the Company to CRISIL A Stable and CRISIL A1 respectively.

13. Loans, Guarantees, Securities and Investments (LGSI)

Details of LGSI covered under the provisions of Section 186 of the Act, 2013 are given in Annexure IV forming part of this report.

14. Foreign Exchange – Earnings and Outgo.

(₹ in lakhs)

Particulars – Standalone	Year ended 31st March 2022	Year ended 31st March 2021
Foreign Exchange Earnings	4,680	2,764
Foreign Exchange Outflow	1,434	2,838

15. Auditors

Members of the Company at the AGM held on 13th August 2020, approved the appointment of S. R. Batliboi & Associates LLP, Chartered Accountants, (ICAI Firm Registration No. 101049W /E300004), as the statutory auditors of the Company for a period of 5 years commencing from the conclusion of the 77th AGM held on 13th August 2020 until the conclusion of 82nd AGM of the Company to be held in the year 2025.

16. Auditors' Report

The standalone and the consolidated financial statements of the Company have been prepared in accordance with applicable Indian Accounting Standards (Ind AS) notified under Section 133 of the Act. The Statutory Auditor's report does not contain any qualifications, reservations, adverse remarks or disclaimers. The Notes to the Accounts referred to in the Auditors' report are self-explanatory and therefore do not call for any further clarification under Section 134(3)(f) of the Act.

During the year under review, neither the statutory auditors nor the secretarial auditors has reported to the Audit committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

17. Cost Auditors and Cost Audit Report

Your Board has appointed M/s. P.D.Dani and Associates (Firm Registration No. 000593), Cost Accountants, as Cost Auditors of the Company for conducting cost audit for the FY 2021-22. A resolution seeking approval of the Members for ratifying the remuneration of ₹ 1,25,000 (Rupees One Lakh Twenty-Five thousand) plus GST and reimbursement of out-of-pocket expenses on actual basis payable to the Cost Auditors for FY22 is provided in the Notice to the ensuing 79th AGM. As specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, the Company has maintained cost accounts and records.

18. Secretarial Audit Report

In terms of Section 204 of the Act and Rules made thereunder M/s. Bhandari & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditors of the Company to carry out the secretarial audit for FY 2021-22. The report of the Secretarial Auditors for FY 2021-22 is enclosed as Annexure- V forming part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditors in their Report.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

As per the requirements of the Listing Regulations, Practicing Company Secretaries have undertaken secretarial audit for FY 2021-22 of Nelco Network Products Ltd., the material unlisted subsidiary of the Company. As per the Audit Report (Annexure- V-A) the subsidiary had complied with the applicable provisions of the Act, Rules, Regulations and Guidelines and that there were no deviations or non-compliances.

19. Conservation of Energy and Technology Absorption

The information on conservation of energy and technology absorption stipulated under Section 134 (3) (m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, is given in Annexure – VI forming part of this report.

20. Related Party Transactions

In line with the requirements of the Act and the Listing Regulations, the Company has formulated a Policy on Related Party Transactions and the same is available on the Company's website: https://www.nelco.in/pdf/Policies/Related%20Party%20Transaction%20Policy.pdf

All related party transactions entered during the year under review were on an arm's length basis and were in the ordinary course of business. All transactions with related parties were reviewed and approved by the Audit Committee. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on an arm's length basis. There were no other materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel and Body Corporate(s) which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of these Related Party Transactions as required under Section 134 (3) (h) of the Act in Form AOC 2 is not applicable for the year under review. The details of the transactions with related parties are provided in the accompanying Financial Statements.

21. Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

22. Extract of Annual Return

Pursuant to Section 92 of the Act read with the appliable Rules, the Annual Return for the year ended 31st March 2022 can be accessed on the Company's website at the following link: https://www.nelco.in/pdf/disclosure-of-events/annual-return-2021-22-nelco-ltd.pdf.

23. Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost auditors, secretarial auditors and external consultants including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board believes the Company's internal financial controls were adequate and effective during the period under review.

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 period ended 31st March 2022 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 to give a true and fair view of the Company for the period ended 31st March 2022 and of the profit of the Company for that period;

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 accounts for the period under review on a going concern basis.

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

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

24. Acknowledgment

The Board of Directors thank the Company's shareholders, customers, vendors, business partners, bankers and financial institutions for their continuous support.

The Directors also thank the Government of India, Dept. of Telecommunications, Dept. of Space, various Ministries, Regulatory Authorities and their departments for their co-operation.

We appreciate and value the contributions made by all our employees.

On behalf of the Board of Directors,

R.R. Bhinge
Chairman

Mumbai, 26th April 2022

Annexure – I : Board Diversity Policy

(Ref: Board's Report, Section 7.2)

1. PURPOSE

This Board Diversity Policy ('Policy') sets out the approach to diversity on the Board of Directors ('Board') of Nelco Ltd. ('Nelco').

2. SCOPE

This policy applies to the Board. It does not apply to employees generally.

3. POLICY STATEMENT

Nelco recognizes and embraces the importance of a diverse Board in success. Nelco believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will ensure that Nelco retains its competitive advantage.

Nelco believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

- drive business results
- make corporate governance more effective
- enhance quality and responsible decision-making capability
- ensure sustainable development and
- enhance the reputation of Nelco

The Nominations, HR and Remuneration Committee ('Committee') is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.

While all appointments to the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to the attributes listed above) in identifying and recommending persons for Board membership, as well as in evaluating the Board and its individual members.

Further, the Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

Accordingly, the Committee shall:

- access the appropriate mix of diversity, skills, experience, and expertise required on the Board and assess the extent to which the required skills are represented on the Board,
- make recommendations to the Board in relation to the appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and
- periodically review and report to the Board requirements, if any, in relation to diversity on the Board.

The Board shall have an optimum combination of executive, non-executive and independent directors in accordance with requirements of the Article of Association of Nelco, the Companies Act, 2013, Listing Regulations and the statutory, regulatory and contractual obligations of Nelco.

The effective implementation of this Policy requires that shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. To this end, Nelco shall continue to provide sufficient information to shareholders about the size, qualifications and characteristics of each Board member.

4. RESPONSIBILITY AND REVIEW

The Committee will review this Policy periodically and recommend appropriate revisions to the Board.

Annexure- II(A): Disclosure of Managerial Remuneration

(Ref.: Board's Report, Section 7.3)

(a) The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year:

Name of the Director	Ratio of Director's remuneration to the median remuneration of the employees of the Company for the financial year
Non-Executive Directors	
Mr. R. R. Bhinge	1.2
Mr. K.N. Murthy	1.2
Dr. Lakshmi Nadkarni	1.3
Mr. Ajay Kumar Pandey	1.2
Mr. Anand Agarwal	Nil
Executive Director	
Mr. P. J. Nath, Managing Director & CEO	31.7

Note: Remuneration includes sitting fees and Performance Linked Payment (PLP) wherever applicable. The PLP for FY 2021-22 will be paid during FY 2022-23.

(b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name of the Director and Key Managerial Personnel	Percentage increase in remuneration in the financial year
Non-Executive Directors	
Mr. R. R. Bhinge	1.20%
Mr. K. N. Murthy	1.16%
Dr. Lakshmi Nadkarni	1.21%
Mr. Ajay Kumar Pandey	1.27%
Mr. Anand Agarwal	Nil
Mr. P. J. Nath, Managing Director & CEO	0.99%
*Mr. Uday Banerjee, Chief Financial Officer	-
Mr. Girish V. Kirkinde, Company Secretary & Head – Legal	0.97%
*Mr. Malav Shah, Chief Financial Officer	-

*Mr. Malav Shah has taken over as CFO effective 1st January 2022 from Mr. Uday Banerjee who retired on 31st December 2021. The details are not available for the previous year as he is new in the CFO role during the period under review.

(c) Percentage increase in the median remuneration of employees in the Financial year 2021-22: 0.55%

(The median is less due to transfer of employees to NNPL in the current year pursuant to the scheme of Arrangement & Amalgamation)

(d) Number of permanent employees on the rolls of Company as on 31st March 2022: 86

(e) Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

	% change in remuneration*
Average increase in salary of employees (other than managerial personnel)	8.32% (on CTC)
Average increase in remuneration of managerial personnel	8.79% (on CTC)

(f) Affirmation that the remuneration is as per the remuneration policy of the company:

It is affirmed that the remuneration is as per the 'Remuneration policy for Directors, Key Managerial Personnel and other employees' adopted by the Company.

On behalf of the Board of Directors

R.R. Bhinge
Chairman

Mumbai, 26th April 2022

Annexure – III : Annual Report on CSR Activities

(Ref: Board's Report Section 10.1)

1. **A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

   The Company's Corporate Social responsibility policy integrates social commitment with best corporate practices. The policy comprises a set of rules adopted by Nelco's Board of Directors. Under the framework of the policy, the sectors and issues focused by the Company shall fall under the purview of activities specified in the Schedule VII of the Companies Act, 2013 in the areas of Education, Health and Sanitation, Enhancement of livelihood & Skill Building, support to weaker section of society and those approved by the Board from time to time. The geographical focus of the Company's CSR activities will be the whole of India. However, the Company shall give preference to the local area and areas around it where the Company or its Parent Company operates. CSR activities will be implemented by the Company itself or through collaboration with Tata Group of Companies, Tata Trust, Other Corporate entities, Societies and Government institutions etc. as may be permitted under the Act and Rules made thereunder. Web link of CSR Policy: https://www.nelco.in/pdf/Policies/CSR%20Policy.pdf.

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. R. R Bhinge, Chairman	Non-Executive (Non-Independent)	3	3
2	Dr. Lakshmi Nadkarni	Non-Executive (Independent)	3	3
3	Mr. P J Nath	MD & CEO	3	3

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.:- https://www.nelco.in/about-us/leadership.php

4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable**.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
	-	-	-
	TOTAL		

6. Average net profit of the company as per section 135(5): ₹ **738 L**

7.(a) Two percent of average net profit of the Company as per section 135(5): ₹ **14.76 L**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : **Not Applicable**

(c) Amount required to be set off for the financial year, if any : **Not Applicable**

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 14.76 L

8.(a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
14,76,000/-	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation -Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR registration number
TOTAL	**Not Applicable**											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/	Location of the project.		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR registration number
1	Promotion of e- Education	Item(ii)	Yes	Maharashtra	Navi Mumbai	9,34,500	No	TPCDT	CSR00002946
2	Empowering for Inclusion	Item(i)	Yes	Maharashtra	Navi Mumbai	5,40,500	No	TPCDT	CSR00002946
					Total	**14,75,000**			

(d) Amount spent in Administrative Overheads – ₹ **1000/-**

(e) Amount spent on Impact Assessment, if applicable - **Nil**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ **14,76,000/-**

(g) Excess amount for set off, if any – Nil

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	14,76,000
(ii)	Total amount spent for the Financial Year	14,76,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9.(a) Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in Rs)	Date of transfer	
-	-	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
-	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). :- **Not Applicable**

(a) Date of creation or acquisition of the capital asset(s). :- **Not Applicable**

(b) Amount of CSR spent for creation or acquisition of capital Asset:- **Not Applicable**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. :- **Not Applicable**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).:- **Not Applicable**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **Not Applicable**

P.J.Nath
Managing Director & CEO

R.R.Bhinge
Chairman of CSR Committee

Annexure – IV Details of Loans, Guarantee, Securities & Investment covered under Section 186 of the Act

(Ref: Board's Report Section 13)

a) The Company has not given any loans during the year.

b) The Company has not made any investment during the year.

c) The Company has provided corporate guarantees (as a collateral security) during the year as under:

Sl. No.	Financial year	Guarantee given in favour of	(Amount ₹ in Lakhs)	Nature of Transactions
1.	2021-22	Bajaj Finance Limited	2,700	Guarantee given in respect term loan taken by Nelco Network Products Limited from Bajaj Finance Limited.
2.	2021-22	ICICI Bank Limited	4,500	Guarantee given in respect working capital and non-funded PBG facility taken by Nelco Network Products Limited from ICICI Bank Limited.
3.	2021-22	IDFC First Bank Limited	4,500	Guarantee given in respect working capital and non-funded PBG facility taken by Nelco Network Products Limited from IDFC First Bank Limited.

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

Annexure – V Secretarial Audit Report

(Ref: Board's Report Section 18)

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
NELCO LIMITED
CIN: L32200MH1940PLC003164

We have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NELCO LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
   d. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021#;
   e. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#; and
   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#

   # The Regulations or Guidelines, as the case may be were not applicable for the period under review.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

   During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable.

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has no specific events/ actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Note:

The National Company Law Tribunal ('the NCLT') at its final hearing held on November 2, 2018 approved the composite scheme of arrangement ('the Scheme') between the Company, Tatanet Services Limited (TNSL) and Nelco Network Products Limited (NNPL). As per the said NCLT order, the scheme shall be effective on the date on which the last of all the approvals and sanctions from appropriate authorities as may be required under the law in respect of the Scheme have been obtained. On June 9, 2021, the company has received the requisite approval from Department of Telecommunications (DoT) for transfer of the Internet Service Provider license and VSAT license from the Amalgamating Company i.e. Tatanet Services Limited to the Amalgamated Company i.e. Nelco Limited under the Scheme. Accordingly, the Scheme has become effective on June 9, 2021.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No: P1981MH043700

S. N. Bhandari,
Partner
FCS No: 761; C P No. : 366
Mumbai| April 26, 2022
ICSI UDIN: F000761D000200510

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

'Annexure A'

To
The Members,
NELCO LIMITED
CIN: L32200MH1940PLC003164

Our Secretarial Audit Report for the Financial Year ended on March 31, 2022 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No: P1981MH043700

S. N. Bhandari,
Partner
FCS No: 761; C P No. : 366
Mumbai| April 26, 2022
ICSI UDIN: F000761D000200510

Annexure – V-A Secretarial Audit Report of Nelco Network Products Ltd.

(Ref: Board's Report Section 18)

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
NELCO NETWORK PRODUCTS LIMITED
CIN: U32309MH2016PLC285693

We have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NELCO NETWORK PRODUCTS LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011#;
b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015#;
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
d. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021#;
e. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client#;
g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#; and
h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#

 # The Regulations or Guidelines, as the case may be were not applicable for the period under review.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.
ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, if applicable#.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable.

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has issued and allotted 9,50,000 equity shares of ₹ 10/- each at par to Nelco Limited (holding company) on Rights basis.

Note:

The National Company Law Tribunal ('the NCLT') at its final hearing held on November 2, 2018 approved the composite scheme of arrangement ('the Scheme') between the Company, Nelco Limited and Tatanet Services Limited (TNSL). As per the said NCLT order, the scheme shall be effective on the date on which the last of all the approvals and sanctions from appropriate authorities as may be required under the law in respect of the Scheme have been obtained. The requisite approval from Department of Telecommunications (DoT) was received on June 9, 2021, for transfer of the Internet Service Provider license and VSAT license from the Amalgamating Company i.e. Tatanet Services Limited to the Amalgamated Company i.e. Nelco Limited under the Scheme. Accordingly, the Scheme has become effective on June 9, 2021.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No: P1981MH043700

Manisha Maheshwari
Partner
ACS No: 30224; C P No. : 11031
Mumbai| April 26, 2022
ICSI UDIN: A030224D000201221

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

'Annexure A'

To
The Members,
NELCO NETWORK PRODUCTS LIMITED
CIN: U32309MH2016PLC285693

Our Secretarial Audit Report for the Financial Year ended on March 31, 2022 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No: P1981MH043700

Manisha Maheshwari
Partner
ACS No: 30224; C P No. : 11031
Mumbai| April 26, 2022
ICSI UDIN: A030224D000201221

Annexure VI – Conservation of Energy and Technology Absorption

(Ref.: Board's Report, Section 19)

A. Conservation of Energy

(i) The steps taken for impact on conservation of energy: Although energy is not a major element of the cost for the Company, constant endeavours have been 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 at the current juncture.

(iii) The capital investment on energy conservation equipment: **Nil**

B. Technology Absorption

(i) Efforts made towards Technology Absorption:

The major thrust of technology absorption has been in the areas of VSAT services. The company is technology agnostic and always endeavours to deploy latest technologies available globally. Proof of Concept (POC) is being carried out for new breed of baseband technologies. The Company's wholly owned subsidiary, Nelco Network Products Ltd. has become operational with Inflight and Maritime Connectivity (IFMC) services in India. Company has built up the required infrastructure and skill/resources augmentation to provide these services.

Future plan of action: The Company is building expertise on various digital technologies for improving quality of service and customer experience as well as creating newer services in the future.

Technology absorption, adaptation and innovation: Constant endeavours are being made towards technology absorption, adaptation and innovation. The Company is actively engaged with the global satellite operators and technology manufacturers in evaluating the latest technologies and solutions available globally. The Company plans to bring some of the new technologies into the country as and when the domestic regulations open up and is in discussion with multiple global technology providers regarding the same.

(ii) Benefits derived:

The Company has increased its customer base in multiple market segments within the Enterprise sector as well as the IFMC sector, due to its efforts in absorbing newer technologies.

(iii) Expenditure incurred on Research and Development

Revenue and recurring expenditure: **Nil**

(iv) 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 of action: **NA**

C. Foreign Exchange earnings and outgo (Standalone)

	₹ In Lakhs
Total foreign exchange earned:	4,680
Total foreign exchange used:	1,434

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC SITUATION

India is emerging as the fastest-growing major economy and is expected to be one of the top three economic powers in the world over the next 10-15 years, according to projections of the International Monetary Fund (IMF). This recovery is backed by large-scale vaccination and sustained fiscal and monetary support to come out of the economic crisis inflicted by the pandemic across the world.

Economic impact of "second wave" of the pandemic was much lower as compared to the first phase which included a full lockdown in 2020-21, though the health impact was more severe in the second wave. India's overall macroeconomic situation is in a recovery mode. However, the country is currently facing stagflation (high inflation combined with high unemployment and stagnant demand) and the government is taking carefully curated policy interventions to address the situation.

As per the Economic Survey 2021-22 presented by the Finance Minister, Indian economy is estimated to grow by 9.2 percent in real terms in 2021-22 after a contraction of 7.3 percent in 2020-21. GDP is projected to grow by 8 – 8.5 percent in real terms in 2022-23. The global financial market volatility and geo-political scenario are likely to have a spill over effect on macroeconomic environment in the country. The Russia-Ukraine war has led to an increase in commodity prices and high inflation. The growing pressures on the global supply chain have adversely affected manufacturing and other industries heavily dependent on international logistics and supply chains – including semiconductors, satellite and telecom equipment, lasers, avionics, sensors, navigation, and maritime technologies.

The Union Budget 2022-23 announced by the Government focuses on infrastructure spending and technology enabled development. The Government plans to promote R&D in sunrise opportunities like Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Green Energy, and Clean Mobility Systems. This will give a boost to these technologies and enable growth across multiple sectors.

As announced in the Budget 2022-23, the Government is planning to create a Digital University and skilling e-labs to deliver critical skills to remotest parts of the country. An open platform for National Digital Health Ecosystem is also to be rolled out, which will promote Tele Health in the country.

India is focusing on renewable sources to generate energy. As announced by the Prime Minister in the COP 26 UN Climate Change Conference, India is planning to achieve 40% of its energy from non-fossil sources by 2030 (which is currently 30%). The renewable energy capacity is planned to be increased to 175 GW in 2022. The government has also announced funding for domestic solar cells manufacturing.

In order to achieve financial inclusion and digital inclusion objectives, the Government plans to set up 75 Digital Banking Units (DBUs) in 75 districts in the country and also bring 100 per cent of 1.5 lakh post offices on the core banking system. Reserve Bank of India (RBI) plans to issue Digital Rupee using blockchain and other technologies. The blockchain technology is likely to be used even by central banks and cryptocurrency will become widespread in years to come.

India is currently the third-largest unicorn base in the world after US and China, as per the Economic Survey by The World Bank. By 2025, India is expected to have 100 unicorns, which will create 1.1 million direct jobs according to the NASSCOM report.

In order to enhance the diffusion of space technology and boost space economy within the country, the Government has initiated steps for opening up the space sector and is also encouraging private sector participation in the entire gamut of space activities. The Indian space sector is expected to capture a larger share of the global space economy, which was close to USD 447 billion in 2020. At present, India accounts for only about two per cent of the global space economy, as per the Economic Survey 2021-22.

COMPANY STRATEGY AND DIRECTIONS:

BUSINESS STRATEGY:

The Company aims to be the most customer centric digital solution provider, bringing the benefits of the digital revolution to unserved and under-served customers using Satellite Communication (Satcom), in India and beyond. The Company is technology agnostic and continuously strives to adopt the satellites and Satcom technologies best suited for customer requirements through global partnerships.

BUSINESS STRATEGY AND DIRECTIONS:

Industry structure and development:

The Satcom industry in India is best suited to provide reliable and ubiquitous data connectivity solutions across the country including remotest of the areas and difficult terrains. As per internal estimates, the size of the industry is currently pegged at apx. ₹ 850 Cr p. a. The Satcom industry in India has been highly regulated so far and there are currently four main VSAT license holders operational in the country. Newer players are likely to emerge in the near future.

The Government has identified the Indian Space industry as an important growth sector and is trying to bring about progressive regulatory changes. The Government has set up New Space India Limited (NSIL), a public sector undertaking in the space sector, and Indian National Space Promotion and Authorization Centre (IN-SPACe), an autonomous body as the promoter and regulator of space activities in India by non-Government and private entities. An important development has been the creation of Indian Space Association (ISpA), an industry body and a policy think tank for the Satcom industry. Nelco is one of the founding members of ISpA. The Indian Government is also likely to approve soon the much-awaited New India Space Policy 2022. This policy is expected to pave the way for the deployment of more effective and widespread broadband services in India and is likely to result in the robust growth of Satcom based digital solutions in the country. Meanwhile the Govt. has already started bringing out few positive regulatory changes pertaining to the Satcom industry.

Globally, major developments are taking place in the Satellite industry such as High Throughput Satellites – HTS and VHTS, Software defined satellites, satellites with Steerable beams and Low Earth Orbit (LEO) satellite constellations, which are revolutionizing and expanding the Satcom industry. Large investments are being made for innovations and technology advancements in the space sector, both by large organizations as well as newer start-ups. There are a number of innovations taking place in the ground segment technologies including the antenna systems. Newer ecosystem collaborations and business models are also emerging.

With the liberalization of the regulatory framework, Satcom industry in India would be able to take advantage of all the developments taking place across the world and expand the services to serve many more sectors and applications in near future within the country and beyond. Going forward, the Indian Satcom industry has the potential to grow multi-fold in the coming years due to these developments.

Market opportunities:

Satcom continues to be best suited to provide data connectivity in remote and rural locations due to its ability of rapid deployment, reliability, consistency, flexibility and scalability of services across all regions and terrains. Some sectors in the country which continue to use Satcom services for providing effective data communication solutions are ATMs, Offshore Oil & Gas exploration, Renewable energy and Distance Education.

There is also an emerging need for reliable connectivity at remote sites in sectors like eCommerce, telemedicine, logistics, mining and construction. Telecom operators have started using satcom solutions for Cellular Backhaul (CBH) in remote locations where it is unviable or uneconomical to have a terrestrial solution.

The potential for deploying Satcom services in the Government sector is likely to increase in future due to the thrust on village connectivity, education, healthcare, warehousing, public distribution system and water management especially in rural and remote locations. Rural Government education and skill development programs operating on a remote digital model using Satcom is another sector which is likely to give impetus to the growth of satellite communication in India. Telemedicine is likely to grow faster as a segment due to favourable policies of the Government. All these sectors will positively impact the Satcom services business in the future.

The prospects for Satcom services in India are also bright in the coming years due to the large potential for In-Flight and Maritime Communication (IFMC) services – both for Maritime as well as Aero In-flight connectivity (Aero IFC), which are high growth segments across the globe. The Company believes that the IFMC services will give a significant boost to the growth of the Indian Satcom services sector in next 4 – 5 years.

Newer generation GEO satellites as well as LEO satellite constellations are likely to be available in India for commercial use in the coming years, which will make many more applications viable. The communications infrastructure will become more robust with the capability of dynamically switching between Space and terrestrial networks becoming more reliable. These will lead to further growth of the Satcom industry.

Growing new markets and Launching services

Nelco continuously explores newer Satcom technologies and services and markets where Satcom can be used effectively. The Company believes that LEO satellites will be able to help in expanding its addressable market segments in future. The LEO satellites can act as 'fibre-in-the-sky', providing an alternative solution to terrestrial networks, which will facilitate in serving high bandwidth segments like cellular backhaul, village connectivity, telecom networks etc., particularly in remote locations and difficult terrains. Keeping this in mind, a cooperation agreement has been signed with Telesat, who is launching a LEO satellite constellation. The services using the Telesat LEO satellites will be available in the country as and when the full satellite constellation is operational.

The Company is also looking at the LEO satellites offering direct to device solutions, which have a major potential due to the large deployment of IOT devices across the country including the remote and difficult locations. The Company is in active discussion with global satellite operators for bringing such technologies in the country in the near future.

The Company has established itself as a leading player in both Aero IFC and Maritime communication services (collectively referred as IFMC) in India. The Company has partnered with multiple global players to enhance its offerings and reach. The Company believes that both these sectors – Aero & Maritime have high growth potential in India. Moreover, the IFMC services also offer opportunities to serve markets beyond India, which the Company plans to pursue in the coming years.

The Company is also continuously working to develop newer verticals in the Enterprise market.

The Company has started offering Satcom oriented System Integration solutions and had won a prestigious contract from a large Indian PSU in the Energy sector. It foresees significant opportunities in this sector and has plans to expand this business line going forward.

Investing in augmenting infrastructure

The Company has been making continuous investment in augmenting its infrastructure for providing reliable and high quality SatCom services. The Company has currently deployed the latest technologies for its multiple satellite gateways in Mahape and Dehradun. The Company has also deployed High Throughput Satellite (HTS) capacities apart from the conventional wide-beam FSS satellites, which is expanding the market opportunities of the Company. The Company has been augmenting the satellite bandwidth capacity for serving the growing needs of its customers. During the year, the satellite bandwidth capacity of the Company has grown by more than 60% over the total capacity in the previous year.

The Company has all the relevant licenses issued by the Department of Telecommunications (DoT), Govt of India, to operate the Satcom services in India and cater to the needs of a wide market segment. The various licenses possessed by Nelco are:

a. CUG VSAT license for operating Commercial VSAT service across India

b. National Long Distance (NLD) License

c. Class A Internet Service Provider License or providing Internet Service on pan India basis

d. IFMC Authorization for providing services to Aircrafts and Ships in Indian airspace and waters

PERFORMANCE:

The Company operates in only one reportable segment, which is Network Systems, consisting of Satcom Services (including equipment sale, maintenance and other allied services). The Company has a wholly owned subsidiary viz. Nelco Network Products Ltd. (NNPL).

The current period under review is from 1st April 2021 to 31st March 2022.

During the period under review, the revenue of the Company on consolidated basis was ₹ 260.07 Crores as against ₹ 226.12 Crores in the previous year. On a standalone basis the revenue for the business was ₹ 143.16 Crores as against ₹ 131.12 Crores in the previous year.

The Company has approximately 27% share of the total installed base of VSATs in the industry and approximately 30% share in terms of industry's revenue. The Company has strengthened its overall position in the market with higher share of the incremental business in Enterprise and IFMC segments.

The Company is driving initiatives to address the growing Satcom requirement in the country, including building solutions around LEO satellites in future. There are multiple other Enterprise segments which need reliable data connectivity in remote locations due to their business-critical needs. Nelco has been addressing these needs with its Satcom services. Further, the Company accelerated its digital journey during the year, towards more agile and flexible operations. Going forward the Company plans to leverage on the digital and analytics solutions to help in improving its responsiveness to its customers, improve the operational efficiencies and create more solutions and services.

OUTLOOK

Indian Space sector has been identified as an important sector for growth by the Indian Govt. Many new business models and collaborations are emerging, which are likely to provide new opportunities for the Satcom industry. Some of the next-gen technologies are also likely to move into the mainstream.

Near real-time data transmission with LEO satellites is likely to make Space an integral part of the businesses across multiple sectors. There will be a hyperspectral, ubiquitous, always on connectivity through multiple constellations and new business cases will become viable. 'Direct to device' Satellite communication is likely to grow, and Industry 4.0 will be characterized by IoT applications with ubiquitous connectivity facilitated by satellite and terrestrial networks.

Existing market segments for satellite communication will also grow with newer use cases. The Company believes that the Satcom deployment in ATMs and bank branches will grow further due to expansion of banking infrastructure in the remote areas. Many rural education projects which are in the pipeline, are likely to be rolled out during FY23. The outlook for some of the other enterprise segments like renewable energy and village connectivity looks positive due to an increasing need for reliable pan-India data communication. The Indian Aviation sector is likely to adopt Inflight connectivity services in the next 1-2 years. Similarly, newer segments of domestic Maritime sector are likely to get off the ground in the coming years.

In-line with the global trend, the availability of next generation GEO as well as LEO satellites in the country is also likely to give a boost to the growth of the Satcom industry by increasing its ability to address newer markets and applications at much more competitive price points.

Significant changes in key financial ratios as compared to the previous financial year are as under.

At Consolidated level	At Standalone level
Decrease in debt equity ratio from 0.88 (FY21) to 0.61 (FY22) due to decrease in borrowing and increase in Net worth.	Decrease in debt equity ratio from 0.24 (FY 21) to 0.21 (FY 22) due to decrease in borrowing and increase in Net worth.
Increase debt service coverage ratio from 0.63 times (FY21) to 0.90 times (FY22) due to increase in PBT, decrease in interest cost and reduction in borrowings.	Increase in debt service ratio from 1.12 times (FY21) to 1.24 times (FY22) due to increase in PBT, decrease in interest cost and reduction in borrowings.
Increase in return on capital employed from 18% (FY21) to 21% (FY22) due to increased EBITD.	Return on capital employed reduced from 18% (FY21) to 16% (FY22) due to lower profit.
Marginal increase in Net profit margin from 5% in FY21 to 6 % in FY22.	Net profit, margin remained same at 7% in FY21 and FY22.

RESTRUCTURING OF THE COMPANY

The Company restructured its various businesses and that of its two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) and Nelco Network Products Ltd. (NNPL) under a composite Scheme of Arrangement and Amalgamation (Scheme). The Scheme approved by NCLT has been effective from 9th June 2021. TNSL held the VSAT license and the revenue from sale of recurring Satcom services under the VSAT license. The revenue earned by Nelco comprised mainly of one-time sale of Satcom terminal equipment, recurring services revenue from equipment maintenance services and revenue from Integrated Security & Surveillance Solutions (ISSS). In the first phase of the Scheme, Nelco has transferred its two businesses to NNPL on a “going concern” basis by way of a slump sale. These businesses are (a) ISSS and (b) sale and maintenance of Satcom and related equipment. In the second phase, TNSL was amalgamated with Nelco. Post the said restructuring, the Satellite Communication service business is now in Nelco, which is the listed parent entity, and the related equipment business is in NNPL. The VSAT and ISP licenses have been transferred from TNSL to Nelco.

The primary benefits of this restructuring are:

1. The listed entity on stand-alone basis holds the VSAT license and will have sustainable services revenue which is recurring in nature. The Company will also be able to apply for additional licenses for new business opportunities around Satellite Communication.

2. The enhanced net worth of the Company post amalgamation has improved its ability to bid for larger projects which also require the bidder to own the VSAT license.

3. Increase in overall efficiency in terms of utilization of assets, employees, etc.

RISKS AND CONCERNS

Volatility Risks

- **Exchange rate fluctuations:**

  The Rupee continues to weaken as deepening military conflict between Russia and Ukraine continued to push up crude oil prices. The exchange rate fluctuations impact the profitability of operations since a large part of Satcom equipment is imported. Also, the contracts for transponder capacities on foreign satellites have a forex exposure, even though the transponder space is provided by NSIL.

- **Volatility of demand**

  The health and vagaries of the end user segments impact the demand for Satcom services. Since the Company has a high dependence on several market segments for revenue and profitability in the coming year, volatility, downturn or financial distress in any of these segments will affect its performance in the short term.

- **Supply chain Volatility**:

  The supply chains of global semiconductor industry, which was badly affected during Covid-19 period is facing further disruptions due to the Russia-Ukraine conflict. The semiconductor shortage may also have an impact on the satcom industry. Any sudden disruption of global and domestic supply chains poses a risk for the Company

Operating Risks

- **Technology Risk**: Due to the proprietary nature of Satcom technology, the Company is dependent on a limited number of technology providers for hardware. Any sudden technology obsolescence or disruption in supply poses a risk for the operations. Changing over to alternate technologies in the event of such a situation would involve migration time and additional cost, impacting profitability in the short term.
- **Threat from alternate technology**: The expansion and spread of terrestrial telecom infrastructure to remote areas to offer MPLS services can shrink the addressable market for Satcom services. In future, 4G and 5G telecom services could also pose a threat if they are offered in remote locations with Enterprise class service levels. This may however not be pronounced for the next 3 – 4 years considering the current telecom industry dynamics.

Environment Risks

- **Infrastructure**: The Company's infrastructure is vulnerable to interruptions caused by earthquakes, floods, heavy rainfall, catastrophes, power outages, fire and other similar events. Information technology system failures, security breaches or human errors can affect the quality of services and impact customer satisfaction. In addition, any major satellite failure can impact the entire network running on that satellite, till an alternate allocation is made available by the satellite operator.
- **Regulatory Environment**: Since the Satcom sector is regulated by Department of Telecom and Department of Space, any major unfavorable changes in the regulations could impact multiple areas like addressable market, profitability, etc. Considering that the satellite capacity has to be bought only through NSIL (a PSU under Dept of Space), any adverse commercial terms adopted by them could also impact the industry negatively. This may however not be very pronounced as the focus of the Government is on liberalizing and the growth of the space sector in India.

Risk Management

With the main objective of ensuring sustainable business growth and improving governance processes, the Company has established a risk management policy based on which risks are identified and assessed across its businesses. The Risk Management Committee at the Company level which comprises of the MD & CEO, CFO, Risk Officer and key business and operations executives, ensures that existing and future risk exposures of the Company are identified, assessed, quantified and appropriate mitigation plans are put in place to minimize the risk impact. The Company's framework of risk management process helps in informed decision making at all levels of the organization on an ongoing basis. The Company has been percolating Risk Management in each of its functions to proactively manage uncertainty and changes in business environment while mitigating risk impact and capitalizing on opportunities.

Risk Management Committee of the Board has been constituted during 2021-22 to give an enhanced focus on existing and emerging risks. The Company's key risks are discussed with the Risk Management Committee of the Board on a half yearly basis.

Risk mitigation initiatives

The Company employs various policies, processes, and methods to counter the identified risks effectively, as enumerated below:

- The Company is continuously evaluating options for improving profitability of various segments as well as unearthing new segments and applications to cushion itself against the impact of market uncertainties. Also, the Company continuously identifies and adopts Satcom technologies which help in improving its competitiveness in the market.
- Foreign currency exposures are closely monitored by the Company in consultation with its advisors. Net exposures, including those from derivative instruments are kept at acceptable levels and within overall limits approved by the Board, which are subject to regular reviews.
- The Company constantly reviews and implements various security measures at all locations of its operations to counter the security risk.

INTERNAL CONTROL ON FINANCIAL RECORDS

The Company has established an adequate system of internal control over financial reporting, commensurate to its size, scale and nature of operations, with documented procedures covering all corporate and operation functions. Systems of internal controls as per risk-based framework are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations.

Adequate internal control measures are in the form of various policies and procedures issued by the management, covering all critical and important activities viz. Revenue Management, Network Operations & Control Center (NOCC) operations, Project Management activities, Purchase, Finance, Human Resources and Safety, among others. These policies and procedures are updated from time to time. Systems of internal control ensure that a robust internal & financial control exist with respect to operations, financial reporting and compliances. The Company has an independent Chartered Accountant firm mandated to do Internal Audit of the Company and all observations are reviewed and suitable actions are taken under the aegis of the Audit Committee.

The focus ares of these reviews are to:

- Identify weaknesses and improvement areas
- Comply with defined policies and processes
- Safeguard tangible and intangible assets
- Manage business and operational risks
- Comply with applicable statutes
- Conform to the Tata Code of Conduct

Audits are conducted based on an annual risk-based internal audit plan drawn in consultation with Statutory Auditors, which is reviewed and approved by the Audit Committee of the Board. The scope and coverage of audits include review and reporting on key process risks, adherence to operating guidelines and statutory compliances. The annual audit plan and internal audit reports are shared with the Statutory Auditors. The Audit Committee regularly reviews significant internal audit findings, closure of all agreed actions and progress of the audit plan. The Audit Committee also monitors the adequacy and reliability of financial reporting, internal control and risk management systems.

The Statutory Auditors, S.R. Batliboi & Associates LLP have reported adequacy of internal controls over financial reporting.

The Company also carries out business excellence assessments and process deep dives through external agencies to establish and improve efficiency and effectiveness of processes in various key functions.

KEY DEVELOPMENTS IN HUMAN RESOURCES

The Company strongly believes that people are its greatest asset, and this has been the focal point of all its Human Resource Management (HRM) practices. Major HR initiatives undertaken have been mentioned in detail at section 11 of the Directors' Report.

On the industrial relations front, the Company maintained cordial relations with its employees during the period.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates may be forward - looking statements within the meaning of applicable securities laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental / related factors.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

This philosophy is reflected and practised through the Tata Code of Conduct (TCoC) and the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices. Further, these codes allow the Board to make decisions that are independent of the management. The Company is committed to focus its energies and resources in creating and positively leveraging shareholders' wealth and, at the same time, safeguarding the interests of all stakeholders. This is our path to sustainable and profitable existence and growth.

The Company has adopted Governance Guidelines to help fulfil its corporate responsibility towards its stakeholders. The Governance Guidelines cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, director's term, retirement age and Committees of the Board. It also covers aspects relating to nomination, appointment, induction of Directors, Director's remuneration, subsidiary oversight, Board effectiveness review.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time, including relaxations granted by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) from time to time on account of the COVID-19 pandemic, with regard to corporate governance.

2. Board of Directors Composition

As on 31st March 2022, the Company's Board of Directors comprises 6 members, out of whom 1 is Managing Director & Chief Executive Officer and 5 are Non-Executive Directors (NEDs). Out of these 5 NEDs, 3 are Independent Directors. The composition of the Board is in compliance with the requirements of the Companies Act, 2013 (Act) and Regulation 17 of the Listing Regulations. The profile of the Directors can be accessed on the Company's website at https://www.nelco.in/about-us/leadership.php.

These Directors bring in a wide range of skills and experience to the Board. The Board provides leadership, strategic guidance, objective and an independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Board periodically evaluates the need for change in its composition and size.

The names and categories of the Directors on the Board, the number of Directorships and Committee positions held by them in other companies as on 31st March 2022 are as follows:

Name of the Director	DIN	Category of Directorship	*Number of Directorship	**Number of Committee positions held	
			Director	Chairman	Member
Mr. R. R. Bhinge, Chairman	00036557	Non-Executive (Non-Independent)	2	-	-
Mr. P. J. Nath,	05118177	Managing Director & CEO	2	-	-
Mr. Anand Agarwal	06398370	Non-Executive (Non-Independent)	1	1	-
Mr. K. Narasimha Murthy	00023046	Non-Executive (Independent)	9	3	2
Dr. Lakshmi Nadkarni	07076164		-	-	-
Mr. Ajay Kumar Pandey	00065622		1	-	-

*Excludes Directorship in Nelco Ltd., alternate Directorships and Directorships in private Companies, foreign companies and companies under Section 8 of the Companies Act 2013.

**Represents Chairmanships/Memberships of Audit Committee and Stakeholders Relationship Committee in Indian public limited companies (excluding Nelco Ltd.).

Notes:

a) There are no inter-se relationships between the Board members.

b) None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as prescribed in Listing Regulations) across all the companies in which he/she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations. The necessary disclosures regarding Committee positions have been made by the Directors.

c) None of the Directors held Directorship in more than 20 Indian companies including 10 public limited companies. None of the Directors held Directorship in more than 7 (seven) listed companies.

d) None of the Directors of the Company were related to any Director or member of an extended family.

e) None of the Independent Directors is a Whole – Time Director in any other company. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended by MCA Notification dated 22nd October 2019 regarding the requirement relating to the enrolment in the Data Bank created by MCA for IDs, has been received from all the IDs.

f) Mr. P. J. Nath Managing Director & CEO is not Independent Director of any other listed company.

g) All Independent Directors of the Company have been appointed as per the provisions of the Companies, Act 2013(the Act) and Listing Regulation. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's weblink:

https://www.nelco.in/pdf/Policies/Terms%20&%20Conditions%20of%20Appointment%20of%20Independent%20Directors.pdf

h) None of the Directors held any shares of the Company.

i) The Chairman of the Company is a Non-Executive Director (NED) and not related to the CEO & Managing Director.

The Names and category of Directorship in other listed entities as on 31st March 2022:

Director	Listed Entities	Category of Directorship
Mr. R. R. Bhinge	Nil	NA
Mr. P. J. Nath	Nil	NA
Mr. Anand Agarwal	Nil	NA
Mr. K. Narasimha Murthy	Max Venture and Industries Ltd. Max Health Care Institute Ltd. Max Financial Services Ltd.	Independent Director Independent Director Independent Director
Dr. Lakshmi Nadkarni	Nil	NA
Mr. Ajay Kumar Pandey	Nil	NA

There were no changes in Board composition during FY22 and upto the date of this report.

Term of Board membership

The Nomination and Remuneration Committee (NRC) determines the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. Board members are expected to possess the required qualifications, integrity, expertise and experience for the position. They also possess expertise and insights in sectors/areas relevant to the Company and have ability to contribute to the Company's growth. As per the existing policy, the retirement age for Managing/Executive Directors, NEDs and Independent Directors is 65 years, 70 years and 75 years, respectively.

The Board has identified the following core skills/expertise/ competencies as required in the context of the businesses and sectors of the Company for its effective functioning which are currently available with the Board:

Understanding of business dynamics, industry verticals including its entire value chain, experience in corporate strategy, planning and regulatory jurisdictions, finance, tax, risk management, legal compliances, corporate governance, human resources, corporate social responsibility and Leadership experience in managing companies and associations including general management.

The Board is satisfied that the current composition of the Board as under reflects an appropriate mix of knowledge, skills, experience, expertise, diversity and independence. The Board provides leadership, communication, motivation, strategic guidance, an objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

Director	Skills / expertise / competence
Mr. R.R.Bhinge	Over 47 years of professional experience in strategy, finance, marketing, operations, joint venture planning and profit centre management.
Mr. P.J. Nath	Over 37 years of professional experience in the Enterprise market, sales, product management, customer support and project management.
Mr. Anand Agarwal	Over 25 years of professional experience in treasury, financial accounting, investor relations and business Finance.
Mr. Narasimha Murthy Kummamuri	Over 42 years of professional experience in cost audit, cost control system development, management audit, SWOT analysis, critical analysis of performance, strategic planning, organisation analysis & structure, OTR (Organisation Talent Review) and competency mapping, HR systems, mergers and acquisitions and business turn arounds.
Dr. Lakshmi Nadkarni	Over 30 years of professional experience in human resources, strategy, industrial sociology, governance and Corporate Social Responsibility.
Mr. Ajay Kumar Pandey	Over 37 years of professional experience of business leadership, strategy, handling P &L responsibility at operating and Board level.

3. Board Meetings and participation thereat

The Board/Committee meetings are pre-scheduled, and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors well in advance to help them plan their schedule and ensure meaningful participation in the meetings. The agenda for each meeting, along with detailed notes, is circulated in advance to the Directors.

Due to exceptional circumstances caused by the COVID - 19 pandemic and consequent relaxations granted by MCA and SEBI, some of the Board meetings in FY22 were held through Video Conferencing.

Only in case of urgent business, if the need arises, the Board's/Committee's approval is taken by passing resolutions through circulation or by calling Board/Committee meetings at short notice, as permitted by law.

Seven Board Meetings were held during the year under review and the gap between the two meetings did not exceed 120 days. The said meetings were held on 28^{th} April 2021, 30^{th} July 2021, 19^{th} October 2021, 3^{rd} December 2021, 19^{th} January 2022, 1^{st} March 2022 and 29^{th} March 2022. The necessary quorum was present for all the meetings.

Attendance of Directors at the aforesaid Meetings:

Name of the Director	Category of Directorship	No. of Board Meetings attended during FY 2021-22	Whether attended last AGM held on 22^{nd} June 2021
Mr. R. R. Bhinge Chairman	Non-Executive (Non-Independent)	7	Yes
Mr. P. J. Nath	Managing Director & CEO	7	Yes
Mr. Anand Agarwal	Non-Executive (Non-Independent)	5	Yes
Mr. K. Narasimha Murthy	Non-Executive (Independent)	7	Yes
Dr.Lakshmi Nadkarni		7	Yes
Mr. Ajay Kumar Pandey		7	Yes

The information required under Part A of Schedule II of Listing Regulations is being made available to the Board periodically. The Board periodically reviews the compliance reports pertaining to all laws applicable to the Company.

At Board / Committee meetings, department heads and representatives who can provide additional insights into the items being discussed are invited.

Post meeting follow up mechanism

The important decisions taken at Board / Committee meetings are communicated to the concerned departments/ divisions promptly. An action taken/status report on the decisions of the previous meeting(s) is placed at the next meeting of the Board for information and further recommended action(s), if any.

Meeting of Independent Directors

During the year under review, one meeting of the Independent Directors was held on 18th March 2022, without the presence of Non-Executive Directors (Non-Independent), Managing Director & CEO and other members of Management. The Independent Directors reviewed the performance of Non-Independent Directors, the Chairman and the Board as a whole considering the views of executive directors and non-executive directors. They also assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board.

Annual Strategy Board Meet

During the year, an Annual Strategy Board meet was organized on 1st March 2022. As a part of the agenda, the Board conducted a strategy review of the Company's business segments and also future growth, risk orientation and resource optimization.

Details of familiarisation programmes for Directors including Independent Directors

The Board members of the Company (Independent and Non-Independent) are accorded every opportunity to familiarize themselves with the Company, its Management, its Operations and above all, the Industry perspective and issues. They interacted with Senior Management personnel and proactively provided with relevant news, views and updates on the Company and sector. All the information/documents sought by them is/are also shared with them for enabling a good understanding of the Company, its various operations and the industry of which it is a part.

A Board familiarisation programme was held on 3rd December 2021 for the Board members where various external speakers provided inputs on varied topics related to the industry. The web link of familiarisation programmes imparted to Directors is https://www.nelco.in/pdf/Policies/programme-f-d-policy.pdf

Knowledge sharing

Board members are kept informed about any material development/business update through various modes viz. e-mails, telecon, etc. from time to time.

Code of Conduct

The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended 31st March 2022. A certificate by the Managing Director & Chief Executive Officer on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management is reproduced at the end of this Report and marked as **Annexure I**.

4. Committees of the Board

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework designed by the Board and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the Committees are placed before the Board for information or for approval, as required. To enable better and more focused attention on the affairs of the Company, the Board has delegated particular matters to the Committees of the Board set up for the purpose.

There are Six Board Committees as on 31st March 2022, which comprises five statutory committees and one Committee that have been formed, considering the needs of the Company, details of which are as follows:

➢ **Statutory Committees:**

The Statutory Committees under the Act and the Listing Regulations are:

- Audit Committee of Directors
- Stakeholders Relationship Committee
- Nominations, HR & Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

Audit Committee of Directors

Composition of the Committee and meetings attended by the Directors during the year under review:

Name of the Director	Category of Directorship	No. of meetings attended
Mr. K. Narasimha Murthy, Chairman	Non-Executive (Independent)	5
Mr. R.R.Bhinge	Non-Executive (Non-Independent)	5
Dr. Lakshmi Nadkarni	Non-Executive (Independent)	5
Mr. Ajay Kumar Pandey		5

All members are financially literate and bring in expertise in the field of finance, accounting, development, strategy and management.

Five Audit Committee Meetings were held during the year under review on 28th April 2021, 30th July 2021, 19th October 2021, 19th January 2022 and 29th March 2022. The necessary quorum was present for all the meetings.

The terms of reference, role and scope of the Audit Committee are in line with those prescribed by Listing Regulations. The Company also complies with the provisions of Section 177 of the Companies Act, 2013 (the Act) pertaining to Audit Committee and its functioning:

The Board has inter alia, delegated the following powers to the Audit Committee:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role and responsibilities of the Audit Committee inter alia, include the following:

- Oversight of the Company's Financial Reporting Processes and Financial Statements of the Company and it's material subsidiary.
- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and terms of appointment.
- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the internal auditor and the fixation of audit fees and terms of appointment.
- Appointment of Cost Auditor.
- Evaluate on a regular basis the adequacy of risk management systems.
- Review with the management, external and internal auditors and outsourced internal audit firms, the quality, adequacy and effectiveness of internal control systems and any significant deficiencies or material weakness in the internal controls.
- Review the effectiveness of the system for monitoring compliance with applicable laws and regulations.
- To review the functioning of the Whistle Blower mechanism.
- To approve all related party transactions in accordance with the Act.
- Subsidiary company oversight.

The Audit Committee invites such employees or advisors as it considers appropriate (and particularly the head of the finance function) to be present at its meetings. The Statutory Auditors are also invited to the meetings. The Managing Director & CEO and Chief Financial Officer attend the meetings. Mr. Girish V. Kirkinde, the Company Secretary & Head – Legal acts as the Secretary of the Committee.

The Internal and Statutory Auditors discuss their audit findings and updates the Committee and submit their views directly to the Committee. Separate discussions are held with the internal auditors to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company. The permissible non-audit related services undertaken by the statutory auditors are also approved by the Committee.

All the recommendations made by the Audit Committee during the year under review were accepted by the Board.

Mr. K. Narasimha Murthy, Chairman of the Audit Committee was present at the last AGM.

Internal Controls and Risk Management

The Company has robust systems for internal audit and corporate risk assessment and mitigation. The risk-based audit plan was prepared and approved by the Audit Committee at the beginning of year. The Risk Management Committee (RMC) was constituted during the year. The RMC is presented with key control issues and actions taken on past issues. These procedures provide the Management an assurance on the internal processes and systems. Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with Corporate Policies. There is an ongoing process to track the evolution of the risks and delivery of mitigating action plans. Risks and their mitigation plans are reviewed by the RMC.

5. Stakeholders Relationship Committee (SRC)

Composition of the SRC and meetings attended by the Directors during the year under review:

Name of the Director	Category of Directorship	No. of meetings attended
Mr. Anand Agarwal, Chairman	Non-Executive (Non-Independent)	1
Mr. K. Narasimha Murthy	Non-Executive (Independent)	1
Mr. P. J. Nath	Managing Director & CEO	1

One SRC meeting was held during the year under review on 7th January 2022. The necessary quorum was present for the meeting.

In accordance with Regulation 6 of Listing Regulations, the Board has appointed Mr. Girish V. Kirkinde, Company Secretary & Head–Legal (Tel: 67399100) as the Compliance Officer and he attends all SRC Meetings as an invitee. He is authorized to severally approve share transfers/transmissions, in addition to the powers with the members of SRC. Share Transfer formalities are regularly attended to at least once a fortnight.

Dedicated email ID for Investor services and nodal officer for IEPF is girish.kirkinde@nelco.in.

The Board has approved the Charter of the Committee defining its composition, powers, responsibilities, etc. The responsibilities of SRC inter alia include review of statutory compliance, resolving the grievances of all security holders of the Company, overseeing and reviewing of all matters related to the transfer of securities and movement in shareholding and ownership of the Company.

The status of investor complaints received during the year under review:

Sl. No.	Description	Total		
A.	**Letters received from Statutory Bodies**	Received	Replied	Pending
	Securities and Exchange Board of India (SEBI) (SCORES), Stock Exchange, NSDL, CDSL and Ministry of Corporate Affairs	5	5	0
B.	**Letters received from Shareholders**			
	Non Receipt of Annual Report	0	0	0

There were no pending transfers/transmission as on 31st March 2022. There was no pending case for Demat as on 31st March 2022.

Mr. Anand Agarwal, Chairman of the SRC was present at the last AGM.

6. Nominations, HR and Remuneration Committee

Composition of the NRC and meetings attended by the Directors during the year under review.

<table>
<tr><th>Name of the Director</th><th>Category of Directorship</th><th>No. of meetings attended</th></tr>
<tr><td>Dr. Lakshmi Nadkarni, Chairperson</td><td>Non-Executive Independent</td><td>4</td></tr>
<tr><td>Mr. R.R.Bhinge</td><td rowspan="2">Non-Executive Non-Independent</td><td>4</td></tr>
<tr><td>Mr. Anand Agarwal</td><td>2</td></tr>
<tr><td>Mr. K. Narasimha Murthy</td><td rowspan="2">Non-Executive Independent</td><td>4</td></tr>
<tr><td>Mr. Ajay Kumar Pandey</td><td>4</td></tr>
</table>

Four NRC Meetings were held during the year under review on 28th April 2021, 14th August 2021, 7th December 2021 and 29th March 2021. The necessary quorum was present for all the meetings.

The Board has approved the Charter of the NRC defining its composition, powers, responsibilities, reporting, evaluation, etc. The terms of the Charter broadly include Board composition and succession planning, evaluation, remuneration, board development and review of HR Strategy, Philosophy and Practices.

In terms of the provisions of Section 178(3) of the Act and Regulation 19(4) read with Part D of Schedule II of Listing Regulations the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Board has adopted the Policy on Board Diversity and Director Attributes. Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company, which is reproduced in Annexure-I to the Directors' Report. The Company does not have any Employee Stock Option Scheme.

Board Evaluation

The Board carries out an annual evaluation of its own performance, as well as the working of its Committees. The Board works with the Committee to lay down the criteria for the performance evaluation. The contribution and impact of individual Directors is reviewed through a peer evaluation on parameters such as level of engagement and participation, flow of information, independence of judgement, conflicts resolution and their contribution in enhancing the Board's overall effectiveness. Feedback-cum-assessment of individual Directors, the Board as a whole and its Committees is conducted. The feedback obtained from the interaction is discussed in detail and, where required, independent and collective action points for improvement are put in place.

Dr. Lakshmi Nadkarni, Chairperson of the NRC was present at the last AGM.

Remuneration to Mr. P.J.Nath, Managing Director & CEO

The details of remuneration and perquisites paid and/or value calculated as per the Income Tax Act, 1961 to the Managing Director and Chief Executive Officer for the financial year 2021-2022 are as under:-

(Amount in ₹)

Salary & Allowances	Perquisites & Benefits	Retirement Benefits	Performance Linked Payment (PLP)	Total
1,71,59,064	5,66,772	8,16,480	1,07,10,000	2,92,52,316

* PLP relates to the financial year ended 31st March 2021, which was approved by the Board on 28th April 2021 paid during FY2021-22.

Salient features of the terms of agreement executed by the Company with Mr. Nath are as under:

Period of Appointment/Contract	13th June 2021 to 12th June, 2024
Remuneration	Basic salary upto a maximum of ₹ 8,00,000 p.m.
Performance Linked Payments and performance criteria	Not exceeding 200% of annual basic salary. An indicative list of factors that may be considered for determination of the extent of Performance linked payment by the Board (as recommended by the NRC) are: • The Company's performance on certain defined qualitative and quantitative parameters, as may be decided by the Board from time to time. • Industry benchmarks of remuneration. • Performance of the individual.
Benefits, perquisites and allowances (excluding Company's contribution to Provident Fund, Gratuity, Leave Encashment)	As may be determined by the Board from time to time.
Notice Period	The Agreements may be terminated by either party giving to the other party six months' notice or the Company paying six months' remuneration in lieu thereof.
Severance fees	There is no separate provision for payment of severance fees.
Stock Option	Nil

The agreement with Mr. Nath is contractual in nature.

Remuneration to Non-Executive Directors (NEDs)

The Company pays sitting fees of ₹ 75,000/- per meeting per Director with effective from 1st April 2021 to the NEDs for attending meetings of the Board and Committee except Stakeholders Relationship Committee, Corporate Social Responsibility, Risk Management Committee and Executive Committee of Board for which sitting fees is ₹ 30,000/-, ₹ 60,000, ₹ 60,000 and ₹ 35,000/- per meeting respectively. The details of sitting fees paid to NEDs during the financial year 2021-22 are as under-

Name of the Directors	Sitting fees (₹)
Mr. R.R.Bhinge	13,20,000/-
Mr. Anand Agarwal #	Nil
Mr. K. Narasimha Murthy	13,05,000/-
Dr. Lakshmi Nadkarni	13,95,000/-
Mr. Ajay Kumar Pandey	13,95,000/-

Pursuant to TATA Group guidelines no sitting fees is paid being an employee of The Tata Power Co. Ltd.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings. None of the NEDs had any pecuniary relationship or transactions with the Company other than the aforesaid sitting fees received by them.

Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company is posted on Company's website at

https://www.nelco.in/pdf/Policies/Remuneration%20Policy%20for%20Directors,%20KMP%20and%20Other%20employees.pdf

7. Corporate Social Responsibility Committee

Composition of the CSR and meetings attended by the Directors during the year under review.

Name of the Director	Category of Directorship	No. of meetings attended
Mr. R.R.Bhinge, Chairman	Non-Executive (Non-Independent)	3
Dr. Lakshmi Nadkarni	Non-Executive (Independent)	3
Mr. P. J. Nath	Managing Director & CEO	3

Three CSR Meetings were held during the year under review on 14th August 2021, 7th December 2021 and 1st March 2022. The necessary quorum was present for all the meetings.

The Company has adopted a CSR policy which indicates the activities to be undertaken by the Company as specified in Schedule VII to the Act. The policy (including overview of projects or programs proposed to be undertaken) is provided on the Company website www.nelco.in.

The broad terms of reference of the Committee are as under:

a. Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Act or as may be prescribed under the Rules thereto.

b. Recommend the amount of expenditure to be incurred on the activities referred to in the above clause and

c. Monitor the CSR Policy from time to time.

Mr. R.R. Bhinge, Chairman of the CSR Committee, was present at the last AGM.

8. Risk Management Committee (RMC)

During the year the Company constituted RMC as required under Listing Regulations. The composition of the RMC and meetings attended by the Directors during the year under review:

Name of the Director	Category of Directorship	No. of meetings attended
Mr. Ajay Kumar Pandey, Chairman	Non-Executive (Independent)	2
Mr. Anand Agarwal	Non-Executive (Non- Independent)	2
Mr. P. J. Nath	Managing Director & CEO	2

Two RMC Meetings were held during the year under review on 5th October 2021 and 17th February 2022. The necessary quorum was present for all the meetings.

The Board has adopted Risk Management Policy and also approved the Charter of the RMC defining its composition, powers, responsibilities, etc. The terms of the Charter broadly include:

- Reviewing the Company's risk governance structure, risk assessment and risk management practices and guidelines, policies and procedures for risk assessment and risk management including the risk management plan.
- Review the alignment of the ERM framework with the strategy of the Company.
- Monitor the Company's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, cyber security risk, forex risk, commodity risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.
- Review and analyse risk exposure related to specific issues, concentrations and limit excesses, and provide oversight of risk across organisation.
- Review compliance with risk policies, monitor breaches / trigger trips of risk tolerance limits and direct action.
- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification/ amendment or modification as may be applicable.

Mr. Ajay Kumar Pandey, Chairman of the RMC Committee, was present at the last AGM.

Non- Statutory Committee

9. Executive Committee of the Board

The Executive Committee of the Board comprises of Mr. R. R. Bhinge (Chairman), Mr. P. J. Nath, Mr. Anand Agarwal and Mr. Ajay Kumar Pandey. This Committee reviews the following matters before being presented to the full Board:

- Business and strategy review.
- Long-term financial projections and cash flows.
- Capital and Revenue Budgets and capital expenditure programmes.
- Acquisitions, divestments and business restructuring proposals.
- Any other item as may be decided by the Board

10. Material Subsidiary Company

As defined under Regulation 16 (1) (c) of Listing Regulations, the Company has one "Material Subsidiary" during the financial year 2021-22 viz. Nelco Network Products Ltd. The Audit Committee reviews the financial statements of material subsidiary of the Company. It also reviews the investments made by such subsidiary, the statement of all significant transactions and arrangements entered into by the subsidiary, if any, and the compliances of material subsidiary on a periodic basis. The minutes of board meetings of all the unlisted subsidiary companies are placed before the Board. Composition of the Board of material subsidiary is in accordance with the Regulation 24(1) of the Listing Regulations.

11. Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board of Directors of the Company has adopted the revised Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices (the Code). All the Promoters, Directors, Employees of the Company and its material subsidiaries, who are Designated Persons, and their Immediate Relatives and other Connected Persons such as auditors, consultants, bankers, etc., who could have access to the unpublished price sensitive information of the Company, are governed under this Code.

Mr. Malav Shah, Chief Financial Officer (CFO) of the Company is the 'Compliance Officer' and 'Chief Investor Relations Officer' in terms of this Code.

12. General Body Meetings

a) The details of last three Annual General Meetings (AGMs) are as under:

<table>
<tr><th>Financial year ended</th><th>Day & Date & Time</th><th>Venue</th><th>Special Resolutions passed</th></tr>
<tr><td>31st March 2019
(FY 2018-19)</td><td>Wednesday,
24th July 2019
At 3.30 p.m.</td><td>Ebony, Hotel Regenza By Tunga, Ground floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703</td><td>Nil</td></tr>
<tr><td>31st March 2020
(FY 2019-20)</td><td>Thursday,
13th August 2020
At 3.30 p.m.</td><td rowspan="2">Two-way Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") from Company's Registered Office at EL-6, TTC Industrial Area, MIDC Electronics Zone, Mahape,
Navi Mumbai - 400 710</td><td>Nil</td></tr>
<tr><td>31st March 2021
(FY 2020-21)</td><td>Tuesday,
22nd June 2021
At 4.30 p.m.</td><td>Re-appointment of Mr. P. J. Nath as Managing Director & CEO</td></tr>
</table>

The Special Resolution moved at the aforesaid AGM was passed with requisite majority.

b) Postal Ballot

(i) Details of special resolutions passed by postal ballot: During the year under review, no special resolution was passed by means of Postal Ballot.

(ii) Details of Voting Pattern: Not Applicable

(iii) Person who conducted the aforesaid postal ballot exercise: Not Applicable

(iv) Whether any special resolution is proposed to be conducted through postal ballot: No

(v) Procedure for Postal Ballot:

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Act, read with applicable Rules, the Company provides an electronic voting facility to all its shareholders, to enable them to cast their votes electronically. The Company engages the services of National Securities Depository Limited (NSDL) for the purpose of providing e-voting facility to all its shareholders. The shareholders have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with self-addressed business reply envelope to its shareholders whose names appear on the Register of Members/list of beneficiaries as on a cut-off date. The postal ballot notice is sent to the shareholders in electronic form to the e-mail IDs registered with the Depository Participants (DPs)/RTA.

13. Disclosures

a) There are no material related party transactions during the year that have conflict with the interest of the Company. Transactions entered with related parties during the financial year were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. The Board's approved policy for related party transactions is uploaded on the website of the Company.

b) The Board has received disclosures from Key Managerial Personnel and Senior Management relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

c) There was no non-compliance, penalties, strictures imposed on the Company by Stock Exchanges, the Securities and Exchange Board of India or any statutory authority, on any matter related to Capital Markets, during the last three years.

d) The Board of Directors of the Company has adopted a Whistle Blower & Vigil Mechanism Policy for establishing a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The said policy has been posted on the Company's website at

https://www.nelco.in/pdf/Policies/Nelco_Whistle%20Blower%20Vigil%20Mechanism%20Policy%209.11.2020.pdf.

The Company affirms that no employee has been denied access to the Chairman of Audit Committee of Directors.

e) All mandatory requirements as prescribed under Schedule II Listing Regulations have been complied by the Company. The status of compliance with the non-mandatory requirements, as stated under Part E of Schedule-II to the Listing Regulations is as under:

- The Company posts the quarterly, half yearly and annual financial results on its website www.nelco.in
- Modified opinion(s) in Audit Report: The Auditors have expressed an unmodified opinion in their report on the financial statements of the Company.
- The Internal Auditor of the Company reports to the Audit Committee.

f) The URL of policy for determining 'material' subsidiaries is

https://www.nelco.in/pdf/Policies/Policy%20for%20determining%20Material%20Subsidiaries.pdf

g) The URL of policy on dealing with related party transaction is

https://www.nelco.in/pdf/Policies/Related%20Party%20Transaction%20Policy.pdf

h) Commodity price risk and hedging activity:

The Company is not exposed to any material commodity price fluctuation.

i) Certificate has been obtained from Bhandari & Associates, Practicing Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

j) During the year there were no instances where Board had not accepted any recommendation of any Committee of the Board which is mandatorily required.

k) During the year, details of fees paid/payable to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditor is a part, by the Company and its subsidiaries, are given below.

(₹ in lakhs)

Particulars	By the Company*	By the Subsidiaries*	Total Amount
Statutory audit	24	8	32
Other services	13	3	16
Out-of-pocket expenses	1	-	1
Total	38	11	49

*The above fees are exclusive of applicable tax.

l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has always believed in providing a safe and harassment-free workplace for every individual working in the Company. The Company has complied with the applicable provisions of the aforesaid Act and the Rules framed thereunder, including constitution of the Internal Complaints Committee (ICC). The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

a. number of complaints filed during the financial year: Nil

b. number of complaints disposed of during the financial year: Nil

c. number of complaints pending as on end of the financial year: Nil

m) The Company follows Ind AS issued by The Institute of Chartered Accountants of India and there are no qualifications in this regard from Statutory Auditors.

n) Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director & CEO and the Chief Financial Officer made a certification to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board. The same is attached herewith and marked as Annexure II.

o) The Company has complied with all the requirements of Corporate Governance Report as stated under sub paras (2) to (10) of section (C) of Schedule V to the Listing Regulations.

p) The Company has adopted a Policy on Determination of Materiality for Disclosures. The URL of policy is https:// www.nelco.in/pdf/Policies/Policy%20for%20determining%20materiality%20for%20disclosure.pdf

q) The Company has adopted a Policy on Archival and Preservation of Documents. The URL of policy is https:// www.nelco.in/pdf/Policies/Archival%20Policy.pdf

r) The Company has adopted the Dividend Distribution Policy. The URL of policy is https://www.nelco.in/pdf/Policies/dividend-distribution-policy.pdf

s) Terms and conditions of appointment/re-appointment of Independent Directors are available on the Company's website at:

https://www.nelco.in/pdf/Policies/Terms%20&%20Conditions%20of%20Appointment%20of%20Independent%20Directors.pdf

t) The Company did not raise any funds through preferential allotment or qualified institutions placement during the year under review.

u) The Company has obtained from the Secretarial Auditors a compliance certificate on Company's corporate governance which is attached herewith and marked as Annexure III.

14. Means of Communication

(i) **Quarterly, half yearly and Annual Financial Results** are published in the Business Standard, Financial Express (English) and Sakal (Marathi) newspapers, submitted to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) as well as uploaded on the Company's website. The Company also issues press releases from time to time which are submitted NSE & BSE and uploaded on Company's website.

ii) **Annual Reports:** The Annual Reports are emailed/posted to Members and others entitled to receive them. The Annual Reports are also available on the Company's website at https://www.nelco.in/investor-relation/financial.php in a user-friendly download able form. The Company also provides live webcast facility of its AGM in co-ordination with NSDL. In line with the MCA Circular dated 5th May 2020 read with circular dated 13th January 2021 and SEBI Circular dated 12th May 2020 read with circular dated 15th January 2021, the Notice of the AGM along with the Annual Report 2021- 22 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories.

iii) **NSE Electronic Application Processing System (NEAPS) and BSE Online Portal:** NSE has provided online platform NEAPS wherein the Company submits all the compliances/disclosures to the Exchange in the SEBI prescribed format. Similar filings are made with BSE on their online Portal viz. BSE Corporate Compliance & Listing Centre.

(iv) **eXtensible Business Reporting Language (XBRL):** XBRL is a standardized and structured way of communicating business and financial data in an electronic form. XBRL provides a language containing various definitions (tags) which uniquely represent the contents of each piece of financial statements or other kinds of compliance and business reports. BSE and NSE provide XBRL based compliance reporting featuring identical and homogeneous compliance data structures between Stock Exchanges and MCA. XBRL filings are done on the NEAPS portal as well as the BSE online portal.

(v) **SEBI Complaints Redress System (SCORES):** A centralized web-based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports (ATRs) by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status.

(vi) **Website:** Comprehensive information about the Company, its business and operations, Press Releases and Investor information can be viewed at the Company's website www.nelco.in. The 'Investor Relations' section serves to inform the investors by providing key and timely information like Financial Results, Annual Reports, Shareholding Pattern, etc.

15. General Shareholder Information

(i) The ensuing AGM of the Company is scheduled on Friday, 8th July 2022 at 3.30 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

In accordance with the General Circular issued by the MCA on 5th May 2020 read with circular dated 13th January 2021 and 21/2021 dated 14th December 2022 and SEBI Circular dated 12th May 2020 read with circular dated 15th January 2021, the AGM will be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) only. For details, please refer to the Notice of the AGM.

As required under Regulation 36(3) of Listing Regulations and Secretarial Standard-2, particulars of Directors seeking appointment/reappointment at the AGM are given in the Annexure to the Notice of the ensuing AGM.

(ii) Financial Year: 1st April 2021 to 31st March 2022.

(iii) Dividend payment date: on and from 12th July 2022.

(iv) Book Closure / Record date: Thursday, 23rd June 2022 to Thursday, 30th June 2022 (both days inclusive)

(v) E-Voting Dates: The cut-off date for the purpose of determining the shareholders eligible for e-Voting is 1st July 2022. The e-Voting commences on Monday, 4th July 2022 at 9 a.m. (IST) and ends on Thursday, 7th July 2022 at 5 p.m. (IST).

(vi) Listing on Stock Exchanges: The Company's Equity Shares are listed on the following Stock Exchanges in India:

BSE Limited (BSE)
(Regional Stock Exchange)
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001.

National Stock Exchange of India Limited (NSE)
'Exchange Plaza', Bandra-Kurla Complex
Bandra (E), Mumbai 400 051.

The Company has paid the requisite Annual Listing fees to the stock exchanges for the year 2020-21.

vii) Stock Code and Corporate Identification Number (CIN)

BSE Ltd. (Physical segment) – 4112, Demat Segment- 504112
National Stock Exchange of India Ltd. – NELCO EQ

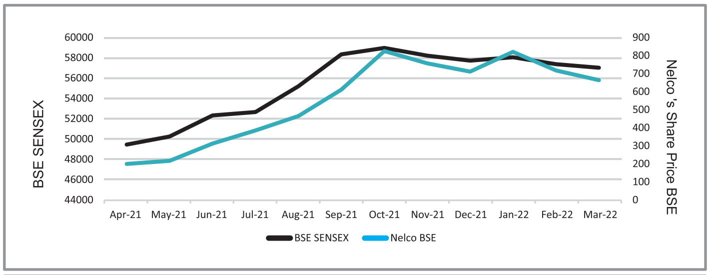
CIN allotted to the Company by the Ministry of Corporate Affairs, Govt. of India is L32200MH1940PLC003164.

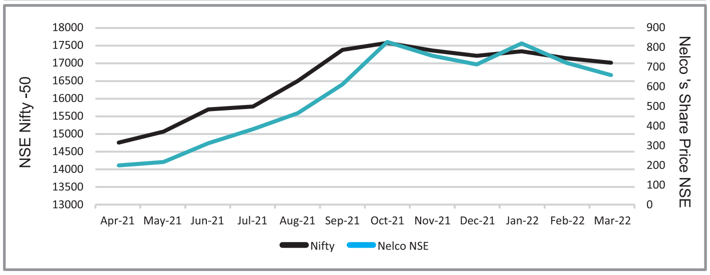
viii) **Market Information**:

a) Market Price Data: High, Low during each month and trading volumes of the Company's Equity Shares during the period 1st April 2021 to 31st March 2022 at the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) are given below-

Stock Exchange	BSE			NSE		
Month	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April 2021	206	179	7122	206	179	1653066
May 2021	225	195	12781	225	195	3252852
June 2021	404	212	75106	404	211	22757641
July 2021	411	353	41755	409	353	8024957
August 2021	565	363	39022	565	363	9947296
September 2021	720	507	27770	720	507	6584382
October 2021	969	696	25897	972	695	3653024
November 2021	854	672	13105	839	685	972930
December 2021	782	650	9820	777	656	766936
January 2022	949	706	22867	948	705	1900952
February 2022	837	608	12412	844	608	582250
March 2022	748	587	11,462	738	586	896739

(b) Performance of the Company's Share Price in comparison to BSE and NSE Nifty Sensex





❖ None of the Company's securities have been suspended from trading.

ix). Registrars and Transfer Agents:

TSR Consultant Pvt. Limited (TCPL)
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg
Vikhroli West, Mumbai 400 083.

Tel.: 022 6656 8484, Fax: 022 6656 8494
Email: csg-unit@tcplindia.co.in
Website: www.tcplindia.co.in

For the convenience of Members based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of TCPL.

Branches of TCPL

1. TSR Consultants Private Limited
Building 17/19, Office no. 415 Rex Chambers,
Ballard Estate, Walchand Hirachand Marg,
Fort, Mumbai-400 001.
Tel: 7304874606

2. TSR Consultants Private Limited
C/o Link India Intime Private Limited
Amarnath Business Centre-1 (ABC-1)
Beside Gala Business Centre
Nr. St. Xavier's College Corner
Off. C.G. Road, Ellisbridge Ahmedabad – 380006
Tel: +91-33-40081986
E-mail: tsrdlcal@tcplindia.co.in

3. TSR Consultants Private Limited
C/o. Mr. D. Nagendra Rao,
"Vaghdevi" 543/A, 7th Main,
Hanumanthnagar,
Bengaluru - 560019.
Tel: +91-80-26509004
E-mail: tcplbang@tcplindia.co.in

4. TSR Consultants Private Limited
C/o Link Intime India Private Limited
Vaishno Chamber, Flat No. 502 & 503 3rd Cross,
5th Floor, 6, Brabourne Road,
Kolkata - 700001
Tel: +91-33-40081986
E-mail: tcplcal@tcplindia.co.in

5. TSR Consultants Private Limited
C/o Link Intime India Private Limited,
Noble Heights, 1st Floor,
Plot No NH-2, C-1 Block, LSC,
Near Savitri Market, Janakpuri,
New Delhi – 110058.
Tel: +91-11-49411030
E-mail: tcpldel@tcplindia.co.in

6. TSR Consultants Private Limited
Bungalow No. 1, 'E' Road,
Northern Town Bistupur,
Jamshedpur - 831001
Tel: +91-657-2426937
E-mail: tcpljsr@tcplindia.co.in

x) **Share Transfer System:**

Transfers of equity shares in electronic form are affected through the depositories with no involvement of the Company. Mr. Girish V. Kirkinde Company Secretary and Compliance Officer is empowered to approve transfers, in addition to the powers with the Members of the Stakeholders Relationship Committee.

xi) **Distribution of Shares as on 31st March 2022.**

No. of shares held (Range)	Shareholding	% of total Shareholding	No. of Shareholders	% of total Shareholders
1-5000	68,00,499	29.80	61,107	99.71
5001 to 10000	7,78,130	3.41	107	0.17
10001 to 20000	6,15,990	2.70	43	0.07
20001 to 30000	2,04,661	0.90	9	0.01
30001 to 40000	1,33,436	0.58	4	0.01
40001 to 50000	81,509	0.36	2	0.00
50001 and above	1,42,04,175	62.25	12	0.02
Total	**2,28,18,400**	**100.00**	**61,284**	**100.00**

xii) **Dematerialization of Shares as on 31st March 2022 and Liquidity.**

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India, namely, National Securities Depository Limited (NSDL) and Central Depository Services(India) Limited (CDSL).

Equity shares of the Company representing 95.03% of the Company's equity share capital are dematerialized as on 31st March 2022. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE045B01015.

Particulars of Shares	Equity Shares of ₹ 10/- each		Shareholders	
	Number	% of Total	Number	% of Total
Dematerialized form				
NSDL (A)	1,79,24,823	78.55	21,103	63.68
CDSL (B)	37,60,320	16.48	39,024	34.43
Sub-total (A+B)	**2,16,85,143**	**95.03**	**60,127**	**98.11**
Physical form (C)	11,33,257	4.97	1,157	1.89
Total (A+B+C)	**2,28,18,400**	**100.00**	**61,284**	**100.00**

xiii) **The Company has not issued any GDR's/ADR's/Warrants or any Convertible Instruments.**

xiv) **Shareholding Pattern as on 31st March 2022**

Sr. No.	Category	No. of shares	Percentage
1	Tata Companies	1,14,28,940	50.09
2	Financial Institutions/ Banks	11,660	0.05
3	State Government / Government Companies / Central Government / IEPF a/c	3,12,989	1.37
4	Bodies Corporate / Trusts / BC-NBFC	6,69,146	2.93
5	Individuals	85,32,897	37.39
6	FIIs/NRI/Foreign Corporate Bodies/Foreign National-DR	18,62,768	8.16
	Total	**2,28,18,400**	**100.00**

xv) **Top 10 Shareholders of the Company as on 31st March 2022:**

Sr. No.	Category	No. of shares	Percentage
1	The Tata Power Company Limited	1,10,99,630	48.64
2	Schlumberger Limited	8,66,460	3.80
3	Massachusetts Institute of Technology	7,00,000	3.07
4	Af-Taab Investment Company Ltd.	3,18,460	1.40
5	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	2,56,917	1.13

Sr. No.	Category	No. of shares	Percentage
6	Parul Prasoon Bhatt	2,28,600	1.00
7	Prasoon Harshad Bhatt	2,28,600	1.00
8	Tarbir Shahpuri	1,80,000	0.79
9	Roopa Corporate Services Pvt. Ltd.	1,22,528	0.53
10	Reita Gertrude Gomes	80,800	0.35
	Total	**1,40,81,995**	**61.71**

xvi) Currency exchange risk and hedging activity:

The Company is exposed to risk from market fluctuations of foreign exchange on import of VSAT electronics, etc. The Company is actively managing its short term within the framework laid down by the Company. The Company has set up a Forex Risk Management Committee which review exposures on monthly basis and decide suitable hedging strategies. The Company is hedging its exposure mostly through Forward Contracts.

xvii) Works/facilities and address for correspondence:

Plot No. EL-6, Electronics Zone, MIDC Mahape, Navi Mumbai – 400 710.
Telephone: 022 67399100; Fax: 022 67398787. Email: services@nelco.in, Website: www.nelco.in

xviii) During the year CRISIL Ratings has assigned ratings for long term and short-term bank facilities of the Company to CRISIL A Stable and CRISIL A1 respectively.

16. E-voting

E-voting is a common internet infrastructure that enables investors to vote electronically on resolutions of companies. Investors can now vote on resolutions requiring voting through Postal Ballot as per the applicable rules and regulations without sending their votes through post. The Company will also have the E-voting facility for the items to be transacted at the ensuing AGM. The Ministry of Corporate Affairs has authorized NSDL and CDSL for setting up electronic platform to facilitate casting of votes in electronic form. The Company has made arrangement with NSDL for availing e-voting facilities.

17. Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued, and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

18. Compliance of Share Transfer Formalities

Pursuant to Regulation 40(9) of the Listing Regulations the certificate on half-yearly basis, have been issued by a Practicing Company Secretary for due compliance of share transfer formalities by the Company.

19. Secretarial Audit

In terms of the Act, the Company appointed M/s. Bhandari & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of records and documents of the Company for financial year 2021-22. The Secretarial Audit Report is provided as Annexure IV to the Board's Report.

20. Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), dividends, if not claimed for a consecutive period of 7 years or more from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF').

Further, all the shares in respect of which dividend has remained unclaimed for a consecutive period of 7 years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. The details of the aforesaid Unclaimed dividend and Equity Shares transferred to IEPF are available on Company's website https://www.nelco.in/investor-relation/unclaimed-dividend.php

Considering the aforesaid provisions, the Company has during the year under review, transferred to IEPF the unclaimed dividends, outstanding for consecutive 7 years of the Company. Further, shares of the Company, in respect of which dividend has not been claimed for Seven consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority.

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members/ Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

The details of outstanding dividend and the date by which it can be claimed by the shareholders from the Company's Registrar and Transfer Agent.

Financial year	Date of declaration	Last date for claiming unpaid dividend from TSRDCL
2018-19	24th July 2019	18th August 2026
2019-20	13th August 2020	7th September 2027
2020-21	22nd June 2021	17th July 2028

Annexure I

Declaration on Code of Conduct as required by Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I P.J. Nath, Managing Director & CEO of the Company hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, in respect of the financial year ended 31st March 2022.

For NELCO Limited

P. J. Nath
Navi Mumbai, 26th April 2022. Manging Director & CEO
DIN:05118177

Annexure II

Certification by Managing Director & CEO and Chief Financial Officer in respect of Financial Statements and Cash Flow Statement (pursuant to regulation 17 (8) read with Part B of Schedule II of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 for the Financial Year ended 31st March 2022

The Board of Directors
Nelco Limited
Navi Mumbai – 400 710

We, the undersigned, in our respective capacities as Managing Director & CEO and Chief Financial Officer of Nelco Limited ('the Company'), to the best of our knowledge and belief certify that:

a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March 2022 and we hereby certify and confirm to the best of our knowledge and belief the following:

   (i) the Financial Statements and Cash Flow statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) the Financial Statements and the Cash Flow Statement together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are no transactions entered in to by the Company during the year ended 31st March 2022 which are fraudulent, illegal or violative of Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same.

d) We have indicated to the Auditors and the Audit Committee that :-

   (i) There were no significant changes in internal control over financial reporting during the year.

   (ii) There were no significant changes in accounting policies during the year and that if any, have been disclosed in the notes to the financial statement; and

   (iii) There were no instances of significant fraud of which we have become aware of either by the management or an employee having a significant role in the Company's internal control system over financial reporting.

P. J. Nath
Manging Director & CEO
DIN:05118177

Malav Shah
Chief Financial Officer

Navi Mumbai
Date: 18th April, 2022

Annexure III

To,
The Members of Nelco Limited

We have examined the compliance of conditions of Corporate Governance by Nelco Limited ("the Company") for the year ended on March 31, 2022, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in chapter IV of the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No: P1981MH043700

S. N. Bhandari
Partner
FCS No: 761; C P No.: 366
Mumbai | April 26, 2022
UDIN: F000761D000201071

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L32200MH1940PLC003164
2. Name of the Company: Nelco Limited
3. Registered address: EL-6, Electronics Zone, MIDC Mahape, Navi Mumbai – 400710
4. Website: www.nelco.in
5. E-mail id: services@nelco.in
6. Financial Year reported: 1st April 2021 – 31st March 2022
7. Sector(s) that the Company is engaged in (industrial activity code-wise): .

NIC Code	Description
43312	Network System

As per National Industrial Classification – Ministry of Statistics and Program Implementation

8. List three key products / services that the Company manufactures / provides (as in balance sheet):
   - Satellite Communication (Satcom) services
   - Sale of Satcom Equipment - through Nelco Network Products Ltd. (NNPL) (wholly owned subsidiary)
   - Maintenance of Satcom Equipment through Nelco Network Products Ltd. (NNPL) (wholly owned subsidiary)
9. Total number of locations where business activity is undertaken by the Company:
   - Number of International Locations: None
   - Number of Key National Locations: 6
10. Markets served by the Company - Local / State / National /International:

Local / State / National	International
All over India	None

Section B: Financial Details of the Company

(₹ in lakh)

Sr. No.	Particular	Standalone ₹	Consolidated ₹
1.	Paid up Capital	2,282	2,282
2.	Total Turnover	14,316	26,007
3.	Total profit after taxes	1,022	1,608
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	14.76	14.76
5.	List of activities in which expenditure in 4 above has been incurred: As per Schedule VII of the Companies Act, 2013		
	Amount spent on Promotion of e-Education & Empowering for Inclusion for the socially disadvantage group in Turbhe, Mumbai area through Tata Power Community Development Trust		

Section C: Other Details

1. Does the Company have any Subsidiary company / companies?

   Nelco Ltd. has 1 Wholly Owned subsidiaries as on 31st March 2022.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

   Our policies also extend to our subsidiaries and they participate in our BR initiatives wherever applicable in line with our policies.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

   Yes, we actively engage with our suppliers, customers and other business partners on issues related to Business Responsibility. All our suppliers are expected to abide by our policies with related to Tata Code of Conduct (TCoC), Health & Safety. Our Purchase Order document issued to vendors mentions the TCoC details given on the website and the relevant details if they have to register a complaint about any Ethics issues in the course of dealings with the Company.

   During our Ethics week in the month of March, we invite our vendors and suppliers to give them an update about the TCoC guidelines & its significance in all dealings with Nelco.

Section D – BR Information

1. Details of Director/Directors responsible for BR

   a. Details of the Director/Directors responsible for implementation of the BR policy/policies:

DIN Number	Name	Designation
05118177	Mr. P.J.Nath	Managing Director & CEO

   b. Details of BR Head

DIN Number	Name	Designation	Contact	e-mail id
NA	Ms. Leena Thomas	Head HR	022 67399100	leena.thomas@nelco.in

2. Principle-wise (as per NVGs) BR policy/policies:

   The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ('NVGs') released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are briefly as under:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Do you have policy/policies for....#	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the policy being formulated in Consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Does the policy conform to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	The policies conform to the spirit of international standards like TL 9000, ISO 27001, ISO 20000 and meet the regulatory requirements such as SEBI Listing Regulations etc. The policies reflect Tata group's commitment to improve the quality of life of the communities it serves and practice of returning to society from what it earns.								
Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Policies as required by the applicable statutes are approved by the Board/ Committees, and other internal policies are approved by the Managing Director of the Company.								
Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Indicate the link for the policy to be viewed online?	All our policies are made available to respective stakeholders. Some of our policies are available on the Company's website at www.nelco.in for customers / suppliers etc. For employees they are available on the Company's internal portal.								
Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	All policies undergo regular monitoring and review by respective policy owners.								

Nelco Limited has the following policies: Tata Group Code of Conduct (TCoC), Whistle Blower Vigil Mechanism Policy, Safety Health & Environment (SHE), Quality policy, CSR Policy, HR Policies, Prevention of Sexual Harassment Policy (POSH), Anti-Bribery and Corruption Policy, Drug & Alcohol Policy, Occupational Health & Environment Policy, Code of conduct for Non-Executive Directors, Code of conduct for Prevention of Insider Trading, Policy of Determination of Materiality for Disclosures, Policy for Preservation of Documents, Material Subsidiary Policy and Policy on Related Party Transactions.

2a. If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles.	NA								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

   - Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company (within 3 months, 3-6 months, Annually, More than 1 year).

     The Board of Directors and its Committees meet quarterly and BR issues (if any) are discussed in respective meetings.

   - Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

   This is the second Business Responsibility Report of the Company. This report can also be viewed on the Company's website at www.nelco.in.

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?

   Being a Tata group company, Nelco abides by the Tata Code of Conduct (TCoC), which is a comprehensive document with an ethical roadmap for Tata employees, companies, including third parties dealing with Nelco, thus covering 100% of its operations. TCoC consists of 10 sections and sub-clauses, that covers Financial Reporting, National Interests, Political Non-Alignment, Health, Safety and Environment, Corporate Citizenship, Ethical Conduct, Anti-corruption etc. The TCoC extends to Group/ Joint Ventures/ Subsidiaries/Suppliers/Contractors.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

Stakeholders Complaint Received	5
Stakeholders Complaint Resolved	5
Percentage of Stakeholders Complaint Resolved	100%

   The Company has setup an investor grievance mechanism to respond to investor grievances in a timely and appropriate manner. The investor grievances are also reviewed at the Board level by a Stakeholders Relationship Committee and immediate action is taken to resolve the same. The TCoC concerns are resolved through internal review mechanism by Ethics Counsellor and Senior Management. During the year 2021-22, there has been no TCoC complaints received.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

   i. Unlike terrestrial communication networks which involve laying of hundreds of kilometres of fibre or plastic cable, Nelco provides VSAT based satellite communication services to its customers. This considerably reduces the use of environment unfriendly plastics used in the manufacture of the cables used for terrestrial communications.

   ii. The remote VSAT terminals if unused can be easily recovered and re-deployed elsewhere.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Some reduction of power consumption has been achieved over last two years since a significant number of employees continued working from home resulting in regulated use of air-conditioning and corresponding power saving.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The Company confirms to follow guidelines with respect to environment, safety, human rights and ethics in all its sourcing activities. Conformance to labour principles and related laws are mandatory qualification requirements before finalizing any supply and services. Also, it is ensured that the process of bids / quotes go through the process so as to eliminate any unethical/ bias actions.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The Company procures about 25 – 30% of the components for the VSAT systems from local sources e.g. the Antenna and Cables. The Company is regularly interacting with its local suppliers to improve the product features and quality.

   The company engages with local service providers for procuring services of installation and Maintenance of remote VSAT terminals. The company provides them with regular training for improving their capacity and capability for this activity.

   The Company engages with the locals in the vicinity by giving them opportunity to work in the premises for jobs like gardening / small scale renovations / involving them in the scrap bid process, etc. This gives them opportunity for livelihood.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   The waste/ scrap items in the company are typically PC / Laptop / Servers / ACs/ broken furniture. The identified scrap items undergo a scrap committee evaluation process of bids from various vendors and the best priced vendor is given the contract for taking out the scrap items. Such IT scrap is disposed through E-waste management service providers who are certified by Central Pollution Control Board and / the corresponding State Pollution Board.

   Also, when a remote site is disconnected the electronic hardware and antenna are often relocated to alternative site and thereby effectively recycling the product. The Company has its own product repair centre which maximises the product life, enables recycling and minimise waste.

Principle 3: Businesses should promote the well-being of all employees

1. Please indicate the Total number of employees	Total number of employees were 86 as on 31st March 2022
2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis	The total number of contract employees were 99 as on 31st March 2022
3. Please indicate the Number of permanent women employees	Total number of permanent women employees were 17 as on 31st March 2022.
4. Please indicate the Number of permanent employees with disabilities	Total number of permanent employees with disabilities were 1 (officers + staff) as on 31st March 2022.
5. Do you have an employee association that is recognized by management?	No
6. What percentage of your permanent employees is members of this recognized employee association?	NA

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
Child labour/ forced labour/ involuntary labour	NIL	NIL
Sexual harassment	NIL	NIL
Discriminatory employment	NIL	NIL

8. What safety & skill up-gradation training was provided in the last year?

   - Permanent Employees
   - Permanent Women Employees
   - Casual/Temporary/Contractual Employees
   - Employees with Disabilities

   Safety is of paramount importance to the Company. All employees in the Company are provided with safety overview as part of their induction programme. Fire Drills and awareness on usage of Fire equipment are regularly conducted in the office. The safety induction programme is also a compulsory requirement for contract workforce before they are inducted into the system. The Company has a structured safety training agenda on an on-going basis to build a culture of safety across its workforce. During the Safety week special awareness sessions are organized to impart knowledge amongst all people including contractual staff and vendors.

   The Company believes in continual learning of its employees and has institutionalized a self learning model for skill upgradation. The learning and development need of employees is gathered through the appraisal process and Trainings are calendarized as per Functional / Technical / Behavioural requirements. Also, as per the project needs, specific Technical trainings and knowledge sharing sessions are conducted regularly. Extensive use of e-learning platform is also promoted with a culture of self registration for courses & modules other than company assigned trainings. Training opportunities provided to employees on securing themselves against cyber threats.

Principle 4 : Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the company mapped its internal and external stakeholders?

   Yes, the Company has mapped its internal and external stakeholders. Our stakeholders include our employees, suppliers, customers, investors, local communities, etc.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

   The company encourages sourcing of inputs from local SME suppliers where available, without compromising on quality. The Company procures the Antenna & cables for VSATs and UPS from such local suppliers.

   Company policies relating to POSH and Maternity leave for women employees are towards the best interest of our employees.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

   Under the CSR objective, we provide educational facilities to socially disadvantaged communities in our neighbourhood.

   Through volunteering programs, our employees were engaged in various projects aligned with NGOs to improve their system or process and enhance NGOs performance to benefit social endeavours. Projects like ‘mentoring of disadvantaged youths’ to upskill their morale and guidance to career was also taken up.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   The Company respects human rights and Its policies support, respect and protect the human rights of its direct as well as indirect employees, including those of its subsidiaries. The Company encourages its suppliers, vendors, contractors and other business partners associated to follow the principles laid out in TCoC & POSH policy document. The company has also taken up the Leadership Ethics Survey through third party which covered Employees, Contract resources and suppliers. The survey was conducted to gauge awareness, commitment and effectiveness of actions that support Business Ethics.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   The Company did not receive any complaint with respect to human rights violation during the year 2021-22.

Principle 6: Businesses should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others.

   The Company has Occupational, Health and Environment Policy. The policy extends to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others. The Company firmly believes that Health, Safety & Environment is essential and integral part of everyday operation and activity. The Company takes all reasonably predictable steps towards to minimizing risk to Health and Safety of Employee & Environment. In the current year due to pandemic, all necessary guidelines as required were followed in the office premises, while still a substantial number of employees operate from home.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   The Company has not made any strategy on global environmental issues yet.

3. Does the company identify and assess potential environmental risks?

   As a corporate citizen, the Company acknowledges its contribution towards the environment and takes whatever necessary steps that are required.

   The Company's office premise in Mahape is adequately planted with trees and flowers, which also helps in the Go-Green initiatives.

   The Company makes assessment of the potential risk before the onset of Monsoons for taking adequate measures for the building so that there is less / no impact due to the heavy rains.

   All e-waste is disposed off through service providers who are certified by Central Pollution Control Board and / the corresponding State Pollution Board.

   4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

   None of office/facilities of the Company have undertaken Clean Development Mechanism projects during the year 2021-22. However, the Company follows the compliance as per Maharashtra Pollution Control Board (MPCB) for emission / wastage for our DG sets and are compliant.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   The carbon footprint of the Company is under the prescribed limits and the reports are also submitted to Department of Telecom (DoT).

6. Are the emissions/wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   The Company follows the necessary compliances as per Maharashtra Pollution Control Board(MPCB) for emission/ wastage for our DG Sets and are within the permissible limits.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   There are no pending or unresolved show cause/legal notices received by the Company from CPCB/SPCB as on end of Financial Year 2021-22.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with?

   The Company is an active member of Broadband India Forum (BIF). The BIF is a policy think tank mainly for the Telecommunication related areas. The Managing Director of the Company Chairs the Satcom committee of BIF.

   The Company is amongst the founding member of Indian Space Association (ISpA), an industry body and a policy think tank for Space sector created in 2021.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   The Company does not engage in lobbying activities. From time to time, the Company has participated in forums relevant to the Satellite communication services industry in areas that are relevant to its business. The Company participates in giving its views in all the relevant consultation papers of Telecom Regulatory Authority of India (TRAI) as well as for the new Spacecom policy being drafted. The Company has been actively engaged in all relevant regulatory discussions – directly & through industry bodies (ISpA, BIF, etc.). The Company also periodically interacts with the senior officials of Department of Telecommunication (DoT) and Department of Space (DoS), INSPace, NSIL, ISRO, etc. to explain the business dynamics, challenges faced by the industry, global trends and the need for light touch regulations required in the country. Tata Code of Conduct is the guide that the Company uses for all its advocacy efforts.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.

   The Company has undertaken following activities:

   i. Education for children in the neighbourhood of our offices: The company engages in providing education facility to underprivileged children in the neighbourhood of our place of work as part of its CSR activity. This activity is conducted through NGO along with voluntary participation from our staff.

   ii. Volunteering initiatives : Various volunteering projects taken up along with NGOs and through Group company enabled the recipients to build their efficiency and for the youths in their career aspirations and self-development.

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/ government structures/ any other organisation?

   The programs undertaken in FY2021-22 were in collaboration with the Tata Power Community Development Trust (TPCDT) and by our own in-house teams.

3. Have you done any impact assessment of your initiative?

   The educational initiative has been started since January 2022. A baseline measurement of the current status of the students has been conducted and improvement targets set. It would require a gestation period of at least one year before the impact of the initiative can be measured.

4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

   An amount of ₹ 14.76 Lakhs has been spent as direct contribution by our company during 2021-22 for the above mentioned community development project.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   The company is monitoring the progress and adoption of the education initiative by way of regular interaction with the concerned NGO, site photographs and periodic visits to the community learning centre set up.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

   The Company is based out of Mahape, Navi Mumbai. Its Sales, Marketing and Customer support functions also operate mainly from this location, though some of the employees are deployed across the country. Customer centricity is one of the core pillars of the Company's business and there is a robust system for tracking customer grievances and complaints. The complaint management process is composed of a detailed protocol involving registration of complaints, carrying out a root-cause analysis by the concerned department, direct engagement with the customer via multiple stakeholders if necessary and a consequent closure with feedback of the customer. As on 31st March 2022, less than 0.1% of the customer complaints/ consumer cases beyond turnaround time were pending.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)

   Yes, the Company follows all applicable local regulations and requirements with respect to product labelling.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

   There are no cases against the Company with regard to unfair trade practices, irresponsible advertising and/or anticompetitive behaviour as on 31st March 2022.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   Yes, the Company conducts a formal Customer Satisfaction (CSAT) survey every year through a reputed external market research agency. The survey covers a very large part of the customer base of the Company. The survey helps understand the customers concerns and be more responsive to their needs. The findings of the CSAT survey are discussed with all the relevant stake holders to arrive at the action points to improve the customer satisfaction levels.

Standalone Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Nelco Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Standalone Ind AS 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 audit opinion on the standalone Ind AS financial statements.

Emphasis of matter

Note 47 to the standalone Ind AS financial statements regarding the Company's claim to carry forward of input tax credit balances availed under the CENVAT/ Service Tax/ Sales Tax act, upon transition to The Goods and Services Tax Act (GST) and the Company's claim to set-off such input tax credit availed against GST payable. The Company, based on external legal advice obtained, has filed a petition with courts in this regard.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Emphasis of matter' section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Assessment of Accounting pursuant to Scheme approval by NCLT and DOT (as described in Note 29 to the standalone Ind AS financial statements). Pursuant to provisions of Section 230-232 of the Companies Act, 2013, the Board of Directors of the Company on September 1, 2017 approved the scheme as follows: • transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following: a) Integrated Security and Surveillance Solution ('ISSS') business and b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and • the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme). The proposed scheme was approved by NCLT on November 2, 2018 and approved by Department of Telecommunications on June 9, 2021. During the year, the Scheme has been accounted for as follows: • Accounting for transfer of discontinuing operations to NNPL in accordance with IND AS 105; and • Accounting for merger of TNSL with the Company as business combination of entities under common control in accordance with Appendix C of IND AS 103 "Business Combination" and accordingly all the comparative periods presented in the financial statements have been restated to include the effect of this merger. The Scheme has a significant impact on the standalone financial statements of the Company including revenue, profit, tax, reserve and comparative figures basis which the same is considered as a key audit matter for the year. The Company's disclosures are included in Note 29 to the standalone financial statements, which outlines the scheme accounting.	Our audit procedures included the following: • We obtained and read the documents filed by the Company with the Registrar of Companies, including the NCLT order/DOT Order with respect to the merger of TNSL with Nelco and transfer of discontinued operations to NNPL, based on which the Scheme became effective; • Tested the underlying workings prepared by management for merger of TNSL with Nelco including the workings prepared for restatement of comparative figures for Previous year as required by Appendix C to Ind AS 103; • Tested the underlying workings prepared by management for transfer of assets and liabilities pertaining to discontinued operations as per the Scheme; • Assessed accounting in accordance with Scheme and as per applicable accounting standards; • Tested the underlying workings for revised tax computations, read independent opinion obtained by the management on taxation matters relating to the revised tax computations and involved tax specialist for review of independent opinion • Assessed the disclosures in the standalone Ind AS financial statements for compliance with disclosure requirements

Key audit matters	How our audit addressed the key audit matter
Assessment of contingent liabilities, provision for litigations (as described in Note 2.1(f) to the standalone Ind AS financial statements) As at March 31, 2022, the Company held provisions of ₹117 lakhs and disclosed contingent liabilities (to the extent not provided for) of ₹1,608 lakhs in respect of certain tax and other litigations. The Company faces inquiries from tax authorities and regulatory authorities during tax assessment and legal proceedings, during the normal course of business. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The management's assessment is supported by legal opinions from independent tax consultants and legal experts obtained by the management. We considered this to be a key audit matter as the outcome of the litigations/ inquiries is uncertain, including ensuring compliances with the various regulations and the positions taken by the management are based on the application of material judgement, advice from tax consultants and legal experts, and interpretation of law. The ultimate outcome of the litigations/inquiries could be different from the conclusion reached by the management and may significantly impact the Company's financial position. The Company's disclosures are included in Note 2.1(f) and Note 37 and 40 to the financial statements, which outlines the accounting policy for contingent liabilities and details of pending direct and indirect tax litigation disclosed as contingent liabilities.	**Our audit procedures included the following:** • We obtained an understanding and evaluated processes and controls designed and implemented by the management for assessment of litigations. • We obtained the list of taxation and other litigation matters, communications with the authorities and vendors, inspecting the supporting evidence and critically assessing management's evaluation through discussions and inquiries made with the management on both the probability of outcome and the magnitude of potential outflow of economic resources; • Where relevant, we read and relied upon the most recent legal opinion obtained by management from independent tax consultants and external legal experts to assess development in all pending cases against the Company; • We read recent orders received from the tax and regulatory authorities and the Company's responses to such communications and assessed the current status of the litigations against the Company. • We obtained direct confirmations from tax consultants, where considered relevant; For tax matters, we involved our tax specialists to assess management's application and interpretation of tax legislation affecting the Company, and to consider the quantification of exposures and settlements arising from the disputes with the tax authorities in the various tax jurisdictions.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Performance Highlights, Report on Corporate Governance, Directors' Report, Management Discussion and Analysis Report and Business Responsibility Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Performance Highlights, Report on Corporate Governance, Directors' Report, Management Discussion and Analysis Report and Business Responsibility Report is expected to be made available to us after that date of this auditor's report.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management for the Standalone Ind AS Financial Statements

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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies;

making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS 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 Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS 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.

- 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us;

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 40 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend paid during the year by the Company is in compliance with section 123 of the Act. As stated in note 11(iii) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 2212230AHUJPW5341
Place of Signature: Mumbai
Date: April 26, 2022

Annexure 1 referred to in clause 1 of paragraph on the report on 'Other Legal and Regulatory Requirements' of our report of even date

Re: Nelco Limited (the "Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) All property, plant and equipment except for equipment's given on lease, installed at the customer premises were physically verified by the management of the Company in the current year in accordance with a planned programme of verifying them once in a year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including right of use assets) or Intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) Consequent to transfer of discontinued operations pursuant to the scheme referred in note 29 the Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in note 15 and 44 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) During the year, the Company has provided guarantee to company as follows:

Particulars	Guarantees
Aggregate amount granted/ provided during the year	₹ 27 crores
- Subsidiary	Nelco Network Products Limited
Balance outstanding as at balance sheet date in respect of above cases	₹ 27 crores

(iv) The Company has not advanced loans to directors including the entities in which they are interested to which provisions of section 185 of the Act apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments, loans, securities and guarantees given have been complied with by the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Very small aperture terminals (VSAT) and service of Internet service provider services, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of custom, cess and other material statutory dues are applicable to it. The provisions relating to sales tax, service tax, value added tax and duty of excise are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of income-tax, sales-tax, service tax, value added tax, goods and service tax and cess have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (₹ in lacs)	Amount paid under protest / Adjusted against refund (₹ in lacs)	Forum where the dispute is pending
The Finance Act, 1994	Service Tax	FY 2001 to FY 2005	192	-	Central Excise and Service Tax Appellate Tribunal
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	FY 2009-10	65	9	Maharashtra Sales Tax Tribunal
The Central Sales Tax Act, 1958	Sales Tax	FY 2012-13	49	15	Joint Commissioner Sales tax (Appeals)
The Income Tax Act, 1961	Income Tax	FY 2010-11	497	528	Income Tax Appellate Tribunal
The Maharashtra Value Added Tax Act, 2002	Sales Tax	FY 2006-07 to FY 2010-11	3,836	-	Maharashtra Sales Tax Tribunal
Central Goods and Services Tax Act, 2017	GST	July 2017 to March 2019	103	-	Assistant Commissioner CGST & C.Ex., Circle -VI
The Finance Act, 1994	Service Tax	April 2016 to June2017	407	-	Commissioner CGST & C.Ex, Belapur
The Finance Act, 1994	Service Tax	April 2016 to June 2017	640	-	Commissioner CGST & C.Ex, Belapur

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short- term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer or further public offer or debt instruments hence, reporting under clause 3(x)(a) is not applicable to the Company and hence not commented upon.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(x) (b) are not applicable to the Company and, not commented upon.

(xi) (a) No fraud/material fraud by the Company or no fraud/ material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013 (as amended). Therefore, the provisions of clause 3(xii) (a), (b) and (c) of the order are not applicable to the Company and hence not commented upon.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non Banking Financial or Housing Finance activities without obtaining a valid certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India (RBI). Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has six Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current financial year and immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 42 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 43 to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to both transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 43 to the standalone financial statements.

(xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 2212230AHUJPW5341
Place of Signature: Mumbai
Date: April 26, 2022

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Nelco Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Nelco Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS 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 standalone Ind AS financial statements, whether due to fraud or error.

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 over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Finanical Reporting With Reference to these Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS 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 control over financial reporting with reference to these standalone Ind AS 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 Over Financial Reporting With Reference to Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS 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 over financial reporting with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2022, 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 issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 2212230AHUJPW5341
Place of Signature: Mumbai
Date: April 26, 2022

Standalone Balance Sheet as at March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021 (Refer note 29)
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3(a)	3,999	3,642
(b) Capital work-in-progress	3(a)	242	362
(c) Right-of-use assets	3(b)(i)	1,100	421
(d) Other intangible assets	3(a)	390	170
(e) Financial assets			
(i) Investments	4	2,989	21
(ii) Loans	5 (a)	-	1
(iii) Other financial assets	6 (a)	190	135
(f) Deferred tax assets (net)	28	405	350
(g) Non-current tax assets (net)	7	994	1,535
(h) Other non-current assets	8 (a)	699	713
Total non-current assets		**11,008**	**7,350**
Current assets			
(a) Financial assets			
(i) Trade receivables	10	3,454	2,137
(ii) Cash and cash equivalents	9 (a)	478	912
(iii) Bank balances other than (ii) above	9 (b)	45	35
(iv) Loans	5 (b)	7	1
(v) Other financial assets	6 (b)	497	29
(b) Other current assets	8 (b)	367	287
Total current assets		**4,848**	**3,401**
Assets classified as held for sale	29	**-**	**13,168**
TOTAL ASSETS		**15,856**	**23,919**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	11	2,282	2,282
(b) Other equity			
Reserve and surplus	12	6,164	5,385
Other reserves	12 (a)	10	10
Total equity		**8,456**	**7,677**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	3(b)(ii)	974	326
(b) Provisions	13 (a)	-	159
Total non-current liabilities		**974**	**485**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	1,750	1,867
(ia) Lease liabilities	3(b)(ii)	175	119
(ii) Trade payables	16		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		1,297	1,272
(iii) Other financial liabilities	14	1,253	918
(b) Provisions	13(b)	207	175
(c) Contract liabilities	17	1,506	1,067
(d) Other current liabilities	18	238	285
Total current liabilities		**6,426**	**5,703**
Liabilities directly associated with assets classified as held for sale	29	**-**	**10,054**
Total liabilities		**7,400**	**16,242**
TOTAL EQUITY AND LIABILITIES		**15,856**	**23,919**
Summary of significant accounting policies.	1		

The accompanying notes are an integral part of the standalone financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 26, 2022

For and on behalf of the Board of Directors
Nelco Limited

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Standalone Statement of Profit and Loss for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021 (Refer note 29)
Continuing operations			
Revenue from operations	19	14,316	13,112
Other income	20	259	152
Total income		**14,575**	**13,264**
Expenses			
(a) Purchase of stock-in-trade		43	9
(b) Operating expenses	21	8,075	7,314
(c) Employee benefits expense	22	2,115	1,899
(d) Other expenses	23	1,910	1,546
Total expenses		**12,143**	**10,768**
Profit before finance cost, tax and depreciation and amortization (PBITDA)		**2,432**	**2,496**
(e) Finance costs	24	268	438
(f) Depreciation and amortisation expense	25	835	809
Profit before tax from continuing operations		**1,329**	**1,249**
Tax expense			
- Current tax	26(a)	351	346
- Deferred tax charge/(credit)	26(a)	17	(21)
- Tax adjustment for earlier years pursuant to scheme		(61)	-
Total tax expenses		**307**	**325**
Profit from continuing operations (I)		**1,022**	**924**
Discontinued operations			
Earnings before tax from discontinued operations		116	330
Tax expense of discontinued operations	26(a)		
- Current tax		55	251
- Deferred tax credit/(charge)		(26)	(224)
Total tax expense		**29**	**27**
Profit from discontinued operations (II)		**87**	**303**
Profit for the year (I+II)		**1,109**	**1,227**
Other comprehensive income			
Continuing operations			
Items that will not be reclassified to profit or loss in subsequent periods			
- Remeasurement of post employment benefit obligations	27	(64)	13
Discontinued operations			
- Remeasurement of post employment benefit obligations	27	8	15
Total other comprehensive income for the year, net of income tax		**(56)**	**28**
Total comprehensive income for the year		**1,053**	**1,255**
- Continuing operations		958	937
- Discontinued operations		95	318
Total comprehensive income for the year, net of income tax		**1,053**	**1,255**
Earnings per share (Face value of ₹ 10/- per share) : (Basic and diluted)	39		
Continuing operations		4.48	4.05
Discontinued operations		0.38	1.33
Total operations		4.86	5.38

Summary of significant accounting policies. 1

The accompanying notes are an integral part of the standalone financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 26, 2022

For and on behalf of the Board of Directors
Nelco Limited

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Standalone Statement of Cash Flows for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 (Refer note 29)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from		
Continuing operations	1,329	1,250
Discontinued operations	116	330
Profit before tax	**1,445**	**1,579**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	835	809
Finance costs	268	438
Interest income	(139)	(72)
Liabilities no longer required written back	(76)	(46)
Impairment allowance (allowance for bad and doubtful debts)	(18)	90
Provision for contingent liability	66	-
Remeasurement of post employment benefit obligations	(64)	13
Operating profit before working capital changes	**2,317**	**2,811**
Movement in working capital		
Movements in assets		
- (Increase) / decrease in trade receivables & unbilled receivables	(1,299)	1,711
- (Increase) / decrease in financial assets - current -Loans	(6)	6
- (Increase) / decrease in financial assets - non-current - Loans	1	-
- (Increase) / decrease in other financial assets - current	(468)	143
- (Increase) / decrease in other financial assets - Non Current	(55)	(118)
- (Increase) / decrease in other current assets	(80)	663
- (Increase) / decrease in other non current assets	14	(695)
Movements in liabilities		
- (Decrease) / increase in trade payables	35	273
- (Decrease) / increase in other financial liabilities - non current	-	(4)
- (Decrease) / increase in provisions - non current	(159)	(149)
- (Decrease) / increase in other financial liabilities - current	353	861
- (Decrease) / increase in contract liabilities	439	(1,601)
- (Decrease) / increase in other current liabilities	(47)	(243)
- (Decrease) / increase in provisions - current	40	102
Cash generated from operations	**1,085**	**3,760**
- Direct taxes paid (net of refunds)	150	1,007
Net cash flow generated from operating activities (A)	**1,235**	**4,767**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment / intangible assets	(1,156)	(1,564)
Proceeds from sale of property, plant and equipment / intangible assets	10	(13)
Proceeds from slump sale	2,591	-
Investment in subsidiary	(95)	-
Deemed investment - net of recoveries	(2,351)	-
Interest received	139	72
Bank Balance not considered as cash and cash equivalents- deposits placed	(10)	(3)
Net cash flow generated from / (used in) investing activities (B)	**(871)**	**(1,508)**

Standalone Statement of Cash Flows for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021 (Refer note 29)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	7,877	3,270
Repayment of borrowings	(7,267)	(6,830)
Payment of principal portion of lease liabilities	(134)	(106)
Payment of interest portion of lease liabilities	(63)	(46)
Finance costs paid	(214)	(401)
Dividend paid (including dividend distribution tax)	(271)	(272)
Net cash flow generated from / (used in) financing activities (C)	**(72)**	**(4,385)**
Net (decrease)/increase in cash & cash equivalents [(A)+(B)+(C)]	**292**	**(1,126)**
Cash and cash equivalents at the beginning of the year	**186**	**785**
Add: On amalgamation (refer note 29)	**-**	**526**
Cash and cash equivalents at the end of the year	**478**	**186**

Note:

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

Cash and cash equivalents comprise of	As at March 31, 2022	As at March 31, 2021 (Refer note 29)
a) Balance with scheduled banks in current accounts	443	502
b) Cash on hand	-	1
c) Cheques on hand	35	409
d) Bank overdraft	-	(726)
Total	**478**	**186**

2) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in IND AS - 7 "Statement of Cash Flows".

Refer Note 15B for Change in liabilities arising from financing activities.

Summary of significant accounting policies. 1

The accompanying notes are an integral part of the standalone financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors
Nelco Limited

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Vineet Kedia
Partner
Membership No. 212230

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Place: Mumbai
Date : April 26, 2022

Standalone Statement of Changes in Equity for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

A. Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid.

Particulars	Amount
As at March 31, 2020	**2,282**
Changes in equity share capital	-
As at March 31, 2021	**2,282**
Changes in equity share capital	-
As at March 31, 2022	**2,282**

B. Other Equity

Attributable to equity shareholders

Particulars	Reserves and Surplus		Other Reserves	Total
	General Reserve	Retained Earnings	FVOCI Equity instrument	
As at March 31, 2020	**250**	**2,593**	**9**	**2,852**
On amalgamation (Refer note 29)	-	1,560	1	1,561
Balance at the beginning of current reporting period*	250	4,153	10	4,413
Profit for the year	-	1,227	-	1,227
Dividend paid*	-	(274)	-	(274)
Other comprehensive income for the year (net of tax)	-	28	-	28
As at March 31, 2021	**250**	**5,135**	**10**	**5,395**
Profit for the year	-	1,109	-	1,109
Dividend paid*	-	(274)	-	(274)
Other comprehensive income for the year (net of tax)	-	(56)	-	(56)
As at March 31, 2022	**250**	**5,914**	**10**	**6,174**

*For financial year ended March 31, 2021, the Board of Directors had recommended a dividend of 12% (2020: 12%) which was ₹1.20/- (2020: ₹1.20/-) per equity share of ₹10/- each, which was approved by shareholders in the Annual General Meeting of the Company held on June 22, 2021.

For financial year ended March 31, 2022, the Board of Directors recommended a dividend of 18% (2021:12%) which is ₹1.80/- (2021: ₹1.20/-) per equity share of ₹10/- each, which is subject to approval at the annual general meeting and are not recognised as a liability as at March 31, 2022.

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the standalone financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 26, 2022

For and on behalf of the Board of Directors
Nelco Limited

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2022

General Information

Nelco Limited (Formerly known as National Ekco Radio & Engineering Co Ltd) herein after referred to as "the Company" was established in 1940. The Company had two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) & Nelco Network Products Ltd. (NNPL). The Company is a subsidiary of The Tata Power Company Limited.

The Company was engaged in providing end to end networking solutions (Satcom Projects) services, sale/rental of VSATs and maintenance of private hubs and hybrid networks for its customers (Equipment business and related services). TNSL was engaged in the Satellite Communication services (VSAT Bandwidth services) and NNPL did not commence its operations.

During the year, pursuant to the Scheme of Arrangement and Amalgamation (Scheme) [Refer note 29], the Company has transferred Equipment business to NNPL on a "going concern" basis by way of a slump sale and TNSL has been merged with the Company.

Equity shares of the Company are listed in India on the Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE"). The registered office of the Company is located at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai – 400710, CIN: L32200MH1940PLC003164.

The standalone financial statements are presented in Indian Rupee (INR) which is also functional currency of the Company. The standalone financial statements were reviewed by Audit committee and Board of Directors in it's meeting held on April 26, 2022.

1. Summary of Significant accounting policies

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

1.1 Basis of preparation

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

a. Compliance with Ind AS

The standalone 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 as amended from time to time.

b. Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- defined benefit and other long-term employee benefits;
- asset held for sale - measured at fair value less cost to sell

c. Current - non current classifications

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2022

d. The figures reported for the year ended March 31, 2021 has been restated to give effect to the scheme of common control transaction effective April 1, 2020 (Refer note 29)

1.2 Property, plant and equipment

All items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the assets. Subsequent costs are added to existing item's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

a. Capital work-in-progress

Projects under which property, plant and equipment which are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses net of accumulated impairment loss, if any.

b. Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate cost, net of their estimated residual value, over their estimated useful lives.

The useful lives and residual values are as prescribed under schedule II to Companies Act, 2013 except for the following type of assets where useful life is considered as per management estimate, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, replacements generally required from the point of view of operational effectiveness.

Type of Assets	Useful Life
Building	30 years
Plant & Machinery	
Radio frequency and baseband equipment	10 -12 years
Networking devices	6 years
Teleport Antenna	15 years
Electrical installation	10 years
Furniture and fixture	10 years
Office Equipment	
Computer Hardware	3 Years
Vehicles	8 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other Income / other expenses.

1.3 Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortisation and accumulated impairment, if any. The Company amortises intangible assets using straight line method over the following periods.

License Fees – VSAT : Over the license period of 20 years from the date of license available for use

License Fees – ISP : Over the license period of 15 years from the date of license available for use

Testing software : 5 years

1.4 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.5 Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

a. Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 1.12 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

c. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - i. the Company has transferred substantially all the risks and rewards of the asset, or
  - ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – see Note 31
- Investment at fair value through OCI – see Note 4
- Trade receivables – see Note 10

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Also, the Company recognises allowances for any expected losses on account of non-recovery from customers on specific cases based on management estimates.

e. Income recognition

Interest Income

Interest 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. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend

Dividend income from investments is recognised when the right to receive dividend has been established.

B. Financial liabilities

a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

b. Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

• Financial liabilities at fair value through profit or loss

• Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings):

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 15.

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 derecognition 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.

1.6 Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised at cost as per Ind AS 27 "Separate Financial Statements" in these standalone financial statements.

1.7 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. Bank overdraft are shown within borrowings in current liabilities in the balance sheet.

1.8 Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.9 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.

1.10 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.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and includes all other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method and is net of provision for obsolescence and other anticipated losses, wherever considered necessary. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.12 Revenue recognition

The Company earns revenue from providing domestic satellite communication services to closed user group (CUG) networks via Satellite System on non-exclusive basis (Bandwidth Services).

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2022

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

Revenue from bandwidth services is provided over the period of time, where it is received and consumed simultaneously by the customers and accordingly revenue is recognized over the period of performance and in the accounting period in which the services are rendered.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.

1.13 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). .

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income / other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

1.14 Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in net profit/loss in the Standalone Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through the Statement of Profit and Loss and the resulting exchange gains or losses are included in the Statement of Profit and Loss. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

1.15 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.

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2022

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 recognized for all deductible temporary differences, unused tax losses and carry forward tax credits only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax losses and tax credits.

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.

c. Minimum Alternate Tax (MAT)

Credit of MAT is recognised as deferred tax asset only when it is probable that taxable profit will be available against which the credit can be utilised. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss account. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is no longer probable that the Company will pay normal income tax during the specified period.

1.16 Leases

As a lessee

Leases are recognised as right-of-use assets and a corresponding liability at the date at which the leases asset is available for use by the company. Contracts may contain lease and non-lease component. The company allocates the consideration in the contract to lease and non-lease component based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on the present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the company under residual value guarantees.
- the exercise price of purchase option if the company is reasonably certain to exercise the option and
- payment of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting points, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with Risk- free interest rate adjusted for credit risk for leases held by the Company, which doesn't have recent third party financing, and
- makes adjustments specific to the lease e.g. term, security etc

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following;

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct cost, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on straight line basis. If the company is reasonably certain to exercise purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all the leases of low value assets are recognised as expense on a straight-line basis in profit and loss. Short term leases are leases with a term of lease term of 12 months or less.

As a lessor

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. Finance leases receivables are recocgnised at the inception of lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments receivable. Each lease payment received is allocated between the finance lease receivable and finance income. The finance income is recognised to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the finance lease receivable for each period.

Lease income from operating leases where the Company is a lessor is recognised on a straight-line basis over the term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in balance sheet based on their nature. The company did not make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

1.17 Borrowing

Borrowing are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is breach of a material provision of a long-term loan agreement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

1.19 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.

The measurement of provision for restructuring includes only direct expenditure arising from the restructuring, which are both necessary entailed by the restructuring and not associated with the ongoing activities of the Company.

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.

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2022

1.20 Employee benefits

a. Short-term obligations

Liabilities for salaries and wages, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Other long-term employee benefit obligations

The Company has liabilities for compensated absences which are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yield at the end of the reporting period that have terms approximating to the terms of the related obligations. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

The obligation is presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

c. Post-employment obligations (Defined Benefit Obligations)

The Company operates the following post-employment schemes:

- defined benefit plans – Gratuity and Provident Fund
- defined contribution plans such as Superannuation Fund and Employee State Insurance Corporation (ESIC).

Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of defined benefit provident fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit or loss as past service cost.

During the year Company has formed gratuity fund exclusively for gratuity payment to the employees. The gratuity liability amount is contributed to the approved gratuity fund formed. The gratuity fund has been approved by Income Tax authorities.

Defined contribution plans

Company pays Superannuation Fund and ESIC contributions to publicly administered funds as per local regulations. The Company has no further payment obligation once the contribution has been made. Company's contribution to Superannuation Fund and ESIC is recognised on accrual basis in the Statement of Profit and Loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1.21 Segment reporting

The Company's Managing Director and CEO is identified as Chief Operating Decision Maker ('CODM') of the Company and CODM reviews and allocates resources for consolidated business i.e. Network Systems products and services and accordingly, it is a single operating segment.

Network System includes bandwidth service segment which are provided pursuant to scheme of common control transaction effective from April 1, 2020 (Refer note no 29). Refer note No. 45 for segment information presented.

1.22 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.

1.23 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.

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2022

1.24 Rounding of amounts

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

1.25 Measurement of EBITDA

The Company has elected to present earnings before finance cost, tax and depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss account. The Company measures EBITDA on the basis of profit from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance cost and tax expense.

2.1 Critical estimates and judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 above, 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) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple goods and services to a customer. The Company assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Each revenue component is recognised based on the policy noted in Note no 1.12 above.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered.
- Contract fulfilment costs are expensed as incurred.

b) Estimation of defined benefit obligation

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Useful lives of property, plant and equipment and intangible assets

The Company reviews the useful lives and carrying amount of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

d) Recognition of deferred tax assets

Deferred tax assets are recognized for based on estimated future taxable rate on all deductible temporary differences, unused tax losses and carry forward tax credits only if it is probable that future taxable amounts will be available to utilize those temporary differences, tax losses and tax credits. The management assumes that taxable profits will be available while recognising deferred tax assets.

e) Expected credit Loss on trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables. Additionally, Company makes specific provision in relation to disputed receivables based on periodic credit evaluation. (Refer Note 32).

f) Estimation of provisions & contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. 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 originally estimated as provision or contingent liability. (Refer Note 37 and Note 40).

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 3(a) : Property, plant and equipment, intangible assets and capital work-in-progress

Description	Cost				Accumulated Depreciation / Amortisation				Net Block	
	As at April 1, 2021	Additions	Disposals	As at March 31,2022	As at April 1, 2021	Depreciation/ amortisation for the year	Disposals	As at March 31,2022	As at March 31,2022	As at March 31,2021
i. Property, plant and equipment										
Building	163	-	-	163	80	13	-	93	70	83
	(163)	-	-	*(163)*	*(67)*	*(13)*	-	*(80)*	*(83)*	*(96)*
Plant and machinery	5,892	935	-	6,827	2,437	561	(9)	3,007	3,820	3,455
	(5,411)	*(520)*	*(39)*	*(5,892)*	*(1,935)*	*(568)*	*(66)*	*(2,437)*	*(3,455)*	*(3,476)*
Electrical installation	104	-	-	104	97	2	-	99	5	7
	(95)	*(11)*	*(2)*	*(104)*	*(99)*	*(2)*	-	*(97)*	*(7)*	*(4)*
Furniture and fixtures	61	7	8	60	50	2	8	44	16	11
	(44)	*(17)*	-	*(61)*	*(51)*	*(1)*	-	*(50)*	*(11)*	*(7)*
Vehicles	61	-	-	61	26	7	-	33	28	35
	(70)	-	(9)	(61)	(23)	(3)	-	(26)	(35)	(47)
Office equipment								-	-	
i) Owned	185	40	25	200	134	30	24	140	60	51
	(125)	*(63)*	*(3)*	*(185)*	*(104)*	*(30)*	-	*(134)*	*(51)*	*(21)*
ii) Given on lease (operating lease)	11	-	11	-	11	-	11	-	-	-
	(11)	-	-	*(11)*	*(11)*	-	-	*(11)*	-	-
Total Property, plant and equipment (i)	**6,477**	**982**	**44**	**7,415**	**2,835**	**615**	**34**	**3,416**	**3,999**	**3,642**
	(5,919)	**(611)**	**(53)**	**(6,477)**	**(2,290)**	**(611)**	**(66)**	**(2,835)**	**(3,642)**	**(3,629)**
ii. Other intangible assets										
Testing software	415	64	-	479	248	71	-	319	160	167
	(352)	*(63)*	-	*(415)*	*(175)*	*(73)*	-	*(248)*	*(167)*	*(177)*
Licenses	21	250	-	271	18	23	-	41	230	3
	(21)	-	-	(21)	(15)	(3)	-	(18)	(3)	(6)
Total Other intangible assets (ii)	436	314	-	750	266	94	-	360	390	170
	(373)	*(63)*	-	*(436)*	*(190)*	*(76)*	-	*(266)*	*(170)*	*(183)*
Total Property, plant and equipment and intangible assets (i+ii)	**6,913**	**1,296**	**44**	**8,165**	**3,101**	**709**	**34**	**3,776**	*4,389*	*3,812*
	(6,292)	**(674)**	**(53)**	**(6,913)**	**(2,480)**	**(687)**	**(66)**	**(3,101)**	**(3,812)**	**(3,812)**
iii. Capital work-in-progress (iii)									**242**	**362**
									(362)	-

Ageing of Capital work-in-progress	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31,2022
Projects in progress	242	-	-	-	242
	(362)	*(-)*	*(-)*	*(-)*	*(362)*
Projects temporarily suspended	-	-	-	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Total	242	-	-	-	242
	(362)	*(-)*	*(-)*	*(-)*	*(362)*

Figures in (brackets) represents previous year's figures including Tatanet Services Limited (Refer note 29).

Note:-
1) Property, plant and equipment pledged as security by the Company (refer note 35).
2) Contractual obligations in respect of capital commitment for acquisition of property, plant and equipment (refer note 46).
3) * figures below rounding off norm adopted by the Company.

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 3(b) : Right-of-use assets and lease liabilities

3(b)(i) The Company as lessee

Asset acquired on finance lease represents Leasehold land. The total lease term is 95 years, remaining lease term is 62 years as on March 31, 2022. The Company does not have an option to purchase the land at the end of the lease term. Also Company has taken premises on lease along with certain equipment for term of five years. The Company is restricted from assigning and subleasing the leased assets.

a. Right of use asset

Description	Cost				Amortisation				Net Block	
	As at April 01, 2021	Additions	Disposals	As at Mar 31, 2022	As at April 01, 2021	Amortisation for the year	Disposals	As at Mar 31, 2022	As at Mar 31, 2022	As at March 31,2021
Leasehold premises & equipment	667	837	-	1,504	246	158	-	404	1,100	421
	(667)	-	-	*(667)*	*(124)*	*(122)*	-	*(246)*	*(421)*	*(543)*
Total	**667**	**837**	**-**	**1,504**	**246**	**158**	**-**	**404**	**1,100**	**421**
	(667)	-	-	*(667)*	*(124)*	*(122)*	-	*(246)*	*(421)*	*(543)*

Figures in (brackets) represents previous year's figures.

3(b)(ii).Lease liability

Description	As at April 1, 2021	During the year				As at March 31, 2022
		Transfer pursuant to scheme	Additions	Accrued finance cost	Payments	
Leasehold premises	445	-	838	63	197	1,149
	-	*(551)*	-	*(46)*	*(152)*	*(445)*
Total	**445**	**-**	**838**	**63**	**197**	**1,149**
	-	**(551)**	**-**	**(46)**	**(152)**	**(445)**
Current	**297**	**-**				**175**
	-	-				*(119)*
Non Current	**148**	**-**				**974**
	-	**-**				**(326)**
Total	**445**	**-**	**-**	**-**	**-**	**1,149**
	-	-	-	-	-	(445)

c. Amount recognised in Statement of profit or loss

Amount recognised in Statement of profit or loss	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation of Right-of-use assets	158	122
Interest on lease liabilities	*63*	*46*
Expenses related to short term leases	-	-

d. Amount recognised in statement of cash flows

Amount recognised in statement of cash flows	Year ended March 31, 2022	Year ended March 31, 2021
Total cash outflow of leases	197	152

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 4 : Investments - Non current

Particulars	As at March 31, 2022		As at March 31, 2021	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments at amortised cost (Unquoted, fully paid, at cost)				
Investments in subsidiaries				
Nelco Network Products Limited (Refer note below)	1,000,000	2,973	50,000	5
Investments at fair value through OCI (Unquoted, fully paid)				
Technopolis Knowledge Park Limited	1,810,000	-	1,810,000	-
[(net of impairment of ₹181 Lakhs (March 2021: ₹ 181 Lakhs)]				
Zoroastrian co-operative Bank Limited	6,000	16	6,000	16
Total equity instruments		**2,989**		**21**
Total investments		**2,989**		**21**
Aggregate value of unquoted investments		**2,989**		**21**
Aggregate amount of impairment in the value of investments		**(181)**		**(181)**

Notes:-

Particulars	As at March 31, 2022		As at March 31, 2021	
	Numbers	Amount	Numbers	Amount
Opening investment in NNPL	50,000	5	50,000	5
Add: Addition during the year	950,000	95	-	-
Add: Deemed investment (Refer note 29)	-	2,873	-	-
Total	**1,000,000**	**2,973**	**50,000**	**5**

Note 5 (a) : Loans- Non-current

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Loans to employees	-	1
Total	**-**	**1**

Note 5 (b) : Loans- current

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Loans to employees	7	1
Total	**7**	**1**

Note 6 (a) : Other financial assets - Non Current

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured considered good, unless otherwise stated)		
Security deposit	88	118
Other bank balances in earmarked accounts		
Balances held as margin money against bank guarantees	102	17
Total	**190**	**135**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 6 (b) : Other financial assets - current

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured considered good, unless otherwise stated)		
Security deposit	497	27
Accrued interest	-	2
Total	**497**	**29**

Note 7 : Non-current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	1,535	1,528
Transfer from Tatanet Services Limited pursuant to scheme	-	1,060
Add : Tax deducted at source and advance tax	424	847
Add :- Mat credit utilised during the year	136	164
Less: Income tax refund	(767)	(1,467)
Less: Current tax payable for the year	(352)	(597)
Add: Current tax for earlier years	34	-
Less: Interest on current tax	(16)	-
Closing balance	**994**	**1,535**

Note 8 (a) : Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with government authorities (refer note 47)	116	116
Payment under protest	552	581
Prepaid expenses	31	16
Total	**699**	**713**

Note 8 (b) : Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	79	55
Advance to suppliers	31	14
Balance with government authorities	254	218
Others	3	-
Total	**367**	**287**

Note 9 (a) : Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Balances with banks:-		
-on current accounts	443	502
(b) Cheques on hand	35	409
(c) Cash on hand	-	1
Cash and cash equivalents in the balance sheet and statement of cash flows	**478**	**912**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 9 (b) : Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
In earmarked accounts		
(a) Unclaimed dividend accounts	10	7
(b) Balances held as margin money against letter of credit and bank guarantees	35	28
Total	**45**	**35**

Note 10 : Trade receivables - current

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables from contract with customers		
- Trade receiveables - considered good- secured	-	-
- Trade receiveables - considered good- unsecured	2,321	1,703
- Trade receiveables - which have significant increase in credit risk	64	89
- Trade receiveables - credit impaired	54	57
Total	**2,439**	**1,849**
Trade receivables from contract with customers-related parties (refer note 38)	5	1
Less : Impairment allowance (allowance for bad and doubtful debts)	(118)	(146)
Total	**2,326**	**1,704**
Unbilled receivables	1,128	433
Total	**3,454**	**2,137**

1. Trade receivables are dues in respect of goods sold and services rendered in the normal course of business.
2. Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.
3. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables.
4. There are no dues by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director is a member.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

5. Trade receivables from related parties (refer note 38).

Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment						As at March 31, 2022
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	1,282	948	56	40	-	-	2,326
ii. Undisputed trade receivables-which have significant increase in credit risk	35	26	2	1	-	-	64
iii. Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
iv. Disputed trade receivables - considered good	-	-	-	-	-	-	-
v. Disputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed trade receivables-credit impaired	-	-	-	15	39	-	54
Total	1,317	974	58	56	39	-	2,444
Impairment allowance	35	26	2	16	39	-	118
Total	**1,282**	**948**	**56**	**40**	**-**	**-**	**2,326**

Unbilled receivables ageing schedule

Particulars	Ageing of unbilled receivables					As at March 31, 2022
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Unbilled receivables	1,029	99	-	-	-	1,128
Total	**1,029**	**99**	**-**	**-**	**-**	**1,128**

Particulars	Outstanding for following periods from due date of payment						As at March 31, 2021
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	362	1,063	154	125	-	-	1,704
ii. Undisputed trade receivables- which have significant increase in credit risk	19	56	8	6	-	-	89
iii. Undisputed trade receivables-credit impaired	-	-	-	-	-	-	-
iv. Disputed trade receivables - considered good	-	-	-	-	-	-	-
v. Disputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	-	-
vi Disputed trade receivables-credit impaired	-	-	21	36		-	57
Total	381	1,119	183	167	-	-	1,850
Impairment allowance	19	56	29	42	-	-	146
Total	**362**	**1,063**	**154**	**125**	**-**	**-**	**1,704**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Unbilled receivables ageing schedule

Particulars	Ageing of unbilled receivables					As at March 31, 2021
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Unbilled receivables	416	17	-	-	-	433
Total	**416**	**17**	**-**	**-**	**-**	**433**

Note 11 : Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital:		
3,00,00,000 (2,50,00,000 as at March 31, 2021) equity shares of ₹10/- each	3,000	2,500
Redeemable preference shares of ₹ 100/- each	2,500	2,500
	5,500	**5,000**
Issued equity share capital:		
2,28,18,400 (2,28,18,400 as at March 31, 2021) equity shares of ₹10/- each	2,282	2,282
	2,282	**2,282**
Subscribed and paid-up share capital:		
2,28,17,461 (2,28,17,461 as at March 31, 2021) equity shares of ₹10/- each	2,282	2,282
Total	**2,282**	**2,282**

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 last five years.

(ii) Shares held by holding company, the ultimate holding company, their subsidiaries and associates

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited [50.08% (2021 : 48.65%) (Holding Company)	11,427,940	1,143	11,099,630	1,110
Aftaab Investment Company Limited [Nil, (2021 : 1.44%) (Subsidiary of Holding Company)	-	-	3,28,310	33

(iii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 /- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

The Board of directors have recommended dividend of ₹ 1.80 per equity share for the year ended March 31, 2022. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(iv) Details of shareholder holding more than 5% of the shares in the Company as at March 31, 2022 and March 31, 2021:

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited	11,427,940	50.08%	11,099,630	48.65%

As per records of the Company and other declarations received from shareholders, the above shareholding represents both legal and beneficial ownerships of shares.

(v) Shareholding of the promoter in the Company as at March 31, 2022 and March 31, 2021:

Promoter's Name	No of share	% total shares	% changed during the year
The Tata Power Company Limited	11,427,940	50.08%	1.44%
Aftaab Investment Company Limited (Subsidiary of Holding Company)	328,310	1.44%	(1.44%)

(vi) 939 shares (May 31,2021 : 939 shares) are kept in abeyance out of the rights issued in the year 1994 pending for final allotment.

(vii) There are no shares bought back or allotted either as fully paid up by way of bonus shares or allotted under any contract without payment received in cash during 5 years immediately preceding March 31, 2022.

Note 12 : Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
General reserve - Refer (i) below	250	250
Retained earnings - Refer (ii) below	5,914	5,135
Total	**6,164**	**5,385**

(i) General reserve

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	250	250
Addition during the year	-	-
Closing balance	**250**	**250**

(ii) Retained earnings

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	5,135	2,593
Add: acquired from Tatanet Services Limited (refer note 29)	-	1,560
Net Profit for the year	1,109	1,227
Less :- Dividend paid	(274)	(274)
Other comprehensive income/(loss) (net of tax)	(56)	28
Closing balance	**5,914**	**5,135**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 12 (a) : Other Reserve - Reserve for FVOCI Equity instrument

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	10	9
Add: On amalgamation (refer note 29)	-	1
Closing balance	**10**	**10**

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to 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.

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.

Reserve for FVOCI equity instruments

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earning when those assets have been disposed off.

Note on dividend:-

*For financial year ended March 31,2021, the Board of Directors had recommended a dividend of 12% (2020: 12%) which was ₹1.20/- (2020: ₹1.20/-) per equity share of ₹10/- each, which was approved by shareholders in the Annual General Meeting of the Company held on August 13, 2020.

For financial year ended March 31,2022, the Board of Directors recommended a dividend of 18% (2021: 12%) which is ₹ 1.80/- (2021: ₹ 1.20/-) per equity share of ₹10/- each, which is subject to approval at the annual general meeting and are not recognised as a liability as at March 31, 2022.

Note 13 : Provisions

a) Non-current

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity (refer note 36)	-	159
Total	**-**	**159**

b) Current

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Compensated absences (refer note 36)	90	72
Gratuity (refer note 36)	-	36
	90	108
Provision-others :		
Provision for disputes (refer note 37)	117	67
Total	**207**	**175**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 14 : Other current financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued	55	64
Liability towards voluntary retirement scheme	-	4
Employee related payables	595	493
Capital creditors	338	350
Unclaimed dividend*	10	7
Amount payable to NNPL	255	-
Total	**1,253**	**918**

* There is no amount due and outstanding, to be credited to Investor Education and Protection Fund.

Note 15 : Borrowings- Current

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured		
(i) Term loans from banks (refer note (ii) below)	1,750	1,000
	1,750	1,000
Secured		
(i) Bank overdraft (refer note (ii) below)	-	726
	-	726
Current maturities of long-term debt	-	141
Total	**1,750**	**1,867**

Notes:

(i) The carrying amount of financial and non-financial assets pledged as security for current borrowings (refer note 35).

(ii) Disclosure related to returns filed with banks with respect to working capital facilities (refer note 44).

(iii) Details of borrowings are as follows:

Particulars	As at March 31, 2022		As at March 31, 2021		Terms of repayment	Rate of interest (p.a)	Nature of security
	Non-Current	Current	Non-Current	Current			
Term loan from Shinhan Bank	-	1,200	-	1,000	Payable on demand	3 months MCLR+1%	Unsecured
Term loan from ICICI Bank Ltd	-	550	-	-	Payable on demand	I MCLR I year+ 1.3%	Unsecured
Bank overdraft from Bank of India	-	-	-	142	Payable on demand	2.00 % over 1 BOI MCLR + BSS and 2.55% over MCLR + BSS	1) First pari passu charge on current assets by way of hypothecation 2) Second pari passu charge on all present and future fixed assets i.e. land and building, plant and machinery situated at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	As at March 31, 2022		As at March 31, 2021		Terms of repayment	Rate of interest (p.a)	Nature of security
	Non-Current	Current	Non-Current	Current			
Bank overdraft from South Indian Bank	-	-	-	584	Payable on demand	1 year MCLR+ 0.5%	Hypothecation by way of first charge on entire current assets of the Company
Long term loans current maturity from ICICI Bank Ltd	-	-	-	141	Repayable in quarterly equal instalments till March, 2022	I-MCLR 1 year +1.30%	Charge over the assets, financed by rupee term loan
Total	**-**	**1,750**	**-**	**1,867**			

Loan covenants

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The Company has also satisfied all other debt covenants prescribed in the terms of bank loan.

Note 15B : Changes in liabilities arising from financing activities

Net debt reconciliation

Particulars	As at March 31, 2022	As at March 31, 2021
Cash & cash equivalents	478	912
Current borrowings (including current maturities of long term debt)	(1,750)	(1,867)
Lease obligation	(1,149)	(445)
Total	**(2,421)**	**(1,400)**

Particulars	Other assets	Liabilities from financial activities		Total
	Cash & Bank overdrafts	Current borrowings (including current maturities of long term debt)	Lease obligation	
Net debt as at April 1, 2020	**785**	**(4,557)**	**-**	**(3,772)**
Addition on merger refer note 29	526	(823)	(551)	(848)
Cash flow	(399)	3,513	106	3,220
Interest expenses	-	-	(46)	(46)
Interest paid	-	-	46	46
Net debt as at March 31, 2021	**912**	**(1,867)**	**(445)**	**(1,400)**
Addition during the year	-	-	(838)	(838)
Cash flow	(434)	117	134	(183)
Interest expenses	-	(133)	(63)	(196)
Interest paid	-	133	63	196
Net debt as at March 31, 2022	**478**	**(1,750)**	**(1,149)**	**(2,421)**

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 16 : Trade payables current

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Payables:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 48 for details of dues to micro and small enterprises)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,224	1,253
(iii) Trade payable to related parties (refer note 38)	73	19
Total	**1,297**	**1,272**

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**747**	**427**	**4**	**-**	**119**	**1,297**
Disputed	-	-	-	-	93	93
Undisputed	747	427	4	-	26	1,204
Total (A+B)	**747**	**427**	**4**	**-**	**119**	**1,297**

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**283**	**813**	**5**	**87**	**84**	**1,272**
Disputed	-	-	-	-	-	-
Undisputed	283	813	5	87	84	1,272
Total (A+B)	**283**	**813**	**5**	**87**	**84**	**1,272**

Note 17 : Contract Liabilties

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred revenue	1,330	866
Advance from customers	176	201
Total	**1,506**	**1,067**

1. Significant changes in contract liabilities

Contract liabilities have been increased due to increase in advance received from customers and deferred revenue for the services to be rendered in next year.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

i. **Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current period relates to a carried forward contract liabilities and how much relates to performance obligation satisfied in prior year.

Particulars	As at March 31, 2022	As at March 31, 2021
Revenue from contract with customers		
Revenue recognised that was included in contract liability balance at the beginning of the period	1,067	2,990
Revenue recognised from performance obligations satisified in previous periods	-	-

Note 18 : Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	238	285
Total	**238**	**285**

Note 19 : Revenue from operations

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations		
Revenue from contracts with customers		
Sale of products	43	9
Sale of services		
- Satellite communication services	14,180	12,982
- Internet services	93	121
Total	**14,316**	**13,112**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue as per contracted price	15,646	13,978
Adjustments for:		
Contract liabilities	(1,330)	(866)
Total	**14,316**	**13,112**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 20 : Other income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest Income:		
- On bank deposits	5	4
- On income tax refund	134	68
	139	**72**
Other non-operating income		
Liabilities/provisions no longer required, written back	76	46
Rent income	-	21
Others	2	3
	78	**70**
Other gains		
Foreign exchange gain (net)	42	10
	42	**10**
Total	**259**	**152**

Note 21 : Operating expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
License fees	1,743	1,575
Transponder charges	5,771	5,493
Connectivity charges	374	119
Subcontracting expenses	187	127
Total	**8,075**	**7,314**

Note 22 : Employee benefits expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	1,919	1,718
Contributions to provident fund (refer note 36)	64	59
Contributions to superannuation and other funds (refer note 36)	14	14
Gratuity (refer note 36)	32	35
Staff welfare expenses	86	73
Total	**2,115**	**1,899**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 23 : Other expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Power and fuel	133	169
Repairs and maintenance - others	522	367
Rates and taxes	134	89
Travelling and conveyance	87	27
Provision for contentious liabilities	66	-
Legal and professional charges	337	352
Auditors remuneration (refer note below)	38	36
Bad debts written off	9	10
Less: Provision for doubtful debts made in earlier years written back	(9)	(10)
Provision for doubtful debts	(19)	90
Standing Advisory Committee on Radio Frequency Allocation (SACFA) Fees	117	-
Sales commission	88	81
Software expenses	75	72
Vehicle charges	111	48
Directors sitting fees	57	53
Miscellaneous expenses	149	150
Corporate social responsibility expenses (refer note 43)	15	12
Other expenses	**1,910**	**1,546**

Note: Auditors remuneration (excluding Goods and Service Tax)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Payments to the auditors comprises		
Audit fee	24	20
Tax Audit fee	2	2
Other services	12	13
Reimbursement of expenses	1	1
Total	**38**	**36**

Note 24 : Finance costs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on:		
- Borrowings	133	288
- Trade payables	47	29
- Leased liabilities	63	46
Less: capitalisation	(24)	-
	219	**363**
Bank charges	49	75
Total	**268**	**438**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 25 : Depreciation and amortisation expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On property, plant and equipment (refer note 3(a))	615	611
On intangible assets (refer note 3(a))	94	76
On right-of-use assets (refer note 3(b))	158	122
	867	**809**
Less: capitalisation	(32)	-
Total	**835**	**809**

Note 26 : Current and deferred tax

26 (a) Statement of profit and loss:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(a) Income tax expense		
Current tax		
Current tax on profits for the year	406	597
Current tax on profits for the earlier years	(34)	-
Interest on current tax	16	-
Total current tax expense (A)	**388**	**597**
Deferred tax		
Decrease / (Increase) in deferred tax assets	(65)	(733)
Decrease / (Increase) in deferred tax assets for earlier years	(43)	-
(Decrease) / Increase in deferred tax liabilities	52	488
Other adjujstment	3	-
Total deferred tax benefit (B)	**(52)**	**(245)**
Income tax expense (A+B+C) attributable to :	**336**	**352**
Continuing operation	307	325
Discontinued operation	29	27

26 (b) Reconciliation of tax expense and accounting profit multiplied by India's tax rates:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit from continuing operation before Income tax expenses	1,329	1,249
Profit from discontinued operation before Income tax expenses	116	330
Total Profit for the year	**1,445**	**1,579**
Statutory Tax Rate (%)		
Applicable tax rate of the reporting entity	29.12	29.12
Applicable tax rate of discontinued operations	25.17	29.12
Tax at the Indian Statutory Tax Rate	416	460
Tax adjustment related to earlier years		
Deferred tax created on temporary differences in related to earlier years	(43)	-
Income tax provision made for earlier year, including interest	(18)	-
Deferred tax recognised for earlier years		
WDV of property, plant and equipment*	-	(94)
Other Items		
Others	(19)	(14)
Total tax expense	**336**	**352**

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 27 : Other Comprehensive Income - Items that will not be reclassified to profit or loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Continued operations		
Remeasurement of post employment benefit obligations (refer note 36)	(64)	13
Discontinued operations		
Remeasurement of post employment benefit obligations (refer note 36)	8	15
Total other comprehensive income	**(56)**	**28**

Note 28 : Income tax

a. Components and movements of deferred tax assets / (liability) (net):

Particulars	As at April 1, 2020	Rec-ognised in the statement of profit and Loss	Transfer pursuant to scheme of internal restruc-turing	MAT Credit Utilisation	As at March 31, 2021	Rec-ognised in the statement of profit and Loss	MAT Credit (Utilisa-tion)	As at March 31, 2022
	(A)	(B)	(C)	(D)	(E=A+B-C+D)	(F)	(H)	(I=E+F+H)
i. Items of deferred tax liabilities:								
Assets given on finance lease	218	(71)	147	-	-	-	-	-
Right-of-use assets	241	561	536	-	266	54	-	320
Amortisation of processing charges on borrowing	4	(2)	-	-	2	(2)	-	-
Total deferred tax liability (i)	**463**	**488**	**683**	**-**	**268**	**52**	**-**	**320**
ii. Items of deferred tax assets :								
Property, plant and equipment and intangible assets	277	101	365	-	13	12	-	25
Lease liability	228	588	540	-	276	59	-	335
Disallowances under Section 43B of the Income Tax Act, 1961, provision for legal dispute and investment impairment	250	(36)	70	-	144	(70)	-	74
Allowance for doubtful trade receivables and deposits	42	40	82	-	-	34	-	34
Allowance u/s 35 DDA and 35DD of Income Tax Act, 1961	39	(6)	-	-	33	(10)	-	23
Credit of Minimum Alternate Tax u/s 115 JAA of Income Tax Act, 1961	190	-	-	(164)	26	118	(136)	144
Others	93	44	12	-	125	(35)	-	90
Total deferred tax assets (ii)	**1,119**	**731**	**1,069**	**(164)**	**473**	**108**	**(136)**	**725**
Net deferred tax assets (ii-i)	**656**	**243**	**385**	**(164)**	**350**	**55**	**(136)**	**405**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 29 : Scheme of internal restructuing

a) Description

(A) The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to

(i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd. (NNPL) of the following :

(a) Integrated Security and Surveillance Solution ('ISSS') business and

(b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and

(ii) the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme).

(B) The Proposed Scheme has been approved by National Company Law Tribunal ('NCLT') on November 2, 2018. During the quarter ended June 2021 the Company has received approval from Department of Telecommunications (DoT) on June 9, 2021 on Proposed Scheme. The scheme is effective from appointment date i.e. April 1, 2017. Pursuant to approval, the Proposed Scheme has been accounted for as follows:

- Discontinued operations has been transferred to NNPL in accordance with IND AS 105. Considering the materiality and convenience reason, demerger impact is given from June 1, 2021; and
- TNSL merger has been accounted in accordance with Appendix C of IND AS 103 "Business Combination" and accordingly, results of all the previous periods have been restated by including results of the Transferor Company from the beginning of the previous year i.e. April 1, 2020.

b) Discontinued operations

i) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended March 31, 2022 (upto May 2021) and the year ended March 31, 2021.

Particulars	Year ended March 31, 2022 upto May 2021	Year ended March 31, 2021
Revenue	1,419	9,657
Expenses*	1,303	9,327
Profit before income tax	**116**	**330**
Income tax expense	29	27
Profit after income tax from discontinued operation	**87**	**303**
Items that will not be reclassified to profit or loss - remeasurement of post employment benefit obligation	8	15
Other comprehensive income from discontinued operations	**8**	**15**
Net cash inflow from operating activities	263	2,475
Net cash (outflow) from investing activities	(223)	(239)
Net cash inflow / (outflow) from financing activities	(638)	(1,096)
Net increase in cash generated from discontinued operation	**(598)**	**1,140**

*Expense includes depreciation on asset held for sale, considering the asset are planned to be transferred to wholly owned Subsidiary, hence, have been continued to be utilised and depreciated.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(ii) Assets and liabilities of discontinued operations classified as held for sale transferred to NNPL on effectiveness of scheme

Particulars	As at May 31, 2021	As at March 31, 2021
Assets classified as held for sale and transferred to NNPL during the year		
Property, plant and equipment and intangible assets	4,679	4,763
Capital work-in-progress	81	44
Right-of-use assets	1,781	1,843
Trade receivables	3,198	3,278
Loans	2	3
Inventories	1,412	1,138
Other financial assets	1,360	1,593
Deferred tax assets (net)	413	387
Other current and non current assets	182	68
Total assets held for sale	**13,108**	**13,116**
Liabilities directly associated with assets classified as held for sale and transferred to NNPL during the year		
Borrowings	4,285	4,800
Provisions	293	298
Contract liabilities	88	150
Lease Liabilties	1,786	1,835
Other current liabilities	10	10
Other non current liabilities	7	8
Trade payables - current and non current	2,874	2,376
Other financial liabilities	160	527
Total liabilities of disposal group held for sale transferred to NNPL	**9,503**	**10,004**

Pursuant to the approval of the above scheme, management has given the following impact

Purchase consideration receivable from NNPL	2,591
Profit for the period April 1, 2017 to May 31, 2021 pertaining to discontinued operations (Deemed Investment)	2,873
Net asset transferred to NNPL pursuant to scheme [₹ 13,108 less ₹ 9,503]	(3,605)
Payable to NNPL	(1,859)

Note: Pursuant to the above, the Company has received consideration from NNPL Rs 2,591 and made the payment to NNPL Rs 1,859 as per the Scheme.

C) TNSL merger

Tatanet Services Limited (TNSL) as part of internal restructuring amalgamated with the Company. The Company has acquired assets and liabilities of TNSL and accounted for the same as per IND AS 103 business combination from the 1st April 2020 and accordingly Company has restated numbers for March 2021.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

I. Restated balance sheet as at March 31, 2021.

PARTICULARS	As at March 31, 2021			
	Nelco Limited (Audited)	Tatanet Services Limited (Audited)	Elimination	Nelco Limited Restated
	(A)	(B)	(C)	(D=A+B-C)
ASSETS				
Non-current assets				
(a) Property, plant and equipment	197	3,445	-	3,642
(b) Capital work-in-progress	-	362	-	362
(c) Right-of-use assets	24	397	-	421
(d) Other intangible assets	3	167	-	170
(e) Financial assets				
(i) Investments	507	5	491	21
(ii) Loans	1	-	-	1
(iii) Other financial assets	-	135	-	135
(f) Deferred tax assets (net)	247	103	-	350
(g) Non-current tax assets (net)	475	1,060	-	1,535
(h) Other non-current assets	612	101	-	713
Total non-current assets	**2,066**	**5,775**	**491**	**7,350**
Current assets				
(a) Financial assets				
(i) Trade receivables	2,525	2,139	2,527	2,137
(ii) Cash & cash equivalents	670	242	-	912
(iii) Bank balances other than (ii) above	35	-	-	35
(iii) Loans	149	-	148	1
(iv) Other financial assets	18	11	-	29
(b) Other current assets	96	191	-	287
	3,493	**2,583**	**2,675**	**3,401**
Total current assets	**5,559**	**8,358**	**3,166**	**10,751**
Assets classified as held for sale	13,168	-	-	13,168
TOTAL ASSETS	**18,727**	**8,358**	**3,166**	**23,919**
EQUITY AND LIABILITIES				
(a) Equity share capital	2,282	490	490	2,282
(b) Other equity				
Reserves and surplus	3,317	2,067	-	5,385
Other reserves	9	1	-	10
	5,608	**2,558**	**490**	**7,677**
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(ii) Lease liabilities	-	326	-	326
(iii) Provisions	159	-	-	159
Total non-current liabilities	**159**	**326**	**-**	**485**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	1,726	289	148	1,867
(ii) Trade payables	342	3,458	2,528	1,272
(iii) Lease liabilities	-	119	-	119
(iv) Other financial liabilities	503	416	-	918
(b) Provisions	175	-	-	175
(c) Contract liabilities	-	1,067	-	1,067
(d) Other current liabilities	160	125	-	285
Total current liabilities	2,906	5,474	2,676	5,703
Total liabilities	**3,065**	**5,800**	**2,676**	**6,188**
Liabilities classified as held for sale	10,054	-	-	10,054
Total EQUITY AND LIABILITIES	**18,727**	**8,358**	**3,166**	**23,919**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

II. Restated statement of profit and loss for the year ended March 31, 2021

PARTICULARS	As at March 31, 2021			
	Nelco Limited (Audited)	Tatanet Services Limited (Audited)	Elimination	Nelco Limited Restated
	(A)	(B)	(C)	(D=A+B-C)
Revenue from operations	3,842	13,113	3,843	13,112
Other income	117	70	35	152
Total income	**3,959**	**13,183**	**3,878**	**13,264**
Expenses				
(a) Purchase of stock-in-trade	9	4	4	9
(b) Operating expenses	133	11,023	3,842	7,314
(c) Employee benefits expense	1,899	-	-	1,899
(d) Finance costs	277	196	35	438
(e) Depreciation and amortisation expense	52	757	-	809
(f) Other expenses	1,035	507	(4)	1,546
Total expenses	**3,405**	**12,487**	**3,878**	**12,015**
Profit before tax	**554**	**696**	**-**	**1,249**
Tax expense				
- Current tax	143	203	-	346
- Deferred tax charge/(credit)	(4)	(17)	-	(21)
Total tax expenses	**139**	**186**	**-**	**325**
Profit from continuing operations (I)	415	510	-	924
Other comprehensive income				
- Remeasurement of post employment benefit obligations	13	-	-	13
	428	**510**	**-**	**937**

Note 30: Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in the financial statements.

Note 31 : Fair value of financial assets and financial liabilities

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair value. The following tables presents the carrying value and fair value of each category of financial assets and liabilities.

The Company's assets and liabilities which are measured at FVPL, FVOCI and amortised cost for which fair values are disclosed:

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments	-	16	2,973	-	16	5
Trade receivable	-	-	3,454	-	-	2,137
Cash and cash equivalent	-	-	478	-	-	912
Other bank balances	-	-	45	-	-	35
Loans to employees	-	-	7	-	-	1
Other financial assets	-	-	687	-	-	164
Total financial assets	**-**	**16**	**7,644**	**-**	**16**	**3,254**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial liabilities						
Borrowings	-	-	1,750	-	-	1,867
Lease liabilities	-	-	1,149	-	-	445
Trade payables	-	-	1,297	-	-	1,272
Other financial liabilities	-	-	1,253	-	-	918
Total financial liabilities	**-**	**-**	**5,449**	**-**	**-**	**4,502**

(i) Fair value hierarchy

Valuation technique and significant unobservable inputs:

This section explains the judgements and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at 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. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	4	-	-	16	**16**
Total Financial Assets		**-**	**-**	**16**	**16**

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	4	-	-	16	**16**
Total Financial Assets		**-**	**-**	**16**	**16**

During the year there have been no transfer between level 1 and level 2.

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 maximise 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 included in level 3.

(ii) Valuation technique used to determine fair value

a) Specific valuation technique used to value financial instruments include:

- The use of quoted market price or dealer quotes for similar instruments.

- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

b) During the current year, there is no significant movement in the items of fair value measurements categorised within Level 3 of the fair value hierarchy.

c) The Fair value for investment in unquoted equity share were calculated based on risk adjusted discounted rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

(iii) Valuation processes

The finance department of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO, Audit Committee and the finance team at least once every three months, in line with Company's quarterly reporting periods.

(iv) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial assets				
Investments	2,973	2,973	5	5
Trade receivable	3,454	3,454	2,137	2,137
Cash and cash equivalent	478	478	912	912
Other bank balances	45	45	35	35
Loans to employees	7	7	1	1
Other financial assets	687	687	164	164
Total financial assets	**7,644**	**7,644**	**3,254**	**3,254**
Borrowing	1,750	1,750	1,867	1,867
Lease liabilities	1,149	1,149	445	445
Trade payables	1,297	1,297	1,272	1,272
Other financial liabilities	1,253	1,253	918	918
Total financial liabilities	**5,449**	**5,449**	**4,502**	**4,502**

The carrying amounts of cash and cash equivalent, other bank balances, other financial assets, trade payables are considered to be the same as their fair values, due to their short-term nature.

The Fair value of Loans, Trade Receivables, Borrowings and Other financial liabilities were calculated based on cash flows discounted using a current deposit rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) and (iii) above.

Note 32 :Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk.

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, foreign currency risk, liquidity risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

This note explain the sources of risk which the entity is exposed to and how the entity manage the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, Loans, other financial assets measured at amortised cost.	Ageing analysis, credit ratings	Diversification of bank deposit, credit limits
Liquidity risk	Borrowings, trade payables and other financial liabilities	Rolling cash flow forecast	Availability of bank credit lines and borrowings facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (INR)	Rolling cash flow forecast sensitivity analysis	Monitoring foreign currency fluctuation, availing forward contracts.
Market risk -interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Availability of borrowing facilities at fixed rate, variable rate and periodic monitoring of variable interest rates.

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables), deposits with bank and financial institution, Loans and deposits with third party and other financial instruments / assets.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. It considers reasonable and supportive forwarding-looking information such as: adverse changes in business, changes in the operating results of the counterparty, change to the counterparty's ability to meet its obligations etc. Financial assets are written off when there is no reasonable expectation of recovery.

(i) Credit Risk Management

Financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, security deposits with counterparties, loans to third parties. 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.

Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss within other expenses.

Specific allowance for loss has also been provided by the management based on expected recovery on individual customers.

Five customer as at March 31, 2022 and three customers as at March 31, 2021 individually contributed to more than 5% of the total balance of trade receivables. Receivable from these customers was ₹ 980 Lakhs and ₹ 454 Lakhs as at March 31, 2022 and March 31, 2021 respectively.

The amount of trade receivable outstanding as at March 31, 2022 and March 31, 2021 is as follows:

Particulars	Not Due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2022	1,317	974	58	95	**2,444**
As at March 31, 2021	381	1,119	183	167	**1,850**

(ii) Reconciliation of loss allowances provision - Trade receivables

Loss allowances on March 31, 2020	66
Add: provision made/(reversed) during the year	90
Less: Provision for doubtful debts made in earlier years written back	(10)
Loss allowances on March 31, 2021	**146**
Add: provision made/(reversed) during the year	(19)
Less: Provision for doubtful debts made in earlier years written back	(9)
Loss allowances on March 31, 2022	**118**

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

Other than trade receivables and financial assets.

Management believes that the parties from which the receivables are due have strong capacity to meet the obligations and risk of default is negligible or nil and accordingly no significant provision for expected credit loss has been recorded.

Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy.

(B) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. 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 cash flow forecast. Also, the Company has unutilized credit limits with banks.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at March 31, 2022	As at March 31, 2021
Floating rate Expiring within one year (bank overdraft, term Loans and other facilities)	2,944	4,287
Total	**2,944**	**4,287**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

The Bank has an unconditional right to cancel the undrawn/ unused/ unavailed portion of the loan/ facility sanctioned at any time during the period of the loan/ facility, without any prior notice to the Company.

(ii) 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.

Contractual maturities of financial liabilities	Less than 1 year	1 - 2 years	2 year and above	Total
March 31, 2022				
Non - derivative				
Borrowings	1,750	-	-	**1,750**
Lease liability	175	195	779	**1,149**
Trade payables	1,297	-	-	**1,297**
Other financial liabilities	1,253	-	-	**1,253**
Total Non derivative liabilities	**4,475**	**195**	**779**	**5,449**

Contractual maturities of financial liabilities	Less than 1 year	1 - 2 years	2 year and above	Total
March 31, 2021				
Non - derivative				
Borrowings	1,867	-	-	**1,867**
Lease liability	119	135	191	**445**
Trade payables	1,272	-	-	**1,272**
Other financial liabilities	918	-	-	**918**
Total Non derivative liabilities	**4,176**	**135**	**191**	**4,502**

(C) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade payables, deposits, investments, trade receivables, other financial assets and derivative financial instruments.

(i) Foreign currency risk

Company is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (INR), primarily with respect to the US Dollar (USD). Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period are as follows:

Particulars	Foreign currency	As at March 31,2022		As at March 31,2021	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial Liabilities					
Trade payables	USD	4	297	1	98
Net Exposure to Foreign Currency Liability	**USD**	**4**	**297**	**1**	**98**
Financial Assets					
Trade receivables	USD	(4)	(301)	*	(64)
Net Exposure to foreign currency Assets	**USD**	**(4)**	**(301)**	*****	**(64)**

* figures below rounding off norm adopted by the Company.

(b) Sensitivity

Particulars	Impact on profit after tax	
	As at March 31, 2022	As at March 31, 2021
INR/USD - Increase by 5% (March 31, 2021 - 5%)*	0.15	(1.27)
INR/USD - Decrease by 5% (March 31, 2021 - 5%)*	(0.15)	1.27

* Holding all other variable constant

(ii) Interest Rate Risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the company to cash flow interest rate risk.

(a) Interest rate risk exposure

The exposure of the company's borrowings to interest rate changes at the end of the reporting period are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Variable Rate Borrowings	1,750	1,867
Total Borrowings	**1,750**	**1,867**

(b) Sensitivity

The Sensitivity of profit or loss to changes in the exchange rates arises mainly currency denominated financial instrument.

Particulars	Impact on profit after tax	
	As at March 31, 2022	As at March 31, 2021
Interest Rate - Increase by 100 basis points*	(12)	(13)
Interest Rate - Decrease by 100 basis points*	12	13
* Holding all other variables constant		

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(iii) Price Risk

The Company doesn't have any financial instruments which are exposed to change in price.

Note 33 : Capital Management

Risk Management

There are no financial covenants attached with Companies borrowings.

Company has regularly filed statements with banks from whom loans are taken and there are no deviation from books of accounts. (refer note 44).

Note 34 : Offsetting Financial Assets And Financial Liabilities

There are no financial assets and liabilities which are eligible for offset under any arrangement.

Collateral against borrowings

Current Assets and Fixed Assets of the Company are pledged as security against debt facilities from the lender i.e. land and building, plant and machinery situated at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai . For carrying amount of assets pledged as security refer note 3.

The Company has pledged financial instruments as collateral against a number of its borrowings. Refer to note no. 35 for further information on financial and non-financial collateral pledged as security against borrowings.

Note 35 : Assets pledged As Security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at March 31, 2022	As at March 31, 2021
Current Assets		
Financial Assets		
First charge		
Trade receivables- Current	3,454	2,137
Cash & cash equivalents	478	912
Bank balances other than above	45	35
Loans	7	1
Other financial assets	497	29
Other current assets	367	287
Total current assets pledged as security	**4,848**	**3,401**
Non current assets		
Second charge		
Fixed assets		
(i) Building	70	93
(ii) Plant & machinery	3,820	3,007
(iii) Office equipment	60	140
Total non-current assets pledged as security	**3,950**	**3,240**
Total assets pledged as security	**8,798**	**6,641**

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 36 : Employee benefit obligations

a. Short-term employee benefits

These benefits include salaries and wages, including other monetary and non-monetary benefits, compensated absences which are either non-accumulating or accumulated and expected to be availed within twelve months after the end of the reporting period.

b. Long-term employee benefits

i) Defined Contribution Plans

Company's contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in note 22 under the heading "Contributions to superannuation and other funds" are as under:

Sr. No	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a)	Contribution to employees' superannuation fund	13	11
b)	Contribution to employees' state insurance scheme	1	3
	Total	**14**	**14**

ii) Defined Benefit Plans

The Company operates the following funded/unfunded defined benefit plans:

-Provident Fund (Funded):

The Company makes Provident Fund contributions to defined benefit plans for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Rules of the Company's provident fund administered by the Trust requires that if the Board of Trustees are unable to pay interest at the rate declared by Central Government under para 60 of the Employees' Provident Fund Scheme, 1952 then the shortfall shall be made good by the Company. Having regard to the assets of the fund and the return on the investments, the Company does not expect any shortfall in the foreseeable future.

In terms of guidance note issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at March 31, 2022 and March 31, 2021, respectively.

The details of fund and plan asset position are given below:

Particulars	As at March 31, 2022	As at March 31, 2021
Plan assets at period end, at fair value	2,858	2,516
Present value of benefit obligation at period end	2,858	2,516
Asset recognised in Balance Sheet	-	-

The Plan assets have been primarily invested in government securities.

Assumptions used in determining the present value of obligation of interest rate guarantee under the deterministic approach:

Particulars	As at March 31, 2022	As at March 31, 2021
Government of India (GOI) bond yield	7.06%	6.86%
Remaining term to maturity of portfolio	11 years	11 years
Expected guaranteed interest rate	8.10%	8.50%

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

The company contributed Rs 64 Lakhs and Rs 59 Lakhs during the year ended March 31, 2022 and March 31, 2021 respectively and the same has been recognized in the Statement of Profit and Loss.

Provident Fund Assessment as per recent Supreme court Judgment

Recent Supreme Court judgement in case of Vivekananda Vidyamandir and Others (February 2019) lays down principles to exclude a particular allowance from the definition of "basic wages" for the purposes of computing the deduction towards provident fund contributions. A review petition have been filed against the said order by other Companies and await clarification from Provident Fund Commissioner/ Supreme Court. Based on the initial assessment and recently concluded inspections by Provident Fund authorities, management does not expect any material impact on the financial statements.

- Gratuity (funded)

Till March 31, 2021 gratuity was unfunded. During the year the Company has created gratuity trust. The Company has a funded defined benefit gratuity plan. The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972.Under the Act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities. The liability in respect of gratuity and other post employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

The following table sets out the status of the defined benefit scheme and the amount recognised in the standalone financial statements:

Amount recognised in the statement of profit and loss:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	18	21
Interest cost (Net)	14	14
Total expense recognised in the statement of profit and loss	**32**	**35**

Amount recognised in other comprehensive income (OCI):

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Due to change in demographic assumptions	*	*
Due to change in financial assumptions	(3)	(1)
Due to experience	67	(27)
Total remeasurement (gains)/losses recognised in OCI	**64**	**(28)**

*figures are below rounding off norm adopted by the company.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Changes in Defined Benefit Obligation (DBO) during the year

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of DBO at the beginning	195	389
Current service cost	18	21
Interest cost (Net)	14	14
Liabilities transferred In/acquisitions	-	-
Remeasurement (gain)/loss	64	(28)
Benefits paid	(27)	(47)
Total	**264**	**349**
Pertaining to discontinued operations	-	(154)
Amount paid to employees gratuity trust	(264)	-
Present value of DBO at the end	**-**	**195**

During the year Company has contributed amount of gratuity liability to Employees Gratuity Trust.

The details of fund and plan asset position are given below:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Plan assets at period end, at fair value	264	-
Present value of benefit obligation at period end	264	195
Asset recognised in Balance Sheet	**-**	**(195)**

Principal Actuarial assumptions for valuation of gratuity liability:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.06%	6.84%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

This plan typically exposes the Company to actuarial risks such as:

a) **Interest rate risk** - A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk -** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

c) **Salary risk** - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sensitivity

Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions (while holding all other assumptions constant) is:

Particulars	Change in assumption	As at March 31, 2022		As at March 31, 2021	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(15)	18	(11)	13
Expected rate of escalation in salary	1%	17	(16)	13	(12)
Rate of employee turnover	1%	(1)	1	(1)	1

*figures are below rounding off norm adopted by the company.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Defined benefit liability and employers contributions

The weighted average duration of the projected benefit obligation is 8 years (2021- 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
1st following year	47	70
2nd following year	17	23
3rd following year	29	36
4th following year	31	41
5th following year	11	42
Sum of years 6 to 10	112	135
Sum of years 11 and above	217	309

iii) Other employee benefits

Compensated absences which are accumulated and not expected to be availed within twelve months after the end of the reporting period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Compensated absences is recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date.

a) An amount of ₹44 Lakhs (FY 2021 : ₹42 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2022 towards Compensated absences.

b) Provision for compensated absences has been made on the basis of actuarial valuation carried out as at the Balance sheet date.

c) Net liability recognised in the Balance Sheet as at March 31, 2022 is ₹90 Lakhs (FY 2021 : ₹72 Lakhs).

Notes to the Standalone Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Principal Actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.06%	6.86%
Expected rate of escalation in salary	7.50%	7.50%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Note 37: Disclosure as required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets" as at year end are as follows:

a) Provision for disputes represents estimates made for probable liabilities arising out of pending assessment proceedings with various Government Authorities and others. The information usually required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets", is not disclosed on grounds that it can be expected to prejudice the interests of the Company. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under the law and hence, the Company is not able to reasonably ascertain the timing of the outflow. (refer note 40).

b) The movement and provision during the year are as follows:

Particulars	Provision for disputes	
	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	67	39
Add: Provision during the year	72	28
(Less): Settled during the year	(16)	-
(Less): Reversal during the year	(6)	-
Closing balance	**117**	**67**
Classified as current (refer note 13 (b))	117	67
Non-current (refer note 13 (a))	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 38 : Related party disclosure

(A) Promotor of holding company

Tata Sons Private Limited

(B) Parent Company / Holding Company

The company is controlled by the following entity

Name	Type	Place of incorporation	Ownership Interest	
			As at March 31, 2022	As at March 31, 2021
The Tata Power Company Limited	Immediate parent entity	India	50.08%	48.65%

(C) Subsidiary Companies

Name	Type	Place of incorporation	Ownership Interest	
			As at March 31, 2022	As at March 31, 2021
Nelco Network Products Limited	Subsidiary	India	100%	100%

(D) Key Managerial Personnel

(i) Executive Director

Mr. P. J. Nath (Managing Director and CEO)

(ii) Independent and Non-Executive Directors

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

Mr. Anand Agrawal (Non Executive Director)

Mr. Ajay Kumar Pandey (Independent Director upto w.e.f January 28, 2020)

Dr. Lakshmi Nadkarni (Independent Director upto w.e.f January 28, 2020)

Mr. K. Narasimha Murthy (Independent Director upto w.e.f January 28, 2020)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i) Executive directors		
Short-term employee benefits	285	288
Post-employment benefits	8	8
Long-term employee benefits*	-	-
(ii) Non executive and independent director		
Directors sitting fees	57	46
Total compensation	**350**	**342**

*The Company provides long term benefits in the form of gratuity to key managerial person along with all employees, cost of the same in not identifiable separately and hence not disclosed.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(e) Details of transactions between the Company and other related parties are disclosed below:

Sr. no.	Particulars	The Tata Power Company Limited	Tata Sons Private Limited	Nelco Network Products Limited
		(Holding Co.)	(Promoter of Holding Co.)	(Subsidiary)
1)	**Purchase :**			
a)	Services	-	33	1
		(-)	(20)	(-)
b)	**Goods**	-	-	43
		(-)	(-)	(9)
2)	**Sales :**			
a)	Services	1	-	3
		(1)	(1)	(1)
3)	**Other income**			
a)	Guarantee commission	-	-	1
		(-)	(-)	(-)
4)	**Other transactions :**			
a)	Guarantees and collaterals given (net)	-	-	2,700
		-	-	(15)
b)	Loans and advances repayment received during the year (net)	-	-	-
		-	-	(17)
c)	Loans and advances given during the year (net)	-	-	-
		-	-	(17)
d)	Dividend paid	137	-	-
		(137)	(-)	(-)
5)	**Balance outstanding at year end**			
a)	Trade receivables	2	-	3
		(1)	(-)	(-)
b)	Trade payables	-	24	49
		(-)	(19)	(-)
c)	Guarantees and collaterals	-	-	2,700
		(-)	(-)	(15)
d)	Other Payable	-	-	255
		-	(-)	-

*figures are below rounding of norm adopted by the Company.

Note:

(i) Figures in brackets pertain to the previous year ended March 31, 2021.

(ii) Related party relationship is as identified by the Company and relied upon by auditors.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 39 : Earnings per share (EPS)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1. Net profit after tax attributable to equity shareholders (₹ in Lakhs)		
(a) Continuing operations	1,022	924
(b) Discontinued operations	87	303
(c) Total operations	1,109	1,227
2. Weighted average number of equity shares	22,817,461	22,817,461
3. EPS (₹) [Basic and Diluted] (Face value per share ₹ 10)		
(a) Continuing operations (1(a) / 2)	4.48	4.05
(b) Discontinued operations (1(b) / 2)	0.38	1.33
(c) Total operations (1(c) / 2)	4.86	5.38

Note 40 : Contingent liabilities

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
a)	Guarantees issued by the company on behalf of its subsidiary (Nelco Network Products Limited)	2,700	15
	[(Amount of loan outstanding against this guarantee is ₹2,700 Lakhs (As at March 31, 2021 - ₹15 Lakhs)]		
b)	Claims against the company not acknowledged as debt comprises of:		
	i) Sales tax, service tax and GST claims disputed by the company relating to issues of applicability and classification	448	3,922
	ii) Claims from Vendor	168	168
	iii) Others	495	-
c)	Income Tax Demand against the company not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which company is in appeal.	497	559

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities.

The above figures for contingent liabilities do not include amounts towards certain additional penalties/interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified. Unless otherwise stated below, the management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable, further outflow of resources is not probable in either cases.

The Company does not have any contingent assets at the balance sheet date.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. the Company does not expect any material impact of the same.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 41 : Foreign Exchange Earnings

Particulars	March 31, 2022	March 31, 2021
During the year Company earned foreign exchange from below activities		
a. Export of goods/services calculated on FOB basis	4,680	2,726

Note 42 : Ratios

Sr No	Particulars	Note	Ratio		Remarks for movement
			March 31, 2022	March 31, 2021	
a	Current ratio=Current assets/Current liabilities	Refer note I	0.75	0.60	Due to discontinued operations transferred to NNPL pursuant to scheme
b	Debt equity ratio= Total Debt/Total Equity	Refer note II	0.21	0.24	-
c	Debt service coverage ratio = EBITDA/Total amount of interest and principal payable or paid during the period	Refer note III	1.24	1.12	-
d	Return on equity ratio= Net Profits after taxes/Total Equity	Refer note IV	0.12	0.12	-
e	Inventory turnover ratio= Average inventory/COGS	NA	-	-	-
f	Trade receivable turnover ratio= Sales/Average trade receivable	Refer note V	5.12	4.60	-
g	Trade payable turnover ratio= (Total expenses- provision for doubtful debts)/Average trade payables	Refer note VI	9.43	9.36	-
h	Net capital turnover ratio= Net Sales/ Working capital	Refer note VII	20.90	8.16	Due to discontinued operations transferred to NNPL pursuant to scheme
i	Net profit ratio = Net Profit after Tax/ Revenue	Refer note VIII	0.07	0.07	-
j	Return on capital employed= Earning before interest and taxes/Capital employed	Refer note IX	0.16	0.18	-
k	Return on investment = Net Profit after Tax/Capital employed	Refer note X	0.10	0.10	-

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 42: Ratios

Sr No	Particulars	Refer note	March 31, 2022	March 31, 2021*
I	Current assets			
	(b) Financial assets			
	(i) Trade receivables	10	3,454	5,415
	(ii) Cash and cash equivalents	9 (a)	478	912
	(iii) Bank balances other than (ii) above	9 (b)	45	35
	(iv) Loans	5 (b)	7	4
	(v) Other financial assets	6 (b)	497	1,622
	(d) Other current assets	8 (b)	367	355
			4,848	8,343
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	15	1,750	6,667
	(a) Lease liabilities	3(b)(ii)	175	119
	(ii) Trade payables	16	1,297	3,648
	(iii) Other financial liabilities	14	1,253	1,445
	(b) Provisions	13 (b)	207	473
	(c) Contract Liabilities	17	1,506	1,217
	(d) Other current liabilities	18	238	303
			6,426	13,872
II	Total Debt			
	Current borrowings	15	1,750	1,867
			1,750	1,867
	Total equity			
	Equity share capital	11	2,282	2,282
	Other equity - Reserve and surplus	12	6,164	5,385
	Other equity - Other reserves	12 (a)	10	10
			8,456	7,677
III	Earning before interest tax depreciation and amortisation (EBITDA)	Refer P & L	2,432	2,496
	Total amount of interest and principal payable or paid during the period			
	Total interest paid or payable during the period			
	On borrowings	24	133	288
	On trade payable	24	47	29
	On lease liabilities	24	39	46
			219	363
	Total principal paid or payable during the period			
	Current borrowing including current maturity of long term borrowing	15	1,750	1,867
			1,750	1,867
IV	Net Profits after taxes		1,022	924
	Total equity			
	Equity share capital	11	2,282	2,282
	Other equity - Reserve and surplus	12	6,164	5,385
	Other equity - Other reserves	12 (a)	10	10
			8,456	7,677
V	Sales	19	14,316	13,112
	Average trade receivable			
	Opening trade receivable	10	2,137	3,564
	Closing trade receivable	10	3,454	2,137
	Average trade receivable		2,796	2,851

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr No	Particulars	Refer note	March 31, 2022	March 31, 2021*
VI	Cost of goods sold (COGS)	As per P&L	12,143	10,768
	Total - provision for doubtful debts)/Average trade payables			
	Less: provision for doubtful debts	23	(28)	80
			12,115	10,848
	Average trade payables			
	Opening trade payables	16	1,272	1,045
	Closing trade payables	16	1,297	1,272
	Average trade payables		1,285	1,159
VII	Net Sales	19	14,316	13,112
	Working capital (Current assets- current liabilities)			
	Current assets			
	(a) Financial assets			
	(i) Trade receivables	10	3,454	5,415
	(ii) Cash and cash equivalents	9 (a)	478	912
	(iii) Bank balances other than (ii) above	9 (b)	45	35
	(iv) Loans	5 (b)	7	4
	(v) Other financial assets	6 (b)	497	1,622
	(d) Other current assets	8 (b)	367	355
	Total Current assets		4,848	8,343
	Current liabilities			
	(a) Financial liabilities			
	(ii) Trade payables	16	1,297	3,648
	(iii) Other financial liabilities	14	1,253	1,445
	Less: Capex creditors		-338	-350
	(b) Provisions	13 (b)	207	473
	(c) Contract Liabilities	17	1,506	1,217
	(d) Other current liabilities	18	238	303
	Total Current liabilities		4,163	6,736
	Working capital (Current assets - current liabilities)		685	1,607
VIII	Net Profit after Tax	As per P&L	1,022	924
	Revenue	19	14,316	13,112
IX	Earning before interest and taxes			
	Earning before finance cost, depreciation, amortisation and tax	As per P&L	2,432	2,496
	Less: Depreciation and amortisation	25	835	809
			1,597	1,687
	Capital employed			
	Equity share capital	11	2,282	2,282
	Other equity-Reserve and surplus	12	6,164	5,385
	Other equity-Other reserves	12(a)	10	10
	Borrowing			
	Current	15	1,750	1,867
	Total capital employed		10,206	9,544
X	Net Profit after Tax	As per P&L	1,022	924
	Capital employed			
	Equity share capital	11	2,282	2,282
	Other equity -Reserve and surplus	12	6,164	5,385
	Other equity -Other reserves	12(a)	10	10
	Borrowing			
	Current	15	1,750	1,867
	Total capital employed		10,206	9,544

*Includes amount of discontinued operations

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 43: Corporate Social Responsibility

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) Gross amount required to be spent by the Company during the year	15	12
b) Amount approved by the Board to be spent during the year	15	12
c) Amount spend in cash during the year ending March 31, 2022		
i) Construction/acquisition of an asset	-	-
ii) On purpose other than (i) above		
Contribution to Tata Education and Development Trust	15	12
Total (C=i+ii)	**15**	**12**
d) Amount yet to be paid in cash (d=a-c)	-	-

Note 44: Returns filed with banks with respect to working capital facility availed by the Company

Name of Bank	Quarter	Particulars of Securities provided	Amount as per books of accounts	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
Bank of India, Union Bank of india, South Indian Bank	Q-1 of FY 20-21	Inventory	1,262	1,262	-	-
		Debtors	6,633	6,633	-	-
		Creditors	2,773	2,773	-	-
Bank of India, Union Bank of india, South Indian Bank	Q-2 of FY 20-21	Inventory	1,421	1,421	-	-
		Debtors	5,570	5,570	-	-
		Creditors	1,801	1,801	-	-
Bank of India, Union Bank of india, South Indian Bank	Q-3 of FY 20-21	Inventory	1,309	1,309	-	-
		Debtors	6,289	6,289	-	-
		Creditors	2,900	2,900	-	-
Bank of India, Union Bank of india, South Indian Bank	Q-4 of FY 20-21	Inventory	1,137	1,137	-	-
		Debtors	6,765	6,765	-	-
		Creditors	2,551	2,551	-	-
Bank of India, Union Bank of india, South Indian Bank	Q-1 of FY 21-22	Debtors	3,117	3,117	-	-
		Creditors	2,144	2,144	-	-
Bank of India, Union Bank of india	Q-2 of FY 21-22	Debtors	3,812	3,812	-	-
		Creditors	3,624	3,624	-	-
Bank of India, Union Bank of india	Q-3 of FY 21-22	Debtors	3,799	3,799	-	-
		Creditors	1,596	1,596	-	-

Note 45 : Segment reporting

The Company's Managing Director and CEO is identified as Chief Operating Decision Maker ('CODM') of the Company and CODM reviews and allocates resources for consolidated business i.e. Network Systems products and services and accordingly, it is a single operating segment.

Notes to the Standalone Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 46 : Capital and other Commitments

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)	336	88

Note 47 : As a part of transition to Goods Services Tax (GST) in June 2017, the Company carried forward the Cenvat/ Service tax/Sales tax input credit balance of ₹31 Lakhs as on March 31, 2022 for future set-off against GST payable. However, due to technical glitch on the GSTN portal, the Company could not file the Tran 1 Form within the prescribed period including the extended filing period. A writ petition filed by the Company in the Hon'ble High Court of Bombay for allowing the carry forward of the input credit balances was dismissed vide its order dated March 20, 2020. Thereby the petition and the claim of the Company of ₹31 Lakhs was disallowed. The Company has filed Special Leave Petition in Hon'ble Supreme Court and which is admitted by Supreme Court. In addition, Similar writ petition was filed by the subsidiary company (TNSL) which merged with the Company pursuant to the Scheme, for an amount of ₹85 Lakhs which is pending for hearing at Hon'ble High Court of Bombay. In view of the multiple judgements by various High Courts in India on this matter which supports the Company's claim and based on the advice received from independent legal counsel, the Company expects to recover total input credit balance of ₹116 Lakhs. In view of this, no provision has been made in the books of account against the recoverability of these balances.

Note 48 : There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding as at March 31, 2022. 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.

Note 49: The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 50: Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to the current year's classification, also refer note 29.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors
Nelco Limited

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Vineet Kedia
Partner
Membership No. 212230

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Place: Mumbai
Date : April 26, 2022

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Nelco Limited (hereinafter referred to as "the Holding Company"), its subsidiary Nelco Network Products Limited (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 consolidated state of affairs of the Group, as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of matter

Note 48 to the consolidated Ind AS financial statements regarding the holding company claim to carry forward of input tax credit balances availed under the CENVAT/ Service Tax/ Sales Tax act, upon transition to The Goods and Services Tax Act (GST) and the holding company's claim to set-off such input tax credit availed against GST payable. The holding company, based on external legal advice obtained, has filed a petition with courts in this regard.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition related to multiple element arrangements (as described in notes 1.11 and 2.1(a) of the consolidated Ind AS financial statements). The contracts with customers include multiple elements including sale of products and ancillary services like installation, commissioning, annual maintenance etc. and rental income for equipments given on lease. In certain cases, the contracts also involve multiple entities in the Group. The identification of performance obligations under the contracts with customers, allocation of consideration to the performance obligations identified and determination of the timing of revenue recognition in accordance with Ind AS 115 requires exercise of judgement by the Group's management. We considered this to be a Key Audit Matter in view of the customer contracts being complex and non-standard.	Our audit procedures included the following: • We obtained an understanding and evaluated the design and tested the operating effectiveness of key controls over revenue recognition; • We assessed the appropriateness of the accounting policies applied by the Company in line with the applicable accounting standards; • We tested contracts with customers on a sample basis to assess the contractual terms which impacted identification and timing of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of timing of recognition for each of these revenue components; • We performed tests related to non-standard manual journal entries related to revenue.
Assessment of contingent liabilities, provision for litigations (as described in Note 1.18 and 2.1(f) to the Consolidated Ind AS financial statements) As at March 31, 2022, the Group held provisions of ₹ 117 lakhs and disclosed contingent liabilities (to the extent not provided for) of ₹ 1,608 lakhs in respect of certain tax litigations. The Group faces inquiries from tax authorities and regulatory authorities during tax assessment and legal proceedings, during the normal course of business. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The management's assessment is supported by legal opinions from independent tax consultants and legal experts obtained by the management. We considered this to be a key audit matter as the outcome of the litigations/ inquiries is uncertain, including ensuring compliances with the various regulations and the positions taken by the management are based on the application of material judgement, advice from tax consultants and legal experts, and interpretation of law. The ultimate outcome of the litigations/inquiries could be different from the conclusion reached by the management and may significantly impact the Group's financial position. The Group's disclosures are included in Note 1.18, 2.1(f) and Note 36 and 37 to the financial statements, which outlines the accounting policy for contingent liabilities and details of pending direct and indirect tax litigation disclosed as contingent liabilities.	**Our audit procedures included the following:** • We obtained an understanding and evaluated processes and controls designed and implemented by the management for assessment of litigations; • We obtained the list of taxation and regulatory litigation matters, communications with the regulatory authorities, inspecting the supporting evidence and critically assessing management's evaluation through discussions and inquiries made with the management on both the probability of outcome and the magnitude of potential outflow of economic resources; • Where relevant, we read and relied upon the most recent legal opinion obtained by management from independent tax consultants and external legal experts to assess development in all pending cases against the Company; • We read recent orders received from the tax and regulatory authorities and the Company's responses to such communications and assessed the current status of the litigations against the Company; • We obtained direct confirmations from tax consultants, where considered relevant; • For tax matters, we involved our tax specialists to assess management's application and interpretation of tax legislation affecting the Company, and to consider the quantification of exposures and settlements arising from the disputes with the tax authorities in the various tax jurisdictions.

Other Information

The Holding Company's Board of Directors are responsible for the other information. The other information comprises the Performance Highlights, Corporate Governance Report, Directors' Report, Management Discussion and Analysis Report and Business Responsibility Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Performance Highlights, Corporate Governance Report, Directors' Report, Management Discussion and

Analysis Report and Business Responsibility Report is expected to be made available to us after that date of this auditor's report.

Our opinion on the consolidated Ind AS 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 consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to preparation and presentation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 consolidated Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019;

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us;

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 36 to the consolidated Ind AS financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

iv.(a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

(i) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 15 to the consolidated financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend;

2. With respect to the matters specified in paragraphs 3(xxi) of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AHUMBD3279
Place of Signature: Mumbai
Date: April 26, 2022

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Nelco Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Nelco Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated Ind AS 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS 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 consolidated Ind AS financial statements, whether due to fraud or error.

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 over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS 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 control over financial reporting with reference to these consolidated Ind AS 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 Over Financial Reporting With Reference to Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS 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 over financial reporting with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2022, 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 issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 22212230AHUMBD3279
Place of Signature: Mumbai
Date: April 26, 2022

Consolidated Balance Sheet as at March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4(a)	8,024	8,340
(b) Capital work-in-progress	4(a)	260	406
(c) Right-of-use assets	4(b)	2,591	2,264
(d) Other intangible assets	4(a)	394	178
(e) Financial assets			
(i) Investments	5	16	16
(ii) Loans	6(a)	-	1
(iii) Other financial assets	7(a)	383	509
(f) Deferred tax assets (net)	38	867	737
(g) Non-current tax assets (net)	8	729	1,535
(h) Other non-current assets	9(a)	703	721
Total non current assets		**13,967**	**14,707**
Current assets			
(a) Inventories	10	1,582	1,138
(b) Financial assets			
(i) Trade receivables	11	7,786	6,326
(ii) Cash and cash equivalents	12	1,565	916
(iii) Bank balances other than (ii) above	13	45	35
(iv) Loans	6(b)	7	4
(v) Other financial assets	7(b)	754	337
(c) Contract assets	14	137	-
(d) Other current assets	9(b)	483	347
Total current assets		**12,359**	**9,103**
TOTAL ASSETS		**26,326**	**23,810**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	2,282	2,282
(b) Other equity			
Reserves and surplus	16	6,611	5,307
Other reserves	16(a)	12	12
Total equity		**8,905**	**7,601**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17(a)	1,875	1,514
(ia) Lease liabilities	4(b)	2,225	1,864
(ii) Trade payables	18(a)		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		-	167
(b) Provisions	19(a)	-	307
(d) Other non-current liabilities	20(a)	4	8
Total non-current liabilities		**4,104**	**3,860**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17(b)	3,575	5,168
(ia) Lease liabilities	4(b)	473	416
(ii) Trade payables	18(b)		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		5,349	3,495
(iii) Other financial liabilities	21	1,364	1,435
(b) Provisions	19(b)	313	325
(c) Contract liabilities	14	1,931	1,216
(d) Other current liabilities	20(b)	312	294
Total current liabilities		**13,317**	**12,349**
Total liabilities		**17,421**	**16,209**
TOTAL EQUITY AND LIABILITIES		**26,326**	**23,810**
Summary of significant accounting policies.	1		

The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors
Nelco Limited

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Vineet Kedia
Partner
Membership No. 212230

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Place: Mumbai
Date : April 26, 2022

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	22	26,007	22,612
Other income	23	474	284
Total Income		**26,481**	**22,896**
Expenses			
(a) Purchases of stock-in-trade		4,911	2,889
(b) (Increase) / decrease in inventories of stock-in-trade	24	(443)	(86)
(c) Operating expenses	25	9,468	8,948
(d) Employee benefits expense	26	3,403	3,411
(e) Other expenses	27	3,610	2,963
Total expenses		**20,949**	**18,125**
Profit before finance cost, tax and depreciation and amortization (PBITDA)		**5,532**	**4,771**
(f) Finance costs	28	753	953
(g) Depreciation and amortisation expense	29	2,464	2,230
Profit before tax		**2,315**	**1,588**
Tax expense			
- Current tax	38	718	597
- Deferred tax (credit)/charge		(105)	(245)
- Tax adjustment for earlier years pursuant to scheme		94	-
Total tax expense		**707**	**352**
Net profit for the year		**1,608**	**1,236**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
-Remeasurement of post employment benefit obligations	43	(30)	28
Total other comprehensive income		**(30)**	**28**
Total comprehensive income for the year		**1,578**	**1,264**
Earnings per share (Face value of ₹ 10/- per share) (Basic and diluted)	35	7.05	5.42
Summary of significant accounting policies.	1		

The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors
Nelco Limited

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Vineet Kedia
Partner
Membership No. 212230

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Place: Mumbai
Date : April 26, 2022

Consolidated Statement of Cash Flow for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**2,315**	**1,588**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	2,464	2,230
Finance Costs	753	953
Unrealised mark to market (gain) / loss on forward contracts	(47)	71
Unrealised foreign exchange (gain) / loss (net)	9	(133)
Impairment allowance (allowance for bad and doubtful debts)	(14)	189
Bad debts written off	43	-
Liabilities/Provisions no longer required, written back	(209)	-
Gain on disposal of property, plant and equipment (net)	(8)	(28)
Unwinding of discount on financial asset measured at amortised cost	(16)	(14)
Interest Income classified as investing cash flow	(11)	(4)
Interest income	(171)	(133)
Amortisation of processing fees	-	6
Operating Profit Before Working Capital Changes	**5,108**	**4,725**
Movement in working capital		
- (Increase) / Decrease in trade receivables	(1,489)	1,680
- (Increase) / Decrease in other current assets	(136)	152
- (Increase) / Decrease in other non current assets	34	(110)
- (Increase) / Decrease in financial assets - non current - loans	1	-
- (Increase) / Decrease in inventories	(444)	(86)
- (Increase) / Decrease in other financial assets - current	(420)	275
- (Increase) / Decrease in other financial assets -non current	126	(67)
- (Increase) / Decrease in contract assets	(137)	-
- (Increase) / Decrease in other bank balances	(10)	(3)
Movements in Liabilities		
- (Decrease) / Increase in trade payables	1,934	(56)
- (Decrease) / Increase in other financial liabilities - non current	-	(4)
- (Decrease) / Increase in other liabilities - non current	(4)	(3)
- (Decrease) / Increase in provisions - non current	(307)	(29)
- (Decrease) / Increase in other financial liabilities - current	28	66
- (Decrease) / Increase in current contract liabilities	715	(1,774)
- (Decrease) / Increase in other current liabilities	18	(244)
- (Decrease) / Increase in provisions - current	(42)	(109)
Cash generated from operations	**4,974**	**4,413**
- Direct taxes paid (net of refunds)	(31)	970
Net cash flow generated from/ (used in) operating activities (A)	**4,943**	**5,383**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment / intangible assets/Capital work-in-progress	(1,798)	(930)
Proceeds from sale of property, plant and equipment / intangible assets	8	37
Interest received	182	137
Net cash flow generated from / (used in) investing activities (B)	**(1,608)**	**(756)**

Consolidated Statement of Cash Flow for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings		
- Receipts	16,850	7,816
- Payments	(17,353)	(12,377)
Proceeds from sales and lease back	-	1,294
Payment of principal portion of lease liabilities	(439)	(210)
Payment of interest portion of lease liabilities	(237)	(133)
Finance costs paid	(510)	(808)
Dividend Paid (including dividend distribution tax)	(271)	(272)
Net cash flows generated from / (used in) financing activities (C)	**(1,960)**	**(4,690)**
Net (Decrease) / increase in Cash & Cash Equivalents [(A)+(B)+(C)]	**1,375**	**(63)**
Cash and cash equivalents at the beginning of the year	190	253
Cash and cash equivalents at the end of the year	**1,565**	**190**

Cash and cash equivalents comprise of	As at March 31, 2022	As at March 31, 2021
a) Balance with scheduled banks in current accounts	1,418	506
b) Cash on Hand	-	1
c) Cheques on Hand	147	409
d) Bank Overdraft	-	(726)
Total	**1,565**	**190**

Refer Note 17B for Change in liabilities arising from financing activities.

Summary of significant accounting policies. 1

The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors
Nelco Limited

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Vineet Kedia
Partner
Membership No. 212230

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Place: Mumbai
Date : April 26, 2022

Consolidated Statement of Changes in Equity for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

A. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid.

Particulars	Amount
As at March 31, 2020	**2,282**
Changes in equity share capital	-
As at March 31, 2021	**2,282**
Changes in equity share capital	-
As at March 31, 2022	**2,282**

B. Other equity

Particulars	Attributable to equity shareholders			Total
	Reserves and surplus		Other reserves	
	General Reserve	Retained Earnings	FVOCI Equity Instruments	
As at March 31, 2020	**250**	**4,045**	**12**	**4,307**
Profit for the year	-	1,236	-	1,236
On amalgamation of Tatanet Services Limited [Refer Note 46]	-	23	-	23
Dividend paid*	-	(274)	-	(274)
Other comprehensive income for the year (net of tax)	-	28	-	28
As at March 31, 2021	**250**	**5,057**	**12**	**5,319**
Profit for the year	-	1,608	-	1,608
Dividend paid*	-	(274)	-	(274)
Other comprehensive income for the year (net of tax)	-	(30)	-	(30)
As at March 31, 2022	**250**	**6,361**	**12**	**6,623**

*For financial year ended March 31,2021, the Board of Directors had recommended a dividend of 12% (2020: 12%) which was ₹ 1.20 (2020: ₹ 1.20) per equity share of ₹ 10/- each, which was approved by shareholders in the Annual General Meeting of the Company held on June 22, 2021.

For financial year ended March 31,2022, the Board of Directors recommended a dividend of 18% (2021: 12%) which is ₹ 1.80 (2021: ₹ 1.20) per equity share of ₹ 10/- each, which is subject to approval at the upcoming annual general meeting and are not recognised as a liability as at March 31, 2022.

Summary of significant accounting policies. 1

The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors
Nelco Limited

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Vineet Kedia
Partner
Membership No. 212230

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Place: Mumbai
Date : April 26, 2022

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2022

General Information

Nelco Limited (Formerly known as National Ekco Radio & Engineering Co Ltd) herein after referred to as “the Company” was established in 1940. The Company had two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) & Nelco Network Products Ltd. (NNPL). The Company and its subsidiaries together referred to as the Group. The Company is a subsidiary of The Tata Power Company Limited.

The Company was engaged in providing end to end networking solutions (Satcom Projects) services, sale/rental of VSATs and maintenance of private hubs and hybrid networks for its customers (Equipment business and related services). TNSL was engaged in the Satellite Communication services (VSAT Bandwidth services) and NNPL did not commence its operations.

During the year, pursuant to the Scheme of Arrangement and Amalgamation (Scheme) [Refer note 46], the Company has transferred Equipment business to NNPL on a “going concern” basis by way of a slump sale and TNSL has been merged with the Company.

Equity shares of the Company are listed in India on the Bombay Stock Exchange (“BSE”) and National Stock Exchange (“NSE”). The registered office of the Company is located at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai – 400710, CIN: L32200MH1940PLC003164.

The consolidated financial statements are presented in Indian Rupee (INR) which is also functional currency of the Company. The consolidated financial statements were reviewed by Audit committee and Board of Directors in it’s meeting held on April 26, 2022.

1. Summary of significant accounting policies

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

1.1 Basis of preparation

a. Compliance with Ind AS

The Consolidated 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 as amended from time to time.

b. Historical Cost Convention

The Consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- defined benefit and other long-term employee benefits;
- asset held for sale - measured at fair value less cost to sell.

c. Current -non current classification

All assets and liabilities have been classified as current or non current as per the Group’s normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

d. Basis of consolidation

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiary (together referred to as “the Group”). Control exists when the Parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

All intra group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiary

When the group ceases to consolidate or equity account for an investment because of loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in the other comprehensive income are reclassified to profit or loss.

If ownership interest in joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1.2 Property, plant and equipment

All items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the assets. Subsequent costs are added to existing item's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

a. Capital work-in-progress

Projects under which Property, Plant and equipment which are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses net of accumulated impairment loss, if any.

b. Depreciation methods estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate cost, net of their estimated residual value, over their estimated useful lives.

The useful lives and residual values are as prescribed under schedule II to Companies Act, 2013 except for the following type of assets where useful life is considered as per management estimate, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, replacements generally required from the point of view of operational effectiveness.

Type of Assets	Useful Life
Building	30 years
Plant and machinery	Radio frequency and baseband equipment – 10 to 12 Years Teleport antenna– 15 Years VSAT Antenna – 10 Years Networking devices -6 Years Electronic equipment – 6 to 7.50 Years
Electrical installation	10 Years
Furniture and fixture	10 Years
Office equipment (VSAT)	Antenna – 10 Years Electronic equipment – 6 to 7.50 Years
Office equipment's (Computer hardware)	3 Years
Vehicles	8 Years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other Income / other Expenses.

1.3 Intangible Asset

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortisation and accumulated impairment, if any. The Group amortises intangible assets using straight line method over the following periods.

License Fees – VSAT : Over the license period of 20 years from the date of license available for use

License Fees – ISP : Over the license period of 15 years from the date of license available for use

Testing software : 5 years

1.4 Impairment of non-financial Assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.5 Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

a. Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 1.11 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

c. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  i. the group has transferred substantially all the risks and rewards of the asset, or

  ii. the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

d. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – see Note 30
- Investment at fair value through OCI – see Note 5
- Trade receivables and contract assets – see Note 11 and 14

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Also, on case-to-case basis specific provisions are also made for customers based on management estimates.

e. Income recognition

Interest Income

Interest 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. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend

Dividend income from investments is recognised when the right to receive dividend has been established.

B. Financial liabilities

a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

b. Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 17.

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 derecognition 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.

1.6 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. Bank overdraft are shown within borrowings in current liabilities in the balance sheet.

1.7 Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.8 Trade and other payables

These amounts represent liabilities for goods and services received by the group 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.

1.9 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 group or the counterparty.

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and includes all other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method and is net of provision for obsolescence and other anticipated losses, wherever considered necessary. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.11 Revenue recognition

The Group earns revenue from providing Satellite communication connectivity systems and solutions through sale of goods, providing installation and annual maintenance services, renting of goods, Integrated Security & Surveillance services. The Group also earns revenue from providing domestic satellite communication services to closed user group (CUG) networks via Satellite System on non-exclusive basis (Bandwidth Services).

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

The Group recognises revenue as follows:

a. Sale of goods

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

b. Rendering of services

- Revenue from annual maintenance contract and network management is recognized over the period of performance.
- Revenue from Installation and commissioning services is recognized upon completion of installation of equipment.
- Revenue from bandwidth services is provided over the period of time, where it is received and consumed simultaneously by the customers and accordingly revenue is recognized over the period of performance and in the accounting period in which the services are rendered.

c. Rental income

Lease income from operating leases where the Company is a lessor is recognised on straight-line basis over the term of the relevant lease in accordance with contract with the customers.

1.12 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statement is presented in Indian rupee (INR), which is Nelco Limited's functional and presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income / other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

1.13 Derivative financial instruments

The group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Consolidated Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through the Statement of Profit and Loss and the resulting exchange gains or losses are included in the Statement of Profit and Loss. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

1.14 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 recognized for all deductible temporary differences, unused tax losses and carry forward tax credits only if it is probable that future taxable amounts will be available to utilize those temporary differences, tax losses and tax credits.

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.

c. Minimum Alternate Tax (MAT)

Credit of MAT is recognised as deferred tax asset only when it is probable that taxable profit will be available against which the credit can be utilised. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss account. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is no longer probable that the Company will pay normal income tax during the specified period.

1.15 Leases

<u>As a lessee</u>

Leases are recognised as right-of-use assets and a corresponding liability at the date at which the leases asset is available for use by the group. Contracts may contain lease and non-lease component. The group allocates the consideration in the contract to lease and non-lease component based on their relative standalone prices.

Assets and liabilities are initially measured on the present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the group under residual value guarantees.
- the exercise price of purchase option if the group is reasonably certain to exercise the option and
- payment of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting points, adjusted to reflect changes in financing conditions since third party financing was received.

- uses a build-up approach that starts with Risk- free interest rate adjusted for credit risk for leases held by the group, which doesn't have recent third party financing, and
- makes adjustments specific to the lease e.g. term, security etc.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following;

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct cost, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on straight line basis. If the group is reasonably certain to exercise purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all the leases of low value assets are recognised as expense on a straight-line basis in profit and loss. Short term leases are leases with a term of lease term of 12 months or less.

<u>As a lessor</u>

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. Finance leases receivables are recocgnised at the inception of lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments receivable. Each lease payment received is allocated between the finance lease receivable and finance income. The finance income is recognised to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the finance lease receivable for each period.

Lease income from operating leases where the group is a lessor is recognised on a straight-line basis over the term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in balance sheet based on their nature. The group did not make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

1.16 Borrowing

Borrowing are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is breach of a material provision of a long-term loan agreement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

1.18 Provisions and contingent liabilities

a. Provisions

Provisions are recognised when the Group 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.

The measurement of provision for restructuring includes only direct expenditure arising from the restructuring, which are both necessary entailed by the restructuring and not associated with the ongoing activities of the group.

i) Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

ii) Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

b. Contingent liabilities

The group has 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 group 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.

1.19 Employee benefits

a. Short-term obligations

Liabilities for salaries and wages, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Other long-term employee benefit obligations

The group has liabilities for compensated absences which are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yield at the end of the reporting period that have terms approximating to the terms of the related obligations. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

The obligation is presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

c. Post-employment obligations (Defined Benefit Obligations)

The group operates the following post-employment schemes:

- defined benefit plans – Provident Fund and Gratuity
- defined contribution plans such as Superannuation Fund and Employee State Insurance Corporation (ESIC).

Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of defined benefit provident fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

During the year Company has formed gratuity fund exclusively for gratuity payment to the employees. The gratuity liability amount is contributed to the approved gratuity fund formed. The gratuity fund has been approved by Income Tax authorities.

Defined contribution plans

Group pays Superannuation Fund and ESIC contributions to publicly administered funds as per local regulations. The group has no further payment obligation once the contribution has been made. Group's contribution to Superannuation Fund and ESIC is recognised on accrual basis in the Statement of Profit and Loss.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits ; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1.20 Segment reporting

The Company's Managing Director and CEO is identified as Chief Operating Decision Maker ('CODM') of the Company and CODM reviews and allocates resources for consolidated business i.e. Network Systems products and services and accordingly, it is a single operating segment.

1.21 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.

1.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- 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.

1.23 Measurement of EBITDA

The Group has elected to present earnings before finance cost, tax and depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss account. The Group measures EBITDA on the basis of profit from total operations. In its measurement, the Group does not include depreciation and amortization expense, finance cost and tax expense.

2.1 Critical estimates and judgments and key sources of estimation uncertainty

In the application of the groups' accounting policies, which are described in note 1 above, the management of the group 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 group has made critical judgements and estimates.

a) Revenue recognition

- The Group's contracts with customers could include promises to transfer multiple goods and services to a customer. The Group assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Each revenue component is recognised based on the policy noted in Note 1.11 above.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation by the Group Companies. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered
- Contract fulfilment costs are expensed as incurred.

b) Estimation of defined benefit obligation

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Recognition of deferred tax assets

Deferred tax assets are recognized for based on estimated future taxable rate on all deductible temporary differences, unused tax losses and carry forward tax credits only if it is probable that future taxable amounts will be available to utilize those temporary differences, tax losses and tax credits. The management assumes that taxable profits will be available while recognising deferred tax assets.

d) Useful lives of property, plant and equipment and Intangible assets

The group reviews the useful lives and carrying amount of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

e) Expected Credit Loss on trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss. The group uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables. Additionally, Group makes specific provision in relation to disputed receivables based on periodic credit evaluation. (Refer Note 31).

f) Estimation of Provisions & Contingent Liabilities

The group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. 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 originally estimated as provision or contingent liability. (Refer Note No 36 and 37).

g) Leases

The group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Assessing whether a contract contains a lease requires significant judgement. Significant judgement is also required in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option. In assessing whether the group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

3. Rounding of amounts

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

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 4(a) : Property, plant and equipment, intangible assets and capital work-in-progress

Description	Cost				Accumulated depreciation / Amortisation				Net block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Depreciation / amortisation for the year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
i. Property, plant and equipment										
Building	163	-	-	163	81	13	-	94	69	82
	(163)	-	-	*(163)*	*(67)*	*(14)*	-	*(81)*	*(82)*	*(96)*
Plant and machinery	7,709	1,097	3	8,803	3,784	921	15	4,690	4,113	3,925
	(7,397)	*(826)*	*(514)*	*(7,709)*	*(3,134)*	*(777)*	*(127)*	*(3,784)*	*(3,925)*	*(4,263)*
Electrical installation	110	-	-	110	105	2	-	107	3	5
	(110)	-	-	*(110)*	*(101)*	*(5)*	*(1)*	*(105)*	*(5)*	*(9)*
Furniture and fixture	121	10	-	131	121	3	-	124	7	-
	(125)	*(1)*	*(5)*	*(121)*	*(125)*	*(2)*	*(6)*	*(121)*	-	-
Office equipment										
(i) Own	447	59	33	473	324	54	24	354	119	123
	(405)	*(46)*	*(4)*	*(447)*	*(260)*	*(67)*	*(3)*	*(324)*	*(123)*	*(145)*
(ii) Given on lease (operating lease)	6,689	386	470	6,605	2,518	871	470	2,919	3,686	4,171
	(7,843)	*(12)*	*(1,166)*	*(6,689)*	*(1,800)*	*(857)*	*(139)*	*(2,518)*	*(4,171)*	*(6,043)*
Vehicles	62	-	-	62	28	7	-	35	27	34
	(70)	-	*(8)*	*(62)*	*(23)*	*(8)*	*(3)*	*(28)*	*(34)*	*(47)*
Total - Property, plant and equipment (i)	**15,301**	**1,552**	**506**	**16,347**	**6,961**	**1,871**	**509**	**8,323**	**8,024**	**8,340**
	(16,113)	*(885)*	*(1,697)*	*(15,301)*	*(5,510)*	*(1,730)*	*(279)*	*(6,961)*	*(8,340)*	*(10,603)*
ii. Other intangible assets										
License fees	23	250	-	273	18	23	-	41	232	5
	(23)	-	-	*(23)*	*(15)*	*(3)*	-	*(18)*	*(5)*	*(8)*
Testing software	466	64	-	530	293	75	-	368	162	173
	(403)	(63)	-	(466)	(216)	(77)	-	(293)	(173)	(187)
Total- Other intangible assets (ii)	**489**	**314**	**-**	**803**	**311**	**98**	**-**	**409**	**394**	**178**
	(426)	*(63)*	-	*(489)*	*(231)*	*(80)*	-	*(311)*	*(178)*	*(195)*
Total-Property, plant and equipment & Other intangible assets (i+ii)	**15,790**	**1,866**	**506**	**17,150**	**7,272**	**1,969**	**509**	**8,732**	**8,418**	**8,518**
	(16,539)	*(948)*	*(1,697)*	*(15,790)*	*(5,741)*	*(1,810)*	*(279)*	*(7,272)*	*(8,518)*	*(10,798)*
iii. Capital work-in-progress									**260**	**406**
									(406)	*(914)*

Ageing of capital work-in-progress	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Projects in progress	260	-	-	-	260
	(406)	*(-)*	*(-)*	*(-)*	*(406)*
Projects temporarily suspended	-	-	-	-	-
	(-)	*(-)*	*(-)*	*(-)*	*(-)*
Total	**260**	**-**	**-**	**-**	**260**
	(406)	*(-)*	*(-)*	*(-)*	*(406)*

Figures in (brackets) represents previous year's figures.

Notes:-

1) Property, plant and equipment pledged as security by the group (refer note 34).
2) Contractual obligations in respect of capital commitment for acquisition of property, plant and equipment (refer note 40).
3) Capital work in progress mainly comprises components related to plant and machinery.
4) On amalgamation of Tatanet services Limited with Company realised profit of ₹ 23 Lakhs earlier eliminated from property, plant, equipment now reinstated. (refer note 16 (iii)).

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 4(b) : Right-of-use assets and lease liabilities

4(b)(I) Group as lessee

Asset acquired on finance lease represents Leasehold land. The total lease term is 95 years, remaining lease term is 62 years as on March 31, 2022. The Group does not have an option to purchase the land at the end of the lease term. Also Group has taken on lease various offices for its branches where lease term ranges from 1 year to 8 years.

- The Group has taken on premises on lease along with certain equipmets for term of five years. The group is restricted from assigning and subleasing the leased assets.
- Group has taken Office equipment (VSAT) on lease with lease term of 6-7 years.

i. Right of use assets

Description	Cost					Amortisation				Net Block	
	As at April 01, 2021	Adjustment for change in accounting policy	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Amortisation for the year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Leasehold premises and equipments	784	-	855	-	1,639	323	182	-	505	1,134	461
	(754)	-	*(30)*	-	*(784)*	*(148)*	*(175)*	-	*(323)*	*(461)*	*(606)*
Office equipment	*2,195*	-	-	-	*2,195*	*392*	*346*	-	*738*	*1,457*	*1,803*
	(443)	*(30)*	*(1,722)*	-	*(2,195)*	*(147)*	*(245)*	-	*(392)*	*(1,803)*	*(296)*
Total	**2,979**	**-**	**855**	**-**	**3,834**	**715**	**528**	**-**	**1,243**	**2,591**	**2,264**
	(1,197)	*(30)*	*(1,752)*	-	*(2,979)*	*(295)*	*(420)*	-	*(715)*	*(2,264)*	*(902)*

Figures in (brackets) represents previous year's figures.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 4(b): Right-of-use assets and lease liabilities

ii. Lease liability

Description	As at April 1, 2021	During the year				As at March 31, 2022
		Additions	Modification	Accrued finance cost	Payments	
Leasehold premises and equipments	521	856	-	70	226	1,221
	(619)	(28)	-	(54)	(180)	(521)
Office equipment	1,759	-	-	167	449	1,477
	(219)	(1,588)	(36)	(79)	(163)	(1,759)
Total	**2,280**	**856**	**-**	**237**	**675**	**2,698**
	(838)	(1,616)	(36)	(133)	(343)	(2,280)
Current	416					473
	-					(416)
Non Current	1,864					2,225
	-					(1,864)
Total	**2,280**	**-**	**-**	**-**	**-**	**2,698**
	-	-		-	-	(2,280)

Figures in (brackets) represents previous year's figures.

iii. Amount recognised in Statement of profit or loss

Amount recognised in statement of profit or loss	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation of Right-of-use assets	528	420
Interest on lease liabilities	237	133
Expenses related to short term leases	57	61

iv. Amount recognised in statement of cash flows

Amount recognised in statement of cash flows	Year ended March 31, 2022	Year ended March 31, 2021
Total cash outflow of leases	(675)	(343)

4(b)(II) Group as lessor

a. Operating Lease

The Group as lessor

(1) Operating leases related to VSATs given on lease, owned by the group with lease terms between 3 to 7 years.

(2) The lessee does not have an option to purchase the VSATs at the expiry of the lease period.

(3) No refundable deposits are taken and the lease rentals recognised in the consolidated statement of Profit and Loss for the year included under sale of services under revenue from Operations (refer note 22) aggregate to ₹ 2,790 Lakhs (Previous Year ₹ 2,743 Lakhs).

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Non- Cancellable operating lease receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Not Later than 1 year	1,350	1,127
Later than 1 year and not longer than 5 years	1,642	2,679
Later than 5 years	-	-
Total	**2,992**	**3,806**

Disaggregation of property, plant and equipment given on operating lease as at March 31, 2022 is as follows:

Class of assets	Operating Lease		
	Gross block	Accumulated Depreciation	Carrying Amount
Office equipment	6,605	2,919	3,686
	(6,689)	(2,518)	(4,171)
Total	6,605	2,919	3,686
	(6,689)	(2,518)	(4,171)

Figures in (brackets) represents previous year's figures.

Note 5 : Investments - Non current

Particulars	As at March 31, 2022		As at March 31, 2021	
	Numbers	Amount	Numbers	Amount
Investments at fair value through OCI (Unquoted, fully paid)				
Technopolis Knowledge Park Limited [net of impairment of ₹ 181 Lakhs (March 2021 : ₹ 181 Lakhs)]	1,810,000	-	1,810,000	-
Zoroastrian Co-operative Bank Limited	6,000	16	6,000	16
Total equity instruments		**16**		**16**
Total investments		**16**		**16**
Aggregate amount of unquoted investments		**16**		**16**
Aggregate amount of impairment in the value of investments		**(181)**		**(181)**

Note 6 (a): Non-current Loans

Particulars	As at March 31, 2022	As at March 31, 2021
Loan to employees	-	1
Total	**-**	**1**

Note 6 (b): Current Loans

Particulars	As at March 31, 2022	As at March 31, 2021
Loans to employees	7	4
Total	**7**	**4**

Note 7 (a) : Other non current financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured considered good, unless otherwise stated)		
Security deposits	253	267
Balances held as margin money against bank guarantees	102	17
Finance lease receivable	28	225
Total	**383**	**509**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 7 (b) : Other non current financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured considered good, unless otherwise stated)		
Security deposits	545	56
Security deposits which have significant increase in credit risk	21	21
Less: Impairment allowance on security deposits which have significant increase in credit risk	(21)	(21)
	545	56
Accrued interest	-	2
Fair value of foreign exchange forward contract	14	-
Finance lease receivable	195	279
Total	**754**	**337**

Note 8 : Non-current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	1,535	2,588
Add : Tax deducted at source and advance tax	605	428
Add :- Mat credit utilised during the year	136	164
Less: Income tax refund	(767)	(1,048)
Less: Current tax payable for the year	(720)	(597)
Less: Interest on current tax	(60)	-
Total	**729**	**1,535**

Note 9 (a) : Other non current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with government authorities (refer note 48)	668	697
Prepaid Expenses	35	24
Total	**703**	**721**

Note 9 (b) : Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	135	96
Advance to suppliers	66	30
Balance with government authorities	279	218
Others	3	3
Total	**483**	**347**

Note 10 : Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Inventories (lower of cost and net realisable value)		
Stock-in-trade	1,316	1,138
Stock-in-trade in transit	266	-
Total	**1,582**	**1,138**

During the year ended March 31, 2022, ₹ 56 lakhs (2021: ₹ 43 lakhs) has been recognised as an expense in relation to inventory being carried at net realisable value.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 11 : Trade receivables- current

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables from contract with customers		
- Trade receiveables - considered good- secured	-	-
- Trade receiveables - considered good- unsecured	5,743	4,981
- Trade receiveables which have significant increase in credit risk	262	270
- Trade receiveables- credit impaired	67	73
	6,072	5,324
Trade receivables from contract with customers- related parties (refer note 44)	2	1
Less : Impairment allowance (allowance for bad and doubtful debts)	(329)	(343)
	5,745	4,982
Unbilled receivables	2,041	1,344
Total	**7,786**	**6,326**

1. Trade receivables are dues in respect of goods sold and services rendered in the normal course of business.
2. Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.
3. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables.
4. There are no dues by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director is a member.
5. Trade receivables from related parties (refer note 44).

Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment						As at March 31, 2022
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	3,376	1,784	353	172	60	-	5,745
ii. Undisputed trade receivables - which have significant increase in credit risk	93	48	10	4	-	-	155
iii. Undisputed trade receivables - credit impaired	-	-	-	-	49	58	107
iv. Disputed trade receivables - considered good	-	-	-	-	-	-	-
v. Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed trade receivables - credit impaired	-	-	-	15	52	-	67
Total	**3,469**	**1,832**	**363**	**191**	**161**	**58**	**6,074**
Impairment allowance	93	48	10	19	101	58	329
Total	**3,376**	**1,784**	**353**	**172**	**60**	**-**	**5,745**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Unbilled receivables ageing schedule

Particulars	Ageing of unbilled receivables					
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Unbiled receivables	1,921	120	-	-	-	2,041
Total	**1,921**	**120**	**-**	**-**	**-**	**2,041**

Particulars	Outstanding for following periods from due date of payment						As at March 31, 2021
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	2,312	1,695	460	342	116	57	4,982
ii. Undisputed trade receivables - which have significant increase in credit risk	127	91	25	18	6	3	270
iii. Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
iv. Disputed trade receivables - considered good	-	-	-	-	-	-	-
v. Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed trade receivables - credit impaired	-	-	21	51	1	-	73
Total	**2,439**	**1,786**	**506**	**411**	**123**	**60**	**5,325**
Impairment allowance	127	91	46	69	7	3	343
Total	**2,312**	**1,695**	**460**	**342**	**116**	**57**	**4,982**

Unbilled receivables ageing schedule

Particulars	Ageing of unbilled receivables					
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Unbiled receivables	1,320	17	-	7	-	1,344
Total	**1,320**	**17**	**-**	**7**	**-**	**1,344**

Note 12 : Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Balances with banks :-		
In current accounts	1,418	506
(b) Cheques on hand	147	409
(c) Cash on hand	-	1
Total cash and cash equivalents in the balance sheet and statement of cash flows	**1,565**	**916**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 13 : Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
In earmarked Accounts		
(a) Unpaid dividend accounts	10	7
(b) Balances held as margin money against letter of credit and bank guarantees	35	28
Total	**45**	**35**

Note 14 : Contract Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Contract assets	137	-
Total contract assets	**137**	**-**
Advances received from customers	423	283
Deferred revenue	1,508	933
Total contract liabilities	**1,931**	**1,216**

Note:

1. **Significant changes in contract liabilities**

   Contract liabilities have been increased due to increase in advance received from customers and deferred revenue for the services to be rendered in next year.

   i). **Revenue recognised in relation to contract liabilities**

   The following table shows how much of the revenue recognised in the current period relates to a carried forward contract liabilities and how much relates to performance obligation satisfied in prior year.

Particulars	As at March 31, 2022	As at March 31, 2021
Revenue from contract with customers		
Revenue recognised that was included in contract liability balance at the beginning of the period	1,216	2,990
Revenue recognised from performance obligations satisified in previous periods	-	-

Note 15 : Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital:		
3,00,00,000 (2,50,00,000 as at March 31, 2021) equity shares of ₹10/- each	3,000	2,500
Redeemable Preference Shares of ₹ 100/- each	2,500	2,500
	5,500	**5,000**
Issued share capital:		
2,28,18,400 (2,28,18,400 as at March 31, 2021) equity shares of ₹10/- each	2,282	2,282
	2,282	**2,282**
Subscribed and paid-up share capital:		
2,28,17,461 (2,28,17,461 as at March 31, 2021) equity shares of ₹10/- each	2,282	2,282
Total	**2,282**	**2,282**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Notes:

i) Movement in equity share capital

There has been no movement in issued, subscribed and paid up share capital of the group, during the last five years.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited [50.08% (2021 : 48.65%)(Holding Company)]	11,427,940	1,143	11,099,630	1,110
Aftaab Investment Company Limited [Nil, (2021 : 1.44%) (Subsidiary of Holding Company)]	-	-	328,310	33

iii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 /- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

The Board of directors have recommended dividend of ₹ 1.80/- per equity share for the year ended March 31, 2022. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 shareholder holding more than 5% shares in the company:

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited	11,427,940	50.08%	11,099,630	48.65%

As per records of the Company and other declarations received from shareholders, the above shareholding represents both legal and beneficial ownerships of shares.

(v) Shareholding of the promoter in the Company as at March 31, 2022 and March 31, 2021:

Name of shareholder	No of share	% total shares	% changed during the year
The Tata Power Company Limited	11,427,940	50.08%	1.44%
Aftaab Investment Company Limited (Subsidiary of Holding Company)	328,310	1.44%	-1.44%

(vi) 939 shares (March 31,2021 : 939 shares) are kept in abeyance out of the rights issued in the year 1994 pending for final allotment.

(vii) There are no shares bought back or allotted either as fully paid up by way of bonus shares or allotted under any contract without payment received in cash during 5 years immediately preceding March 31, 2022.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 16 : Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
General reserve - Refer (i) below	250	250
Retained earnings - Refer (ii) below	6,361	5,057
Total	**6,611**	**5,307**

(i) General reserve

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	250	250
Addition during the year	-	-
Closing balance	**250**	**250**

(ii) Retained earnings

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	5,057	4,045
Elimination of profit on internal restructuring [refer note 4(a)]	-	22
Net Profit for the year	1,608	1,236
Less :- Dividend paid*	(274)	(274)
Other comprehensive income (net of tax)		
- Remeasurements of post employment benefit obligations, net of tax	(30)	28
Closing balance	**6,361**	**5,057**

Note 16 (a) : Other Reserve - Reserve for FVOCI Equity instrument:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	12	12
Changes in fair value of FVOCI equity instruments	-	-
Closing Balance	**12**	**12**

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to the Statement of Profit and Loss. The amount that can be distributed by the group 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.

Retained earnings

The same reflects surplus/ (deficit) after taxes in the Statement of Profit and Loss. The amount that can be distributed by the group 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.

Reserve for Equity FVOCI Instruments

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note on dividend:-

*For financial year ended March 31,2021, the Board of Directors had recommended a dividend of 12% (2020: 12%) which was ₹ 1.20 (2020: ₹ 1.20) per equity share of ₹ 10/- each, which was approved by shareholders in the Annual General Meeting of the Company held on June 22, 2021.

For financial year ended March 31,2022, the Board of Directors recommended a dividend of 18% (2021: 12%) which is ₹ 1.80 (2021: ₹ 1.20) per equity share of ₹ 10/- each, which is subject to approval at the annual general meeting and are not recognised as a liability as at March 31, 2022.

Note 17 : Borrowings

(a) Non-current

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
(i) Term Loans from banks (refer note (i) and (iii) below)	1,875	1,514
Total	**1,875**	**1,514**

(b) Current

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured		
(i) Term loans from Banks (refer note (i) and (iii) below)	-	986
Loan in foreign currency (a)	-	986
Unsecured		
(i) Term loans from Banks (refer note (i) and (iii) below)	1,750	2,006
(ii) Inter corporate deposits (refer note (i) and (iii) below)	-	15
Secured		
(i) Bank overdraft (refer note (i) and (iii) below)	-	726
(i) Term loans from Banks (refer note (i), (ii) and (iii) below)	1,000	-
Loan in Indian currency (b)	2,750	2,747
Total(a+b)	**2,750**	**3,733**
Current maturity of long term debt (refer note (i) and (iii) below)	825	1,435
Total	**3,575**	**5,168**

(i) The carrying amount of financial and non-financial assets pledged as security for current borrowings (refer note 34).

(ii) Disclosure related to returns filed with banks with respect to working capital facilities (refer note 50).

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(iii) Details of borrowings are as follows:

Particulars	As at March 31, 2022		As at March 31, 2021		Terms of Repayment	Rate of Interest (p.a)	Nature of Security
	Non current	Current	Non current	Current			
Term loan from Bajaj Finance Limited	1,875	825	-	-	36 monthly equal installments	MCLR+ Spread	Charge over the VSAT's Installed at HPCL, IOCL, Bank of India and BPCL Outlets
Term loan from Shinhan Bank	-	1,200	-	1,000	Payable on demand	3 Months MCLR +1%	Unsecured
Term loan from IDFC Bank Ltd (Loan in Indian currency)	-	1,000	-	-	Bullet repayment payable on due date	7.30 % to 7.55 %	First Pari Passu charge on entire Current Assets of the Borrower present and future
Term loan from ICICI Bank Ltd	-	550	-	-	Payable on demand	I-MCLR 1 year +1.30%	Unsecured
Term loan from IDFC Bank Ltd	-	-	1,514	1,214	Quarterly installment begin from July, 2019, last date of installment April 30, 2023	MCLR + 0. 65%	Charge on the VSATs. Value of VSATs installed against the loan provided by IDFC bank.
Current maturity of long term loan from South Indian Bank	-	-	-	80	Repayable in quarterly equal instalments till September, 2021	MCLR + 0.5%	Hypothecation of asset acquired utilizing the loan
Current maturity of long term loan from ICICI Bank Ltd	-	-	-	141	Repayable in quarterly equal instalments till March, 2022	I-MCLR 1 year +1.30%	Charge over the assets, financed by rupee term loan
Term loan from IDFC Bank Ltd (Loan in foreign currency)	-	-	-	986	Bullet repayment payable on due date	2.30%	Unsecured
Term loan from IDFC Bank Ltd (Loan in Indian currency)	-	-	-	1,006	Bullet repayment payable on due date	9.15 % to 10.50 %	Unsecured
Inter Corporate Deposit	-	-	-	15	Payable on demand	9.75% to 10.25%	Unsecured

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	As at March 31, 2022		As at March 31, 2021		Terms of Repayment	Rate of Interest (p.a)	Nature of Security
	Non current	Current	Non current	Current			
Bank overdraft from Bank of India	-	-	-	142	Payable on demand	2.00 % over 1 year BOI MCLR + BSS and 2.55% over MCLR + BSS	1) First pari passu charge on current assets by way of hypothecation 2) Second pari passu charge on all present and future fixed assets i.e. land and building, plant and machinery situated at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai
Bank overdraft from South Indian Bank	-	-	-	584	Payable on demand	1 year MCLR+ 0.5%	Hypothecation by way of first charge on entire current assets of the Company
Total	**1,875**	**3,575**	**1,514**	**5,168**			

Loan covenants:

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Group meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The Group has also satisfied all other debt covenants prescribed in the terms of bank loan.

Note 17B : Net debt reconciliation

Particulars	As at March 31, 2022	As at March 31, 2021
Cash & cash equivalents	1,565	916
Bank overdraft	-	(726)
Current borrowings	(3,575)	(4,442)
Lease obligation	(2,698)	(2,280)
Non current borrowings	(1,875)	(1,514)
Net debts	**(6,583)**	**(8,046)**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Changes in liabilities arising from financing activities

Particulars	Other assets	Liabilities from financial activities			
	Cash and bank overdraft	Lease obligation	Non current borrowings	Current borrowing	Current borrowing
Net debt as at March 31, 2020	**253**	**(838)**	**(4,411)**	**(5,795)**	**(10,791)**
Cash flow	(63)	210	2,893	1,353	4,393
Modification of lease term	-	(36)	-	-	(36)
Acquisitions - Finance leases	-	(1,616)	-	-	(1,616)
Interest expenses	(67)	(133)	(97)	(539)	(836)
Interest paid	67	133	101	539	840
Net debt as at March 31, 2021	**190**	**(2,280)**	**(1,514)**	**(4,442)**	**(8,046)**
Cash flow	1,375	438	(361)	867	2,319
Acquisitions - Finance leases	-	(856)	-	-	(856)
Interest expenses	-	(237)	(25)	(421)	(683)
Interest paid	-	237	25	421	683
Net debt as at March 31, 2022	**1,565**	**(2,698)**	**(1,875)**	**(3,575)**	**(6,583)**

Note 18 (a) : Non current trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 53)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	167
Total	**-**	**167**

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**-**	**-**	**-**	**-**	**-**	**-**
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Total (A+B)	**-**	**-**	**-**	**-**	**-**	**-**

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**-**	**-**	**167**	**-**	**-**	**-**
Disputed	-	-	-	-	-	-
Undisputed	-	-	167	-	-	-
Total (A+B)	**-**	**-**	**167**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 18 (b) : Current trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 53)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,325	3,476
(iii) Trade payable to related parties (refer note 44)	24	19
Total	**5,349**	**3,495**

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**1,329**	**3,611**	**75**	**207**	**127**	**5,349**
Disputed	-	-	5	11	93	109
Undisputed	1,329	3,611	70	196	34	5,240
Total (A+B)	**1,329**	**3,611**	**75**	**207**	**127**	**5,349**

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**498**	**2,136**	**581**	**177**	**103**	**3,495**
Disputed	-	-	-	-	-	-
Undisputed	498	2,136	581	177	103	3,495
Total (A+B)	**498**	**2,136**	**581**	**177**	**103**	**3,495**

Note 19 (a) : Non-current provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits obligations:		
Gratuity (refer note 43)	-	307
Total	**-**	**307**

Note 19 (b) : Current provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits obligations:		
Compensated absences (refer note 43)	149	130
Gratuity (refer note 43)	-	70
	149	**200**
Provision - Others:		
Warranty (refer note 37)	47	58
	47	**58**
Provision for disputes (refer note 37)	117	67
Total	**313**	**325**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 20 (a) : Other non current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred profit on sale of fixed assets on finance lease	4	8
Total	**4**	**8**

Note 20 (b) : Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	306	284
Deferred profit on sale of fixed assets on finance lease	6	10
Total	**312**	**294**

Note 21 : Other current financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued	70	64
Liability towards voluntary retirement scheme	-	4
Sundry deposits received from customers	24	24
Capital creditors	351	459
Employee related payables	909	844
Mark to market loss on forward contracts	-	33
Unclaimed dividend*	10	7
Total	**1,364**	**1,435**

*There is no amount due and outstanding, to be credited to Investor Education and Protection Fund.

Note 22 : Revenue from operations

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations		
Revenue from contracts with customer		
Sale of products	5,714	3,812
Sale of services	20,292	18,799
	26,006	**22,611**
Other operating revenue		
Scrap sales	1	1
	1	**1**
Total	**26,007**	**22,612**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue as per contracted price	27,515	23,545
Adjustments for:		
Deferred revenue (refer note 14)	(1,508)	(933)
Total	**26,007**	**22,612**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 23 : Other income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest income		
On bank deposits	11	4
On finance lease	37	65
On income tax refund	134	68
	182	**137**
Other non-operating income		
Liabilities/Provisions no longer required, written back	209	62
Rent income	-	21
Others	1	22
	210	**105**
Other gains		
Profit on sale of property, plant and equipment (net)	8	28
Gain on mark to mark forward contract	46	-
Foreign exchange gain (net)	12	-
Unwinding of discount on financial asset measured at amortised cost	16	14
	82	**42**
Total	**474**	**284**

Note 24 : (Increase) / decrease in inventories of stock-in-trade

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Inventories at the beginning of the year :		
Stock-in-trade	1,138	1,051
Stock- in-transit	-	1
	1,138	**1,052**
Less : Inventories at the end of the year :		
Stock-in- trade	1,316	1,138
Stock-in-transit	266	-
	1,582	**1,138**
Net (increase) / decrease in inventories of stock-in-trade	**(443)**	**(86)**

Note 25 : Operating expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
License fees	1,743	1,575
Transponder charges	5,771	5,493
Connectivity charges	338	129
ISP monitoring & support charges	4	3
Subcontracting expenses	1,612	1,748
Total	**9,468**	**8,948**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 26 : Employee benefits expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	3,055	3,074
Contributions to provident fund (refer note 43)	101	104
Contributions to superannuation and other funds (refer note 43)	32	24
Gratuity (refer note 43)	63	62
Staff welfare expenses	152	147
Total	**3,403**	**3,411**

Note 27 : Other Expenses

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Power and fuel	200	201
Rent including lease rentals [refer note 4(b)]	57	61
Repairs and maintenance - Plant and machinery	235	182
Repairs and maintenance - Others	600	455
Provision for contentious liabilities	66	-
Rates and taxes	160	13
Travelling and conveyance	151	55
Freight and forwarding	441	315
Legal and professional charges	302	216
Consultancy charges	229	229
Director sitting fees	63	53
Installation expenses	206	214
Payments to auditors	49	46
Bad debts written off	43	24
Less: Provision for doubtful debts made in earlier years written back	(43)	(24)
Provision for doubtful debts	29	213
Standing Advisory Committee on Radio Frequency Allocation (SACFA) Fees	116	113
Corporate social responsibility expenses (refer note 52)	15	12
Foreign exchange loss (net)	-	26
Sales commission	90	102
Information technology expenses	129	100
Vehicle charges	175	55
Miscellaneous expenses	297	302
Other expenses	**3,610**	**2,963**

Note: Auditors remuneration (excluding Goods and Service Tax)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Payments to the auditors comprises		
Audit fee	32	22
Tax Audit fee	3	1
Other services*	13	22
Reimbursement of expenses	1	1
Total	**49**	**46**

*Other Services primarily includes certification fees paid to auditors,one time fees for merger,additional effort for March 31, 2021 pursuant to scheme accounting.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 28 : Finance costs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on:		
Borrowings	446	717
Leased liabilities	197	133
Trade payables	65	29
Less: Capitalisation	(24)	-
	684	879
Bank charges	69	74
Total	**753**	**953**

Note 29 : Depreciation and amortisation expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
On property, plant and machinery [refer note 4(a)]	1,871	1,730
On intangible assets [refer note 4(a)]	98	80
On Right of use assets [refer note 4(b)]	528	420
	2,497	2,230
Less: Capitalisation	33	-
Total	**2,464**	**2,230**

Note 30 : Fair Value Measurements

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in the financial statements.

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair value. The following tables presents the carrying value and fair value of each category of financial assets and liabilities.

The Group's assets and liabilities which are measured at FVPL, FVOCI and amortised cost for which fair values are disclosed:

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments	-	16	-	-	16	-
Trade receivable	-	-	7,786	-	-	6,326
Cash and cash equivalent	-	-	1,565	-	-	916
Other bank balances	-	-	45	-	-	35
Loan - Loans to employees	-	-	7	-	-	5
Fair value of foreign exchange forward Contract	14	-	-	-	-	-
Other financial assets	-	-	1,123	-	-	846
Total financial assets	**14**	**16**	**10,526**	**-**	**16**	**8,128**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial liabilities						
Borrowings	-	-	5,450	-	-	6,682
Lease liability	-	-	2,698	-	-	2,280
Trade payables	-	-	5,349	-	-	3,662
Foreign exchange forward contracts	-	-	-	33	-	-
Other financial liabilities	-	-	1,364	-	-	1,402
Total financial liabilities	**-**	**-**	**14,861**	**33**	**-**	**14,026**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at 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 group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial instrument at FVOCI					
Investment in equity shares	5	-	-	16	**16**
Financial instrument at FVPL					
Fair value of foreign exchange forward contract	7 (b)	-	14	-	**14**
Total financial assets		**-**	**14**	**16**	**30**

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial instrument at FVOCI					
Investment in equity shares	5	-	-	16	**16**
Total financial assets		**-**	**-**	**16**	**16**

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 included in level 3.

(ii) Valuation technique used to determine fair value

a) Specific valuation technique used to value financial instruments include:

- The use of quoted market price or dealer quotes for similar instruments.
- The fair value of foreign exchange forward contract is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

b) During the current year, there is no significant movement in the items of fair value measurements categorised within Level 3 of the fair value hierarchy.

c) The Fair value for investment in unquoted equity share were calculated based on risk adjusted discounted rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

(iii) Valuation processes

The finance department of the group performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO, Audit Committee and the finance team at least once every three months, in line with group's quarterly reporting periods.

(iv) Fair value of financial assets and liabilities measured at amortised cost.

Particulars	As at March 31,2022		As at March 31,2021	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial Assets				
Trade receivable	7,786	7,786	6,326	6,326
Cash and cash equivalent	1,565	1,565	916	916
Other bank balances	45	45	35	35
Loan - Loans to employees	7	7	5	5
Other financial assets	1,123	1,123	846	846
Total Financial Assets	**10,526**	**10,526**	**8,128**	**8,128**
Financial Liabilities				
Borrowings	5,450	5,450	6,682	6,682
Lease liabilities	2,698	1,364	2,280	1,402
Trade payables	5,349	5,349	3,662	3,662
Other financial liabilities	1,364	1,364	1,402	1,402
Total Financial Liabilities	**14,861**	**13,527**	**14,026**	**14,026**

The carrying amounts of cash and cash equivalent, other bank balances and trade payables are considered to be the same as their fair values, due to their short-term nature.

The Fair value of Loans, Trade Receivables, Borrowings and Other financial liabilities were calculated based on cash flows discounted using a current deposit rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Significant Estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) and (iii) above.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 31 : Financial Risk Management

The Group's activities expose it to the market risk, liquidity risk and credit risk.

The Groups's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support its operations. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, foreign currency risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Risk management committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, loans, other financial assets measured at amortised cost.	Ageing analysis, credit ratings	Diversification of bank deposit, credit limits
Liquidity risk	Borrowings, Trade Payables, contract liabilities and other Financial liabilities	Rolling cash flow forecast	Availability of bank credit lines and borrowings facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (INR)	Rolling cash flow forecast Sensitivity analysis	Monitoring Foreign currency fluctuation, availing Forward Contracts.
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Availability of borrowing facilities at fixed rate, variable rate and Periodic monitoring of variable interest rates.

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables), deposits with bank and financial institution, Loans and deposits with third party, Foreign exchange transactions and other financial instruments / assets.

The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. It considers reasonable and supportive forwarding-looking information such as: adverse changes in business, changes in the operating results of the counterparty, change to the counterparty's ability to meet its obligations etc. Financial assets are written off when there is no reasonable expectation of recovery.

(i) Credit Risk Management

Financial assets

The group maintains exposure in cash and cash equivalents, term deposits with banks, Security deposits with counterparties, loans to third parties. 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 group.

The group's maximum exposure to credit risk as at March 31, 2022 and March 31, 2021 is the carrying value of each class of financial assets as disclosed in the consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss within other expenses.

Two customers as at March 31, 2022 and three customers as at March 31, 2021 contributed to more than 5% of the total balance of trade receivables. Receivable from these customers was ₹ 1,239 Lakhs and ₹1,544 Lakhs as at March 31, 2022 and as at March 31, 2021 respectively.

The amount of Trade receivable outstanding as at March 31, 2022 and March 31, 2021 is as follows:

Particulars	Not due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2022	3,469	1,832	363	410	**6,074**
As at March 31, 2021	2,439	1,786	506	594	**5,325**

(ii) Reconciliation of loss allowances provision - Trade Receivable

Loss Allowances on March 31, 2020	154
Add: provision made/(reversed) during the year	213
Less: Provision for doubtful debts made in earlier years written back	(24)
Loss Allowances on March 31, 2021	**343**
Add: provision made/(reversed) during the year	29
Less: Provision for doubtful debts made in earlier years written back	(43)
Loss Allowances on March 31, 2022	329

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

Other than trade receivables and financial assets.

Management believes that the parties from which the receivables are due have strong capacity to meet the obligations and risk of default is negligible or nil and accordingly no significant provision for expected credit loss has been recorded.

Credit risk from balances with bank and financial institutions is managed by the Group's treasury department in accordance with the Group's policy.

(B) Liquidity Risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The Group 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 cash flow forecast. Also, the Group has unutilized credit limits with banks.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at March 31,2022	As at March 31,2021
Floating Rate Expiring within one year (Bank overdraft, Term Loans and other facilities)	4,152	4,796
Total	**4,152**	**4,796**

The Bank has an unconditional right to cancel the undrawn/ unused/ unavailed portion of the loan/ facility sanctioned at any time during the period of the loan/ facility, without any prior notice to the Group.

(ii) Maturities of financial liabilities

The tables below analyse the group'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.

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2022				
Non - Derivative				
Borrowings	3,650	900	900	**5,450**
Lease liability	473	522	1,703	**2,698**
Trade payables	5,349	-	-	**5,349**
Other financial liabilities	1,364	-	-	**1,364**
Total Non derivative liabilities	**10,836**	**1,422**	**2,603**	**14,861**

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2021				
Non - Derivative				
Borrowings	5,166	1,213	303	**6,682**
Lease liability	426	429	1,425	**2,280**
Trade payables	3,662	-	-	**3,662**
Other financial liabilities	1,435	-	-	**1,435**
Total Non derivative liabilities	**10,689**	**1,642**	**1,728**	**14,059**

(C) Market Risk

(i) Foreign currency risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade payables, deposits, investments, trade receivables, other financial assets and derivative financial instruments.

The risk is measured through a forecast of highly probable foreign currency cash flows.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(a) Foreign currency risk exposure:

The group's exposure to foreign currency risk at the end of the reporting period are as follows;

Particulars	Foreign currency	As at March 31, 2022		As at March 31, 2021	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial Liabilities					
Trade payables and capex creditors	USD	32	2,450	17	1,259
Borrowing	USD	-	-	13	986
Derivative Liabilities					
Foreign exchange forward contract					
Buy foreign currency	USD	(25)	(1,909)	(11)	(822)
Net Exposure to Foreign Currency Liability	USD	7	541	19	1,423
Financial Assets					
Trade receivables	USD	(4)	(292)	(1)	(100)
Derivative assets	USD	*	14		
Net Exposure to foreign currency Assets	**USD**	**(4)**	**(278)**	**(1)**	**(100)**

(b) Sensitivity

The Sensitivity of profit or loss to changes in the exchange rates arises mainly currency denominated financial instrument.

Particulars	Impact on profit after tax	
	As at March 31, 2022	As at March 31, 2021
USD sensitivity		
INR/USD - Increase by 5% (March 31, 2021 - 5%)*	(9)	(47)
INR/USD - Decrease by 5% (March 31, 2021 - 5%)*	9	47
* Holding all other variables constant		

(ii) Interest rate risk

The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

(a) Interest Rate risk exposure

The exposure of the group's borrowings to interest rate changes at the end of the reporting period are as follows.

Particulars	As at March 31, 2022	As at March 31, 2021
Variable rate borrowings	5,450	6,682
Total Borrowings	**5,450**	**6,682**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on profit after tax	
	As at March 31, 2022	As at March 31, 2021
Interest Rate - Increase by 100 basis points*	(39)	(47)
Interest Rate - Decrease by 100 basis points*	39	47
* Holding all other variable constant		

(iii) Price risk

The Group does not have any financial instrument which is exposed to change in price.

Note 32 : Capital Management

Risk Management

The Groups'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Loan covenants

Under the terms of the major borrowing and facilities, the group is required to comply with the following financial covenants.

There are no financial covenants related to borrowing and facilities opt by the Company.

Financial covenants related to borrowing and facility opted by the subsidiary company:

Exclusive charge over the VSAT's installed at HPCL, IOCL, Bank of India and BPCL Outlets with minimum security cover of 1.35x at all times.

Group has complied with the above covenants throughout the reporting period.

Note 33 : Offsetting Financial Assets And Financial Liabilities

There are no financial assets and liabilities which are eligible for offset under any arrangement.

Collateral against borrowings

The Group has pledged financial instruments as collateral against a number of its borrowings. Refer to note no. 34 for further information on financial and non-financial collateral pledged as security against borrowings.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 34 : Assets pledge as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars		As at March 31, 2022	As at March 31, 2021
Current Assets			
Financial Assets			
First Charge			
Trade receivables (Including non-current)		7,839	5,814
Inventories		1,582	1,138
Cash & cash equivalents		1,565	916
Bank balances other than above		45	35
Loans		7	60
Other financial assets		1,146	1,625
Other current assets		483	347
Total Current Assets pledged as Security		**12,667**	**9,935**
Non Current Assets			
First Charge			
(i) Plant and machinery		-	3,356
(ii) Office equipment		-	2
(iii) Intangible assets		-	167
(iv) Capital work-in-progress		-	362
(v) Other financial assets		-	17
	Total (A)	**-**	**3,904**
Second Charge			
(i) Building		70	82
(ii) Plant and machinery		3,763	591
(iii) Office equipment		3,211	4,239
	Total (B)	**7,044**	**4,912**
Total Non-Current Assets pledged as Security	**Total (A+B)**	**7,044**	**8,816**
Total Assets pledged as Security		**19,711**	**18,751**

Note 35 : Earnings per share (EPS)

Sr. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1	Net profit after tax attributable to equity shareholders	1,608	1,236
2	Weighted average number of equity shares	22,817,461	22,817,461
3	EPS (₹) [Basic and diluted] (Face value per share ₹ 10)	7.05	5.42

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 36 : Contingent liabilities

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
a)	Claims against the group not acknowledged as debt comprises of:		
	-Sales tax and service tax claims disputed by the group relating to issues of applicability and classification	448	4,099
b)	Claims from Vendor		
	-Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending	168	168
	-Other	495	-
c)	Income tax demand against the group not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which group is in appeal.	497	559
Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities.			

The Company does not have any contingent assets at the balance sheet date.

The above figures for contingent liabilities do not include amounts towards certain additional penalties/interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified. Unless otherwise stated below, the management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable, further outflow of resources is not probable in either cases.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. the Company does not expect any material impact of the same.

Note 37 : Disclosure as required by Ind AS 37 – "Provisions, contingent Liabilities and contingent Assets" as at year end are as follows

a) Provision for disputes represents estimates made for probable liabilities arising out of pending assessment proceedings with various Government Authorities and others. The information usually required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets", is not disclosed on grounds that it can be expected to prejudice the interests of the group. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the group under the law and hence, the group is not able to reasonably ascertain the timing of the outflow (refer note 36).

b) Provision for Warranty relates to warranty provision made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under free warranty period ranging from one to three years.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

c) The movement and provision during the year are as follows:

Particulars	Provision for disputes		Warranties	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	67	39	58	58
Add: Provision during the year	72	28	44	-
(Less): Utilisation during the year	(16)	-	-	-
(Less): Reversal during the year	(6)	-	(55)	-
Add: Effects of unwinding of discounts on provision	-	-	-	-
Closing balance	117	67	47	58
Classified as current (refer note 19(b))	117	67	47	58

Note 38 : Income Tax

Components and movements of deferred tax asset (net)

Particulars	As at April 1, 2020	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2021	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2022
	(a)	(b)	(c)	(d= a+b+c)	(e)	(f)	(g=d+e+f)
i. Items of deferred tax liabilities:							
Assets given on Finance Lease	218	(71)	-	147	(91)	-	56
Right-of-use assets	241	403	-	644	51	-	695
Amortisation of Processing charges on borrowing	4	(2)	-	2	(2)	-	-
Others	-	-	-	-	4	-	4
Total deferred tax liability (i)	**463**	**330**	**-**	**793**	**(38)**	**-**	**755**
ii. Items of deferred tax assets:							
Disallowances under Section 43B of the Income Tax Act, 1961, provision for legal dispute and investment impairment	250	(36)	-	214	(125)	-	89
Provision for doubtful debts and deposits	42	52	-	94	15	-	109
Allowance u/s 35 DDA and 35DD of Income Tax Act, 1961	39	(6)	-	33	(10)	-	23
Credit of Minimum alternate tax u/s 115 JAA of Income Tax Act, 1961	190	-	(164)	26	254	(136)	144
Property, plant and equipment and Intangible assets	277	115	-	392	6	-	398
Lease liability	228	424	-	652	75	-	727
Others	93	26	-	119	13	-	132
Total Deferred Tax Assets (ii)	**1,119**	**575**	**(164)**	**1,530**	**228**	**(136)**	**1,622**
Net Deferred Tax Assets (ii-i)	**656**	**245**	**(164)**	**737**	**266**	**(136)**	**867**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

(a) Income tax expense

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current tax		
Current tax on profits for the year	718	597
Current tax on profits for the earlier years	190	-
Interest on current tax	63	-
Total current tax expense	**971**	**597**
Deferred tax		
Decrease / (increase) in deferred tax assets	(228)	(575)
(Decrease) / increase in deferred tax liabilities	(38)	330
Other adjujstment	2	-
Total deferred tax expenses / (benefit)	**(264)**	**(245)**
Income tax expense	**707**	**352**

Note 39 : Reconciliation of tax expense and accounting profit multiplied by India's tax rates:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax	**2,315**	**1,588**
Statutory tax rate (%)	29.12%	29.12%
Tax at Indian tax rate	674	462
Deferred tax created on temporary differences in related to earlier years	(158)	(94)
Income tax provision made for earlier year, including interest	253	-
Other Items		
Tax on income at different rates	(63)	(27)
Others	1	11
Total tax expense	**707**	**352**

Note 40 : Capital and other Commitments

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)	668	299

Note 41 : Foreign Exchange earnings

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
During the year Company earned foreign exchange from below activities		
a. Export of goods/services calculated on FOB basis	4,717	2,726

Note 42 : Segment reporting

The Company's Managing Director and CEO is identified as Chief Operating Decision Maker ('CODM') of the Company and CODM reviews and allocates resources for consolidated business i.e. Network Systems products and services and accordingly, it is a single operating segment.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 43 : Employee benefit obligations

Short-term employee benefits

These benefits include salaries and wages, including other monetary and non-monetary benefits, compensated absences which are either non-accumulating or accumulated and expected to be availed within twelve months after the end of the reporting period.

Long-term employee benefits

i) Defined contribution plans

Groups's contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in Note 26 under the heading "Contributions to superannuation and other funds" are as under:

Sr. No	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a)	Contribution to employees' superannuation fund	21	21
b)	Contribution to employees' state insurance scheme	11	3
c)	Contribution to provident fund	37	-
	Total	**69**	**24**

ii) Defined benefit plans

The Group operates the following funded/unfunded defined benefit plans:

-Provident Fund (funded):

The Group makes Provident Fund contributions to defined benefit plans for eligible employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Group. The Rules of the Group's provident fund administered by the Trust requires that if the Board of Trustees are unable to pay interest at the rate declared by Central Government under para 60 of the Employees' Provident Fund Scheme, 1952 then the shortfall shall be made good by the Group. Having regard to the assets of the fund and the return on the investments, the Group does not expect any shortfall in the foreseeable future.

In terms of guidance note issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at March 31, 2022 and March 31, 2021, respectively.

The details of fund and plan asset position are given below:

Particulars	As at March 31, 2022	As at March 31, 2021
Plan assets at period end, at fair value	2,858	2,516
Present value of benefit obligation at period end	2,858	2,516
Asset recognized in Balance Sheet	-	-

The Plan assets have been primarily invested in government securities.

Assumptions used in determining the present value of obligation of interest rate guarantee under the deterministic approach:

Particulars	As at March 31, 2022	As at March 31, 2021
Government of India (GOI) bond yield	7.06%	6.86%
Remaining term to maturity of portfolio	11 years	11 years
Expected guaranteed interest rate	8.10%	8.50%

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

The Group has contributed ₹ 101 Lakhs and ₹ 104 Lakhs during the year ended March 31, 2022 and March 31, 2021 respectively and the same has been recognized in the Statement of Profit and Loss.

Provident Fund Assessment as per recent Supreme court Judgment

Recent Supreme Court judgement in case of Vivekananda Vidyamandir and Others (February 2019) lays down principles to exclude a particular allowance from the definition of "basic wages" for the purposes of computing the deduction towards provident fund contributions. A review petition have been filed against the said order by other Companies and await clarification from Provident Fund Commissioner/ Supreme Court. Based on the initial assessment and recently concluded inspections by Provident Fund authorities, management does not expect any material impact on the financial statements.

-Gratuity (funded)

Till March 31, 2021 gratuity was unfunded. During the year the Company has created gratuity trust. The Company has a funded defined benefit gratuity plan. The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities. The liability in respect of gratuity and other post employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

The following table sets out the status of the defined benefit scheme and the amount recognised in the consolidated financial statements:

Amount recognised in the statement of profit and loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	37	36
Interest cost (Net)	26	26
Total expense recognised in the statement of profit and loss	**63**	**62**

Amount recognised in other comprehensive income (OCI)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Due to change in demographic assumptions	*	*
Due to change in financial assumptions	(3)	(1)
Due to experience	33	(27)
Total remeasurement (gains)/losses recognised in OCI	**30**	**(28)**

*figures are below rounding off norm adopted by the group.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022
(Amount ₹ in Lakhs, unless otherwise mentioned)

Change in Defined Obligation (DBO) during the year

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of DBO at the beginning	377	389
Current service cost	37	36
Interest cost (Net)	26	26
Liabilities transferred In/acquisitions	-	1
Remeasurement (gain)/loss	30	(28)
Benefits paid	(37)	(47)
Total	**433**	**377**
Amount paid to employees gratuity trust	**(433)**	**-**
Present value of DBO at the end	**-**	**377**

Principal Actuarial assumptions for valuation of gratuity liability

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.06%	6.84%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

This plan typically exposes the Group to actuarial risks such as:

a) **Interest rate risk** - A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk -** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

c) **Salary risk -** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sensitivity

Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions (while holding all other assumptions constant) is:

Particulars	Change in assumption	As at March 31, 2022		As at March 31, 2021	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(26)	30	(22)	26
Expected rate of escalation in salary	1%	29	(27)	25	(23)
Rate of employee turnover	1%	(2)	2	(1)	1

*figures are below rounding off norm adopted by the group.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Defined benefit liability and employers contributions.

The weighted average duration of the projected benefit obligation is 8 years (2021 - 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
1st following year	47	54
2nd following year	17	21
3rd following year	29	71
4th following year	31	35
5th following year	11	47
Sum of years 6 to 10	112	148
Sum of years 11 and above	217	291

iii) Other long-term employee benefits

Compensated absences which are accumulated and not expected to be availed within twelve months after the end of the reporting period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Compensated absences is recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date.

An amount of ₹ 41 Lakhs (previous year ₹ 50 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2022 towards Compensated absences.

Provision for compensated absences has been made on the basis of actuarial valuation carried out as at the Balance sheet date.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Principal Actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.06%	6.86%
Expected rate of escalation in salary	7.50%	7.50%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Note 44 : Related party transactions

(A) Promotor of holding company

Tata Sons Private Limited

(B) Parent Company / Holding Company

The group is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest	
			As at March 31, 2022	As at March 31, 2021
The Tata Power Company Limited	Immediate parent entity	India	50.09%	48.65%

(C) Subsidiary Companies

Interest in subsidiaries are set out in note 46.

(D) Associate Companies

Interest in associate are set out in note 46.

(E) Key Managerial Personnel

(i) Executive directors

Mr. P.J. Nath (Managing Director and CEO)

(ii) Independent and Non-Executive Directors

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

Mr. Anand Agrawal (Non Executive Director w.e.f October 24, 2019)

Mr. Ajay Kumar Pandey (Independent Director upto w.e.f January 28, 2020)

Dr. Lakshmi Nadkarni (Independent Director upto w.e.f January 28, 2020)

Mr. K. Narasimha Murthy (Independent Director upto w.e.f January 28, 2020)

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i) Executive Directors		
Short-term employee benefits	285	288
Post-employment benefits	8	8
Long-term employee benefits*	-	-
(ii) Non Executive and Independent Director		
Director sitting fees	63	53
Total compensation	**356**	**349**

*The Group provides long term benefits in the form of Gratuity to Key managerial personnel along with all employees, cost of same is not identifiable separately and hence not disclosed.

(F) Details of transactions between related parties are disclosed below:

Sr. no.	Particulars	The Tata Power Company Limited (Holding Co.)	Tata Sons Private Limited (Promoter of Holding Co.)
1)	**Purchase :**		
a)	Services / Royalties	-	33
		(-)	(20)
2)	**Sales :**		
a)	Services	1	-
		(2)	(-)
3)	**Other transactions :**		
a)	Dividend paid	133	-
		(133)	(-)
4)	**Balance Outstanding as at year end**		
a)	Trade receivables	2	-
		(1)	-
b)	Trade payables	-	24
		(-)	(19)

Notes:

(i) Figures in brackets pertain to the previous year ended March 31, 2021.

(ii) Related Party relationship is as identified by the group and relied upon by auditors.

(iii) *figures below rounding off norm adopted by the group.

Note 45 : Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

a. Net assets, i.e., total assets minus total liabilities

Name of the entity in the Group	As at March 31, 2022		As at March 31, 2021	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent				
Nelco Limited	94.96%	8,456	101.00%	7,677
Indian Subsidiaries				
Nelco Network Products Limited	39.10%	3,482	36.51%	2,775
Indian Associate (Investment as per equity method)				
Adjustment on consolidation	(34.06%)	(3,033)	(37.51%)	(2,851)
Total	**100.00%**	**8,905**	**100.00%**	**7,601**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

b. Share in profit or loss

Name of the entity in the Group	Year ended March 31, 2022		Year ended March 31, 2021	
	As % of consolidated net Profit and Loss	Amount	As % of consolidated net Profit and Loss	Amount
Parent				
Nelco Limited	63.57%	1,022	74.84%	925
Indian Subsidiaries				
Nelco Network Products Limited	35.95%	578	24.60%	304
Adjustment on consolidation	0.48%	8	0.56%	7
Total	**100.00%**	**1,608**	**100.00%**	**1,236**

c. Share in Other Comprehensive Income

Name of the entity in the Group	Year ended March 31, 2022		Year ended March 31, 2021	
	As % of consolidated net Other Comprehensive Income	Amount	As % of consolidated net Other Comprehensive Income	Amount
Parent				
Nelco Limited	213.33%	(64)	46.43%	13
Indian Subsidiaries				
Nelco Network Products Limited	(113.33%)	34	53.57%	15
Total	**100.00%**	**(30)**	**100.00%**	**28**

* figures below rounding off norm adopted by the group.

d. Share in Total Comprehensive Income

Name of the entity in the Group	Year ended March 31, 2022		Year ended March 31, 2021	
	As % of consolidated net Total Comprehensive Income	Amount	As % of consolidated net Total Comprehensive Income	Amount
Parent				
Nelco Limited	60.72%	958	74.21%	938
Indian Subsidiaries				
Nelco Network Products Limited	38.79%	612	25.24%	319
Adjustment on consolidation	0.49%	8	0.55%	7
Total	**100.00%**	**1,578**	**100.00%**	**1,264**

* figures below rounding off norm adopted by the group.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 46:

(A) The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to

(i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following:

(a) Integrated Security and Surveillance Solution ('ISSS') business and

(b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and

(ii) the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme).

(B) The Proposed Scheme has been approved by National Company Law Tribunal ('NCLT') and Department of Telecommunications (DoT) on November 2, 2018 and June 9, 2021 repectively. The scheme is effective from appointment date i.e. April 1, 2017. Since, the above reorganisation is between the Company and its two wholly owned subsidiaries, this has no implication on consolidated financial results of the Company.

Interest In other entities

Subsidiaries

The group's subsidiaries at March 31, 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Place of business / Country of incorporation	Ownership interest held by the group		Principal activities
		As at March 31, 2022	As at March 31,2021	
Nelco Network Products Limited	India	100%	100%	Sale of VSAT Equipment's

Note 47 : Finance lease receivables

The Company has given on finance lease VSAT equipment to its customer. Below is rental receivable by the Company towards finance lease.

Sr. No	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
a.	Not Later than 1 year	272	252
b.	Later than 1 year but not later than 5 years	38	186
c.	Later than 5 years	-	-
		310	**438**

Note 48 : As a part of transition to Goods Services Tax (GST) in June 2017, the Company carried forward the Cenvat/ Service tax/Sales tax input credit balance of ₹ 31 Lakhs as on March 31, 2022 for future set-off against GST payable. However, due to technical glitch on the GSTN portal, the Company could not file the Tran 1 Form within the prescribed period including the extended filing period. A writ petition filed by the Company in the Hon'ble High Court of Bombay for allowing the carry forward of the input credit balances was dismissed vide its order dated March 20,2020. Thereby the petition and the claim of the Company of ₹ 31 Lakhs was disallowed. The

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Company has filed Special Leave Petition in Hon'ble Supreme Court and which is admitted by Supreme Court. In addition, Similar writ petition was filed by the subsidiary company (TNSL) which merged with the Company pursuant to the Scheme, for an amount of ₹ 85 Lakhs which is pending for hearing at Hon'ble High Court of Bombay. In view of the multiple judgements by various High Courts in India on this matter which supports the Company's claim and based on the advice received from independent legal counsel, the Company expects to recover total input credit balance of ₹ 116 Lakhs. In view of this, no provision has been made in the books of account against the recoverability of these balances.

Note 49 : Foreign Exchange earnings

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
During the year Company earned foreign exchange from below activities		
a. Export of goods/services calculated on FOB basis	**4,717**	**2,726**

Note 50 : Returns filed with banks with respect to working capital facility availed by the Company

Name of Bank	Quarter	Particulars of Securities provided	Amount as per books of accounts	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
Bank of India, Union Bank of India, South Indian Bank	Q-1 of FY 20-21	Inventory	1,262	1,262	-	-
		Debtors	6,633	6,633	-	-
		Creditors	2,773	2,773	-	-
Bank of India, Union Bank of India, South Indian Bank	Q-2 of FY 20-21	Inventory	1,421	1,421	-	-
		Debtors	5,570	5,570	-	-
		Creditors	1,801	1,801	-	-
Bank of India, Union Bank of India, South Indian Bank	Q-3 of FY 20-21	Inventory	1,309	1,309	-	-
		Debtors	6,289	6,289	-	-
		Creditors	2,900	2,900	-	-
Bank of India, Union Bank of India, South Indian Bank	Q-4 of FY 20-21	Inventory	1,137	1,137	-	-
		Debtors	6,765	6,765	-	-
		Creditors	2,551	2,551	-	-
Bank of India, Union Bank of india, South Indian Bank	Q-1 of FY 21-22	Inventory	-	-	-	-
		Debtors	3,117	3,117	-	-
		Creditors	2,144	2,144	-	-
Bank of India, Union Bank of India	Q-2 of FY 21-22	Debtors	3,812	3,812	-	-
		Creditors	3,624	3,624	-	-
Bank of India, Union Bank of India	Q-3 of FY 21-22	Debtors	3,799	3,799	-	-
		Creditors	1,596	1,596	-	-
For Subsidiary						
IDFC Bank Ltd	Q3 of 2021-22	Inventory	1,400	1,400	-	-
		Debtors	6,162	6,162	-	
		Creditors				

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 51: Ratio

Particulars	Note	Ratio		Remarks for movement
		March 31, 2022	March 31, 2021	
a) Current ratio=Current assets/ Current liabilities	Refer note I	0.93	0.74	Increase due to reduction in current borrowings during the year
b) Debt equity ratio = Total Debt/Total Equity	Refer note II	0.61	0.88	Decrease due to reduction in current borrowings and increase in equity due to profit earned during the year
c) Debt service coverage ratio = EBITDA/Total amount of interest and principal payable or paid during the period	Refer note III	0.90	0.63	Increase due to reduction in current borrowings during the year
d) Return on equity ratio= Net Profits after taxes/Total Equity	Refer note IV	0.18	0.16	-
e) Inventory turnover ratio= Average inventory/COGS	Refer note V	0.30	0.39	-
f) Trade receivable turnover ratio= Sales/Average trade receivable	Refer note VI	3.69	3.11	-
g) Trade payable turnover ratio= (COGS+subcontracting expenses+Other expenses-provision for doubtful debts)/ Average trade payables	Refer note VII	2.97	2.44	-
h) Net capital turnover ratio= Net Sales/Working capital	Refer note VIII	8.41	9.67	-
i) Net profit ratio = Net Profit after Tax/Revenue	Refer note IX	0.06	0.05	-
j) Return on capital employed= Earning before interest and taxes/Capital employed	Refer note X	0.21	0.18	-
k) Return on investment = Net Profit after Tax/Capital employed	Refer note XI	0.11	0.09	Increase due to increase in profit earned during the year

Note 51: Ratio

Sr No	Particulars	Refer note	March 31, 2022	March 31, 2021
I	Current assets			
	(a) Inventories	10	1,582	1,138
	(b) Financial assets			
	(i) Trade receivables	11	7,786	6,326
	(ii) Cash and cash equivalents	12	1,565	916
	(iii) Bank balances other than (ii) above	13	45	35
	(iii) Loans	6(b)	7	4
	(iv) Other financial assets	7(b)	754	337
	(c) Contract Assets	14	137	-
	(d) Other current assets	9(b)	483	347
			12,359	9,103

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr No	Particulars	Refer note	March 31, 2022	March 31, 2021
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	17(b)	3,575	5,168
	(ia) Lease liabilities	4(b)	473	416
	(ii) Trade payables	18(b)	5,349	3,495
	(iii) Other financial liabilities	21	1,364	1,435
	(b) Provisions	19(b)	313	325
	(c) Contract Liabilities	14	1,931	1,216
	(d) Other current liabilities	20(b)	312	294
			13,317	12,349
II	Total Debt			
	Non current borrowings	17(a)	1,875	1,514
	Current borrowings	17(b)	3,575	5,168
			5,450	6,682
	Total equity			
	Equity share capital	15	2,282	2,282
	Other equity - Reserve and surplus	16 & 16(a)	6,623	5,319
			8,905	7,601
III	Earning before interest tax depreciation and amortisation (EBITDA)	Refer P&L	5,532	4,771
	Total amount of interest and principal payable or paid during the period			
	Total interest paid or payable during the period			
	On borrowings	28	446	717
	On lease liabilities	28	197	133
	On trade payable	28	65	29
			708	879
	Total principal paid or payable during the period			
	Non current borrowing	17(a)	1,875	1,514
	Current borrowing including current maturity of long term borrowing	17(b)	3,575	5,168
			5,450	6,682
IV	Net Profits after taxes	As per P&L	1,608	1,236
	Total equity			
	Equity share capital	15	2,282	2,282
	Other equity - Reserve and surplus	16 & 16(a)	6,623	5,319
			8,905	7,601
V	Average inventory			
	Opening inventory	10	1,138	1,052
	Closing inventory	10	1,582	1,138
	Average inventory		1,360	1,095
	Cost of goods sold (COGS)	As per P&L	4,468	2,803
VI	Sales	22	26,007	22,612
	Average trade receivable			
	Opening trade receivable	11	6,326	8,195
	Closing trade receivable	11	7,786	6,326
	Average trade receivable		7,056	7,261

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr No	Particulars	Refer note	March 31, 2022	March 31, 2021
VII	Other expenses- provision for doubtful debts/ Average trade payables			
	Total expenses	As per P &L	20,949	18,125
	Other expenses		-	-
	Less: provision for doubtful debts	27	14	(189)
			20,963	17,747
	Average trade payables			
	Opening trade payables	11	6,326	8,195
	Closing trade payables	11	7,786	6,326
	Average trade payables		7,056	7,261
VIII	Net Sales	22	26,007	22,612
	Working capital (Current assets- current liabilities)			
	Current assets			
	(a) Inventories	10	1,582	1,138
	(b) Financial assets			
	(i) Trade receivables	11	7,786	6,326
	(ii) Cash and cash equivalents	12	1,565	916
	(iii) Bank balances other than (ii) above	13	45	35
	(iv) Loans	6(b)	7	4
	(v) Other financial assets	7(b)	754	337
	(c) Contract Assets	14	137	-
	(d) Other current assets	9(b)	483	347
	Total Current assets		12,359	9,103
	Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables	18(b)	5,349	3,495
	(ii) Other financial liabilities	21	1,364	1,435
	(b) Provisions	19(b)	313	325
	(c) Contract Liabilities	14	1,931	1,216
	(d) Other current liabilities	20(b)	312	294
	Total Current liabilities		9,269	6,765
	Working capital (Current assets - current liabilities)		3,091	2,338
IX	Net Profit after Tax	As per P &L	1,608	1,236
	Revenue	22	26,007	22,612
X	Earning before interest and taxes			
	Earning before finance cost, depreciation, amortisation and tax	As per P &L	5,532	4,771
	Less: Depreciation and amortisation	29	2,464	2,230
			3,068	2,541
	Capital employed			
	Equity share capital	15	2,282	2,282
	Other equity	16 & 16(a)	6,623	5,319
	Borrowing			
	Non current	17(a)	1,875	1,514
	Current	17(b)	3,575	5,168
	Total capital employed		14,355	14,283
XI	Net Profit after Tax	As per P&L	1,608	1,236

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr No	Particulars	Refer note	March 31, 2022	March 31, 2021
	Capital employed			
	Equity share capital	15	2,282	2,282
	Other equity	16	6,623	5,319
	Borrowing			
	Non current	17(a)	1,875	1,514
	Current	17(b)	3,575	5,168
	Total capital employed		14,355	14,283

Note 52: Corporate Social Responsibility

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) Gross amount required to be spent by the Company during the year	15	12
b) Amount approved by the Board to be spent during the year	15	12
c) Amount spend in cash during the year ending March 31, 2022		
i) Construction/acquisition of an asset	-	-
ii) On purpose other than (i) above		
Contribution to Tata Education and Development Trust	**15**	**12**
Total (C=i+ii)	**15**	**12**
d) Amount yet to be paid in cash (d=a-c)	-	-

Note 53 : There are no Micro and Small Enterprises to whom the Group owes dues, which are outstanding as at March 31, 2022. 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 Group.

Note 54 : The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 55 : Previous year's figures have been regrouped/reclassified , wherever necessary, to conform to the current year's classification.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 26, 2022

For and on behalf of the Board of Directors
Nelco Limited
CIN: L32200MH1940PLC003164

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 26, 2022

Form AOC-1 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

(Amount ₹ in Lakhs, unless otherwise mentioned)

Part "A": Subsidiaries

Name of the Subsidiary Company	Nelco Network Products Ltd.
Reporting period	1-4-2021 to 31-3-2022
Reporting Currency	₹
Exchange Rate as at 31st March, 2022	1
Share Capital (incl. Pref. Shares)	100
Reserves & Surplus	3,382
Total Assets	14,073
Total Liabilities (Excluding Share Capital & Reserves)	10,591
Investments	-
Turnover	11,734
Other Income	245
Total Revenue	11,979
Profit/ (Loss) before Taxation	978
Provision for Taxation (including Deferred Tax)	400
Profit/ (Loss) after Taxation	578
Proposed Dividend on Equity Shares (%)	Nil
Proposed Dividend on Equity Shares	Nil
% of Share- holding	100%

NOTES

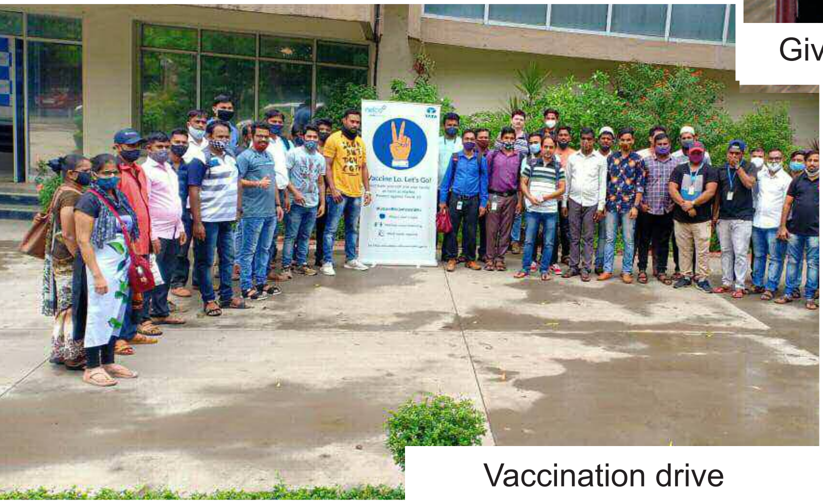
NOTES

Ethics pledge on Founder's day

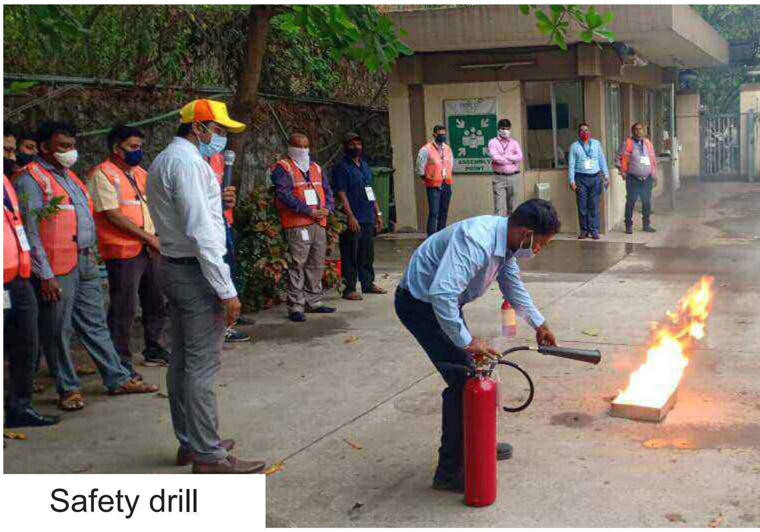
Health check up @ Nelco

Ethics awareness session

Giving back to Society



Vaccination drive



Safety drill

Republic day

ISO 20000-1:2018 | ISO 27001:2013 | TL 9000

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