nelco

unlock potential

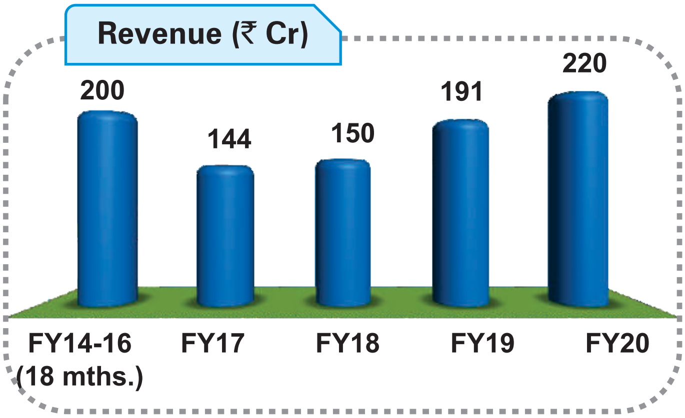
A TATA Enterprise

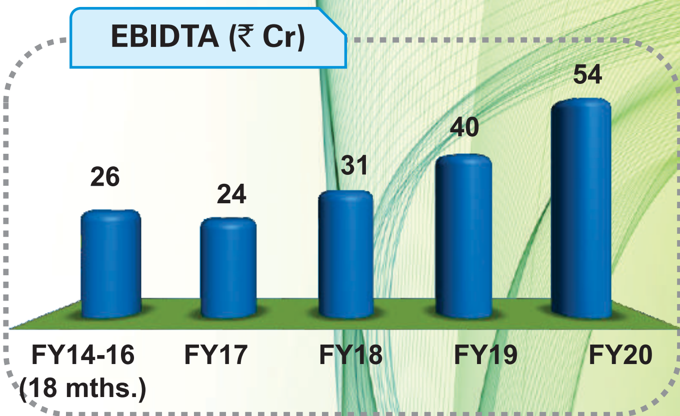
77th Annual Report 2019-20

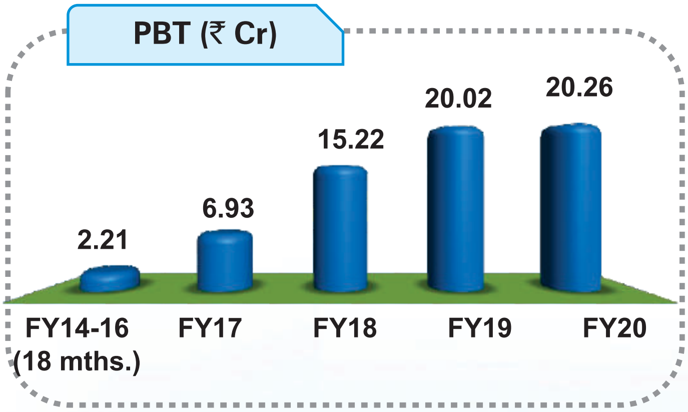
Launch of Maritime Communication Services : Sep'19

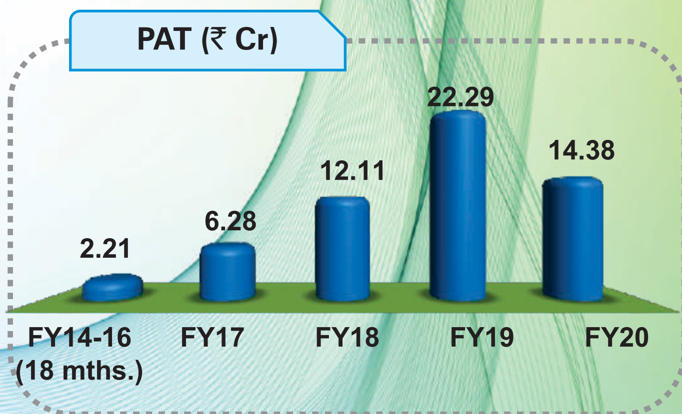
Launch of Aero In-Flight Communication Service : Feb'20

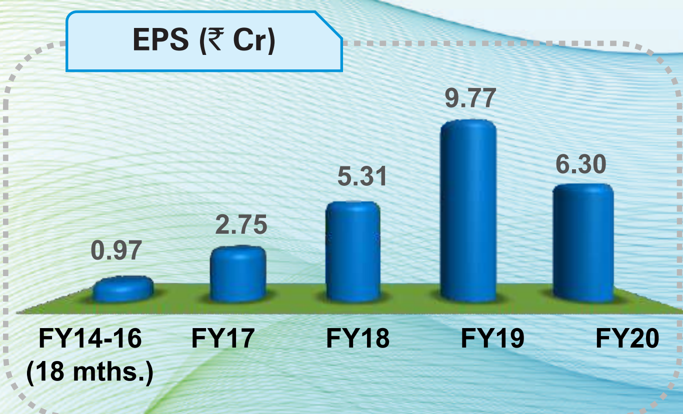
HIGHLIGHTS OF NELCO-CONSOLIDATED





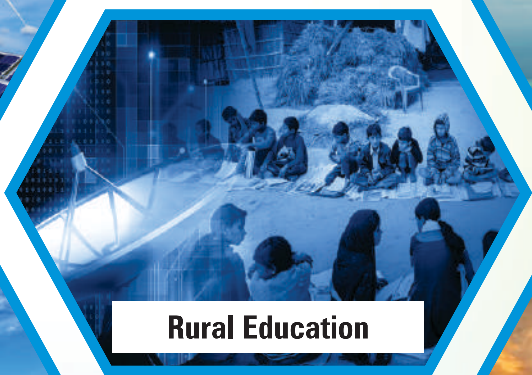






OUR PURPOSE : Bringing the benefits of the digital revolution to unserved and under-served customers

Leading Satellite Communication Service Provider



Nelco IFMC Services Operational

Serving Indian and International Vessels and Aircrafts in India

COMPREHENSIVE SERVICES

STATE OF THE ART TECHNOLOGY

GLOBAL PARTNERSHIPS

CORPORATE INFORMATION

(As on 16th May, 2020)

Chairman Emeritus	R. N. Tata
Board of Directors	Mr. R.R.Bhinge, Chairman Mr. P.J.Nath, Managing Director & CEO Mr. Anand Agarwal Mr. K.N.Murthy Dr. Lakshmi Nadkarni Mr. Ajay Kumar Pandey
Chief Financial Officer	Mr. Uday Banerjee
Company Secretary & Head - Legal	Mr. Girish V Kirkinde
Share Registrars	TSR Darashaw Consultants Private Limited (formerly known as TSR Darashaw Limited) 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011. Tel : 022 66568484, Fax : 022 66568494 Email: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com
Statutory Auditors	Price Waterhouse Chartered Accountants LLP
Bankers	Bank of India Union Bank of India The Zoroastrian Co-Op. Bank Ltd. ICICI Bank Ltd. South Indian Bank Ltd. IDFC Bank Shinhan Bank
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

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SUPPORT

'GREEN INITIATIVE'

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Please register your consent for this **csg-unit@tsrdarashaw.com**

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

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77th Annual General Meeting (through Video Conferencing)

Date : Thursday, 13th August 2020

Time : 3.30 p.m. (IST)

NOTICE

The SEVENTY SEVENTH ANNUAL GENERAL MEETING of NELCO LIMITED will be held on Thursday, the 13th day of August, 2020 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, 2020 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, 2020 together with the Report of the Auditors thereon.

3. To declare a dividend on Equity Shares for the financial year ended 31st March, 2020.

4. To appoint a Director in place of Mr. R.R. Bhinge (DIN 00036557) who retires by rotation and being eligible, offers himself for re-appointment.

5. Appointment of Statutory Auditors of the Company

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

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") (including any statutory modification or re-enactment thereof for the time being in force) and Companies (Audit & Auditors) Rules, 2014, as amended from time to time, and on the recommendation of the Audit Committee and the Board of Directors, S.R. Batliboi & Associates LLP, Chartered Accountants, (ICAI Firm Registration No. 103162W/E300004) be and are hereby appointed as the Statutory Auditors of the Company in place of the existing Auditors, Price Waterhouse Chartered Accountants LLP, Chartered Accountants, (ICAI Firm Registration No. 012754N/N500016), [whose resignation as the Statutory Auditors will be effective from the conclusion of this 77th Annual General Meeting ("AGM")], to hold the office for a period of five years from the conclusion of this 77th AGM till the conclusion of 82nd AGM of the Company, to be held in the year 2025 to examine and audit the accounts of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.

   RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

SPECIAL BUSINESS:

6. **Appointment of Mr. Anand Agarwal as a Director**

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

   "**RESOLVED that** Mr. Anand Agarwal (DIN 06398370), who was appointed as an Additional Director of the Company with effect from 24th October 2019 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

7. **Appointment of Mr. K. Narasimha Murthy as a Director and as an Independent Director**

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

   "**RESOLVED that** Mr. K. Narasimha Murthy (DIN 00023046), who was appointed as an Additional Director of the Company with effect from 28th January 2020 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, the appointment of Mr. K. Narasimha Murthy (DIN 00023046), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, as amended, and who is eligible for appointment, as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 (five) consecutive years commencing from 28th January 2020 up to 27th January 2025 (both days inclusive), be and is hereby approved."

8. Appointment of Dr. Lakshmi Nadkarni as a Director and as an Independent Director

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

"**RESOLVED that** Dr. Lakshmi Nadkarni (DIN 07076164), who was appointed as an Additional Director of the Company with effect from 28th January 2020 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, the appointment of Dr. Lakshmi Nadkarni (DIN 07076164), who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, as amended, and who is eligible for appointment, as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 (five) consecutive years commencing from 28th January 2020 up to 27th January 2025 (both days inclusive), be and is hereby approved."

9. Appointment of Mr. Ajay Kumar Pandey as a Director and as an Independent Director

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

"**RESOLVED that** Mr. Ajay Kumar Pandey (DIN 00065622), who was appointed as an Additional Director of the Company with effect from 28th January 2020 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, the appointment of Mr. Ajay Kumar Pandey (DIN 00065622), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, as amended, and who is eligible for appointment, as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 (five) consecutive years commencing from 28th January 2020 up to 27th January 2025 (both days inclusive), be and is hereby approved."

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May 2020 read with circulars dated 8th April 2020 and 13th April 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM"or"Meeting") through Video Conferencing ("VC") facility or Other Audio Visual Means ("OAVM") without the physical presence of the Members at a common venue. Further, Securities and Exchange Board of India ('SEBI') vide its Circular dated 12th May 2020 ('SEBI Circular') has also granted certain relaxations. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the 77th AGM of the Company is being held through VC / OAVM on Thursday, 13th August 2020 at 3.30 p.m. IST. The deemed venue for the AGM will be the place from where the Chairman of the Board conducts the meeting.

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 CIRCULAR, 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 Nos. 5 to 9 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 matters of Special Business as appearing at Item Nos. 6 to 9 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forming part of this Notice. The relevant details, pursuant to Regulations 26(4) and 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.

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. The detailed instructions for joining the Meeting through VC/OAVM form part of the Notes to this Notice.

5. Institutional Investors, who are Members of the Company, are encouraged to attend the 77th 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.

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 compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May 2020, Notice of the 77th AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.nelco.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL at https://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, 6th August 2020 to Thursday, 13th August 2020, both days inclusive.** The dividend of ₹ 1.20 per equity share of ₹ 10 each (i.e.12%), if declared by the Members at the AGM, will be paid subject to deduction of income-tax at source ('TDS') on or after Monday, 17th August, 2020 as under:

To all Beneficial Owners in respect of **shares held in dematerialized form** as per the data as may be made available by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") (both collectively referred to as 'Depositories') as of the close of business hours on **Wednesday, 5th August 2020**;

To all Members in respect of **shares held in physical form** after giving effect to valid transmission and transposition requests lodged with the Company/Registrar and Share Transfer Agent on or before the close of business hours on **Wednesday, 5th August 2020.**

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 **Saturday, 25th July 2020**. For the detailed process, please click here https://www.nelco.in/pdf/disclosure-of-events/tax-deduction-18jun20.pdf

iii) **Updation of mandate for receiving dividends directly in bank account through Electronic Clearing System or any other means in a timely manner:**

Shares held in physical form: Members are requested to send a scanned copy of the following details/ documents at csg-unit@tsrdarashaw.com latest by **Saturday, 25th July 2020**:

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 scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;

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

d. self-attested scanned 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.

Shares held in electronic form: Members 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, are requested to make their claims to the Company accordingly, without any delay.

9. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1st April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, TSR Darashaw Consultants Private Limited ("TSRDCPL") for assistance in this regard.

10. 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 TSRDCPL at csg-unit@tsrdarashaw.com in case the shares are held in physical form.

11. 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 csg-unit@tsrdarashaw.com in case the shares are held in physical form, quoting your folio no.

12. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or TSRDCPL, 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.

13.(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 10th August, 2020 through email on girish.kirkinde@nelco.in. The same will be replied by the Company suitably.

14. 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.

15. 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 TSRDCPL 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 TSR**: The Company has made special arrangements with TSR 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 TSR on or before 5.00 p.m. (IST) on **Saturday, 25th July 2020**.

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

a) Visit the link: https://green.tsrdarashaw.com/green/events/login/ne"

b) Enter the DP ID & Client ID/Physical Folio Number and PAN details. In the event the PAN details are not available on record for Physical Folio, Member to enter one of the share certificate numbers

c) Enter your e-mail address and mobile number

d) The system will then confirm the e-mail address for receiving this AGM Notice

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 2019-20 along with the e-Voting user ID and password. In case of any queries, Members may write to csg-unit@tsrdarashaw.com or 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 TSR, in respect of physical holding, by writing to them at csg-unit@tsrdarashaw.com. Further, those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated/updated with their DPs/TSR 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), selfattested 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.

16. 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 Thursday, 6th August 2020 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. Thursday, 6th August 2020, 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, 10th August 2020 at 9.00 a.m. (IST)** and ends on **Wednesday, 12th August 2020 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. Thursday, 6th August 2020**.

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.

17. 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 result is 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. Thursday, 13th August 2020.

(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

18. 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. The Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system and they may access the same at https://www.evoting.nsdl.com under the Shareholders/ Members login by using the remote e-Voting credentials, where the EVEN of the Company will be displayed. On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID/Password may retrieve the same by following the remote e-Voting instructions mentioned below to avoid last minute rush. Further, Members may also use the OTP-based login for logging into the e-Voting system of NSDL.

ii. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops 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 glitches.

iii. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 77th 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, 10th August 2020. Such questions by the Members shall be suitably replied by the Company.

iv. 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 Saturday, 8th August 2020 (9.00 a.m. IST) and Monday, 10th August 2020 (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.

v. Members who need technical assistance before or during the AGM to access and participate in the Meeting may contact NSDL on evoting@nsdl.co.in/1800-222-990 or contact Mr. Amit Vishal, Senior Manager, NSDL at amitv@nsdl.co.in/+91 22 2499 4360.

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

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

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

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

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

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

B. Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholders/ Members' section.

C. 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 e-services i.e. IDeAS, you can login at https://eservices.nsdl.com/ with your existing IDeAS login. Once you login to NSDL e-services after using your login credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

D. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) 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******.
b) 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**************
c) 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***

E. Your password details are given below:

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

ii) 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.

iii) How to retrieve your 'initial password'?

If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail 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'.

F. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

i) 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.

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

iii) 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.

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

H. Now, you will have to click on 'Login' button.

I. 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.

How to cast your vote electronically on NSDL e-Voting system?

A. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

B. After clicking on Active Voting Cycles, you will be able to see the EVEN of all the companies in which you are holding shares and whose voting cycle is in active status.

C. Select 'EVEN' of the Company to cast your vote.

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

E. 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.

F. Upon confirmation, the message 'Vote cast successfully' will be displayed.

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

H. 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.

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: 1800-222-990 or send a request at evoting@nsdl.co.in or contact Mr. Amit Vishal or Ms. Pallavi Mhatre or Mr. Pratik Bhatt from NSDL at the designated e-mail IDs: evoting@nsdl.co.in or amitv@nsdl.co.in or pallavid@nsdl.co.in or pratikb@nsdl.co.in or at telephone nos.: +91 22 2499 4360/4545/4738.

By Order of the Board of Directors

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

Navi Mumbai, 16th July 2020

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 9 of the accompanying Notice dated 16th May 2020.

Item No.: 5

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

At the 74th Annual General Meeting (AGM) held on 21st September 2017, the Members appointed Price Waterhouse Chartered Accountants LLP, (PWC) as Auditors for a period of 5 years from the conclusion of the 74th AGM until the conclusion of 79th AGM.

For the purpose of timely consolidation of the accounts of the Company with its Subsidiary Companies, and for ensuring the uniformity in the audit process, practices and procedures in finalization of accounts and in view of the changing regulatory environment, it is advisable to have the same Group of statutory auditors for Parent Company and Subsidiary Companies. Accordingly, our Parent Company, The Tata Power Co. Ltd., has suggested us to appoint the same Group auditors for the Company and our subsidiary companies.

In view of this, PWC has notified their resignation as the statutory auditors of the Company effective immediately from the conclusion of this AGM.

S.R. Batliboi & Associates LLP (SRBA), Chartered Accountants (ICAI Firm Registration No. 103162W/E300004), (E & Y Group) who are also the Auditors of Parent Company, The Tata Power Co. Ltd. were identified to be the next Statutory Auditors of the Company and its two wholly owned subsidiaries. This has been done after following the required process of selection of statutory auditors, which included rounds of discussion with Partners and Personnel of SRBA. The selection is also based on various factors like People, Audit Methodology, Quality Control, Reputation of the Firm and Knowledge. SRBA is a firm of Chartered Accountants registered with The Institute of Chartered Accountants of India. SRBA is a limited liability partnership firm incorporated in India. It has its registered office in Kolkata and 11 branch offices in various cities in India. SRBA has valid Peer Review certificate and is part of S. R. Batliboi & Affiliates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients.

SRBA have been involved in the statutory audits and internal audits of various companies in the telecom sector in the entire value chain and hence, has the necessary experience to conduct the statutory audit of the Company. The term of appointment is for 5 years from the date of conclusion of 77th AGM till the conclusion of 82nd AGM of the Company to be held in the year 2025. There will not be any material change in the remuneration payable to SRBA for the year ending 31st March, 2021, from that paid to PWC, the outgoing auditors.

SRBA have consented to the said appointment and confirmed that their appointment, if made, would be in accordance with Section 139 read with Section141 of the Act. Further, they have submitted a certificate stating:

a) That it is eligible for appointment and is not disqualified for appointment under the Act, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder;

b) That the proposed appointment is as per the term provided under the Act;

c) That the proposed appointment is within the limits laid down by or under the authority of the Act;

d) the list of proceedings against them or any of the partner(s) of the audit firm pending with respect to professional matters of conduct, as disclosed in the certificate, is true and correct.

Accordingly, approval of the members is being sought for the proposal contained in the Resolution set out at Item No. 5 of the accompanying Notice.

The Board commends the Resolution at Item No.5 of the accompanying Notice for approval by the members of the Company. None of the Directors or Key Managerial Personnel (KMP) of the Company or their respective relatives are concerned or interested in the Resolution at Item No. 5 of the accompanying Notice.

Item No. 6

The Board of Directors, on the recommendation of Nominations, HR and Remuneration Committee (NRC), appointed Mr. Anand Agarwal (DIN 06398370) as an Additional Director of the Company with effect from 24th October 2019. Pursuant to the provisions of Section 161(1) of the Act, Mr. Agarwal 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. Agarwal's candidature for the office of Director.

A brief profile of Mr. Agarwal is as under:

Mr. Agarwal aged 46 years is a B.Com, CA, CS, CFA and ICWA and has got over 23 years' experience in various areas of Finance like Treasury, Financial Accounting, Investor relation, Business Finance, etc. Mr. Agarwal began his career in 1994 in Rusoday & Co., Kolkata and after that joined various Companies like A.V. Birla Group, Reliance Industries Limited, ITC Limited, Reliance Money Limited, Convexity Solutions & Advisors, AGS Transact Technologies Limited, Peepul Capital, etc.

In 2014, Mr. Agarwal joined The Tata Power Company Limited ("TPC") as Head - Treasury & Investor Relations and during his tenure managed corporate centralized treasury operations. He was responsible for setting up JV Funds operating out of Singapore and is also actively exploring M&A activities in India. In TPC, he was also managing investor relations functions. Presently he is Group Financial Controller of The TPC and he is on the Boards of several group Companies in India.

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. Agarwal, 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. Agarwal is not related to any other Director or KMP of the Company.

Item No. 7

The Board of Directors, on the recommendation of Nominations, HR and Remuneration Committee (NRC), appointed Mr. K. Narasimha Murthy (DIN 00023046), as an Additional Director of the Company with effect from 28th January 2020. Pursuant to the provisions of Section 161(1) of the Act, Mr. Murthy holds office upto the date of this AGM and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing Mr. Murthy's candidature for the office of Director.

Based on the recommendations of the NRC and subject to the approval of the Members, Mr. Murthy was also appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of 5 years commencing from 28th January 2020 to 27th January 2025, in accordance with the provisions of Section 149 read with Schedule IV of the Act.

Mr. Murthy has consented to act as Director of the Company and has given his declaration to the Board that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). In terms of Regulation 25(8) of the Listing Regulations, Mr. Murthy has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. He has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated 20th June 2018, issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies. Further, Mr. Murthy is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Mr. Murthy has confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

In the opinion of the Board, Mr. Murthy fulfills the conditions specified under the Act read with Rules thereunder and the Listing Regulations for his appointment as Independent Non-Executive Director of the Company and is independent of the management. Having regard to the qualifications, experience and knowledge, the Board considers that his association would be of immense benefit to the Company and it is desirable to avail the services of Mr. Murthy as an Independent Director. A copy of the draft letter for appointment of the Independent Director setting out the terms and conditions of his appointment will be available for inspection by the Members. Members who wish to inspect the same can send a request by email at girish.kirkinde@nelco.in.

A brief profile of Mr. Murthy is as under:

Mr. Murthy aged 62 years is a B.Sc., FCA and FCMA has vast experience and expertise in the functional areas viz. Cost Audit, Cost Reduction Programmes, Management Audit, Swot Analysis, Critical Analysis of Performance, Strategic Planning, Organisation Analysis and Structure, Organisation Talent Review and Competency Mapping, H. R. Systems, Cost Control System Development, Mergers and Acquisitions, Business Turn around etc.

Mr. Murthy has been associated with the development of Cost & Management Information Systems for more than 150 companies across more than 45 industries. He has been closely involved in turning around multiple large corporates, focusing on systems improvement with a cost optimization approach. He has been associated with more than 28 High Level Committees as Chairman/ Member both at the National and State level. He is also associated with the development of

Cost Accounting Record Rules for many industries as a member of Informal Advisory Committee, Department of Corporate Affairs, Government of India. His contribution to the Costing & Management Accounting profession has been recognized by the Institute of Cost & Works Accountants of India (ICWAI) which honoured him with a citation in October 2007.

Mr. Murthy would be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof where he is a Member.

The Board commends the Ordinary Resolution set out in Item No. 7 of the accompanying Notice for approval of the Members. This item being special business, is unavoidable in nature. Except Mr. Murthy, 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. 7 of the accompanying Notice. Mr. Murthy is not related to any other Director or KMP of the Company.

Item No. 8

The Board of Directors, on the recommendation of Nominations, HR and Remuneration Committee (NRC), appointed Dr. Lakshmi Nadkarni (DIN 07076164), as an Additional Director of the Company with effect from 28th January 2020. Pursuant to the provisions of Section 161(1) of the Act, Dr. Nadkarni holds office upto the date of this AGM and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing Dr. Nadkarni's candidature for the office of Director.

Based on the recommendations of the NRC and subject to the approval of the Members, Dr. Nadkarni was also appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of 5 years commencing from 28th January 2020 to 27th January 2025, in accordance with the provisions of Section 149 read with Schedule IV of the Act.

Dr. Nadkarni has consented to act as Director of the Company and has given her declaration to the Board that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). In terms of Regulation 25(8) of the Listing Regulations, Dr. Nadkarni has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties. She has also confirmed that she is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated 20th June 2018, issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies. Further, Dr. Nadkarni is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Dr. Nadkarni has confirmed that she is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to her registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

In the opinion of the Board, Dr. Nadkarni fulfills the conditions specified under the Act read with Rules thereunder and the Listing Regulations for her appointment as Independent Non-Executive Director of the Company and is independent of the management. Having regard to the qualifications, experience and knowledge, the Board considers that her association would be of immense benefit to the Company and it is desirable to avail the services of Dr. Nadkarni as an Independent Director. A copy of the draft letter for appointment of the Independent Director setting out the terms and conditions of her appointment will be available for inspection by the Members. Members who wish to inspect the same can send a request by email at girish.kirkinde@nelco.in.

A brief profile of Dr. Nadkarni is as under:

Dr. Nadkarni aged 60 years has done Master's in Sociology, Doctorate in Sociology and Master's in Social Welfare from Pune University. She has over 27 years experience and expertise in the functional areas viz. Human Resources, Strategy, Governance and CSR.

Dr. Nadkarni's corporate career began with consumer industry at Reckitt Benckiser in India followed by the responsibility as Head of Human Resources for its Sri Lanka operations. She spent 10 years in the chemical industry, firstly with BASF India and later with Dow Chemicals as the HR Leader. She was also associated with Pfizer Ltd. as Director & Head Human Resources – South Asia. She is retired in February 2020 form BASF Ltd. as HR-Director South Asia. She is a Member of the Advisory Panel of S.P. Jain Institute of Management & Research (Constituent business school of the Bharatiya Vidya Bhavan) for 2nd Career Women MBA Program. She is also on the Advisory Panel of IIM, Indore for MBA-HR Program.

Dr. Nadkarni would be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof where she is a Member.

The Board commends the Ordinary Resolution set out in Item No. 8 of the accompanying Notice for approval of the Members. This item being special business, is unavoidable in nature. Except Dr. Nadkarni, 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. 8 of the accompanying Notice. Dr. Nadkarni is not related to any other Director or KMP of the Company.

Item No. 9

The Board of Directors, on the recommendation of Nominations, HR and Remuneration Committee (NRC), appointed Mr. Ajay Kumar Pandey (DIN 00065622), as an Additional Director of the Company with effect from 28th January 2020. Pursuant to the provisions of Section 161(1) of the Act, Mr. Pandey holds office upto the date of this AGM and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing Mr. Pandey's candidature for the office of Director.

Based on the recommendations of the NRC and subject to the approval of the Members, Mr. Pandey was also appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of 5 years commencing from 28th January 2020 to 27th January 2025, in accordance with the provisions of Section 149 read with Schedule IV of the Act.

Mr. Pandey has consented to act as Director of the Company and has given his declaration to the Board that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). In terms of Regulation 25(8) of the Listing Regulations, Mr. Pandey has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. He has also confirmed that he is not debarred from holding the office of a Director by virtue of any SEBI Orders or any such Authority pursuant to circular dated 20th June 2018, issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies. Further, Mr. Pandey is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Mr. Pandey has confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

In the opinion of the Board, Mr. Pandey fulfills the conditions specified under the Act read with Rules thereunder and the Listing Regulations for his appointment as Independent Non-Executive Director of the Company and is independent of the management. Having regard to the qualifications, experience and knowledge, the Board considers that his association would be of immense benefit to the Company and it is desirable to avail the services of Mr. Pandey as an Independent Director. A copy of the draft letter for appointment of the Independent Director setting out the terms and conditions of his appointment will be available for inspection by the Members. Members who wish to inspect the same can send a request by email at girish.kirkinde@nelco.in.

A brief profile of Mr. Pandey is as under:

Mr. Pandey aged 58 years is a B.E. Honors in Mechanical Engineering from National Institute of Technology (formerly REC-K), Fellow of Telecom Executive Management Institute of Canada (TEMIC) and done Senior Executive Program (SEP) from London Business School. He has over 35 years experience in Telecommunication, Power, Energy and Infrastructure sectors across developed and developing markets in USA, Africa and Asia. He previously held P&L responsibility at operating and Board level. He has expertise in the functional areas viz. Business Leadership, Strategy, Telecoms, Power & Infrastructure and Urban Planning.

He has been immediate past Chairman of FICCI's Urban Infrastructure & Smart Cities Committee and CII's Infrastructure Committee. Currently, he holds an empanelment with Indian Council of Arbitration. Previously have been responsible for driving growth and development of India's Model Smart City in the greenfield category – operationalizing India's first International Financial Services Centre (IFSC) – with overall project outlay of US ~$10 Bn, among other projects.

Mr. Pandey would be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof where he is a Member.

The Board commends the Ordinary Resolution set out in Item No. 9 of the accompanying Notice for approval of the Members. This item being special business, is unavoidable in nature. Except Mr. Pandey, 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. 9 of the accompanying Notice. Mr. Pandey is not related to any other Director or KMP of the Company.

By Order of the Board of Directors

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

Navi Mumbai, 16th July 2020

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 26 (4) and 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. R.R.Bhinge (Non Executive Non- Independent)	Mr. Anand Agarwal (Non Executive Non- Independent)
Date of Birth	29th May 1952	10th December 1973
Date of Appointment	29th August 2003	24th October 2019
Expertise in Specific Functional Area.	He has over 45 years of professional experience. He was with Nelco for 14 years and during his tenure with the Company he had multi-functional operating experience in finance, marketing, operations and profit centre management. He was an author of the 1990 Strategic Plan for Tata Industries Ltd. and was responsible for its implementation. He participated in various Joint Venture planning and negotiations. He involved in all consultancy assignments undertaken in various industries by Tata Strategic Management Group (TSMG) since 1991. He retired as Executive Director of Tata Industries Ltd.	Finance and Accounts
Qualifications	B.Tech.Hons.(Electrical) from IIT, Mumbai. Post Graduation in Business Administration from IIM.	CA, CS, CFA, ICWA
Terms and conditions of appointment or re-appointment	N.A.	N.A.
Relationship between Directors inter se	Mr. Bhinge is not related to any other Directors of the Company.	Mr. Agarwal is not related to any other Directors of the Company.
Directorship held in other Companies (excluding Foreign Companies)	• Infiniti Retail Ltd. • Tatanet Services Ltd. • Nelco Network Products Ltd. • Mahindra Consulting Engineers Ltd. • Sarotam Industrial Goods Retail Distribution Pvt. Ltd.	• Tata Power Solar Systems Ltd. • Maithon Power Ltd. • Industrial Energy Ltd. • Renascent Power Ventures Pvt. Ltd.

Committee positions held in other Companies	**Audit Committee** Member : Infiniti Retail Ltd. **Nomination & Remuneration Committee** Member : Infiniti Retail Ltd. **Corporate Social Responsibility Committee** Chairman : Infiniti Retail Ltd. **Committee of the Board** Chairman: Infiniti Retail Ltd.	**Audit Committee** Chairman: Tata Power Solar Systems Ltd. Industrial Energy Limited Member: Maithon Power Limited **Corporate Social Responsibility Committee** Member: Tata Power Solar Systems Ltd. **Risk Management Committee** Member: Maithon Power Limited **Commercial Committee of the Board** Member: Industrial Energy Limited **Committee of Directors** Member: Industrial Energy Limited **Investment Committee** Member: Industrial Energy Limited **Executive Committee of the Board** Member: Maithon Power Limited **Commercial Committee of the Board** Member: Maithon Power Limited
Remuneration	Except sitting fees for attending the meetings of Board and Committees as mentioned in Report on Corporate Governance, no other remuneration is paid.	No remuneration is paid.
No. of meetings of Board attended during the year	7 (Seven)	1 (one)
No. of shares held (a) Own (b) For other persons on a beneficial basis	 NIL NIL	 NIL NIL

Name of the Director	Mr. K. Narasimha Murthy (Non - Executive Independent)	Dr. Lakshmi Nadkarni (Non - Executive Independent)
Date of Birth	13th August 1957	20th February, 1960
Date of Appointment	28th January 2020	28th January 2020
Expertise in Specific Functional Area.	Cost Audit, Cost Reduction Programmes, Management Audit, SWOT Analysis, Critical Analysis of Performance, Strategic Planning, Organisation Analysis & Structure, OTR (Organisation Talent Review) and Competency Mapping, HR Systems, Cost Control System Development, Mergers and Acquisitions, Business Turn Arounds etc.	Human Resources, Strategy, Governance and CSR.
Qualifications	B.Sc., F.C.A, F.C.M.A.	Master's in Sociology from Pune University Doctorate in Sociology from Pune University Master's in Social Welfare from Pune University
Terms and conditions of appointment or re-appointment	Appointed for a period of 5 years from 28th January 2020 to 27th January 2025.	Appointed for a period of 5 years from 28th January 2020 to 27th January 2025.
Relationship between Directors inter se	Mr. Murthy is not related to any other Directors of the Company.	Dr. Nadkarni is not related to any other Directors of the Company.
Directorship held in other Companies (excluding Foreign Companies)	• Max Venture & Industries Ltd. • Max India Ltd. • Max Health Care Institute Ltd. • Max Life Insurance Co. Ltd. • Max Specialty Films Ltd. • National Stock Exchange of India Ltd. • Srikari Management Consultants Pvt. Ltd. • Saket City Hospitals Pvt. Ltd.	Nil

Committee positions held in other Companies	**Audit Committee** Chairman: Max Life Insurance Co.Ltd. Max Specialty Films Ltd. Saket City Hospitals Pvt. Ltd. Member: Max Venture & Industries Ltd. Max Health Care Institute Ltd. **Nomination & Remuneration Committee** Chairman: Max Venture & Industries Ltd. Max Specialty Films Ltd. Member: Max Health Care Institute Ltd. Max Life Insurance Co. Ltd. Saket City Hospitals Pvt. Ltd. **Corporate Social Responsibility Committee** Member: Max Specialty Films Ltd. **Risk Management Committee** Chairman: Max Life Insurance Co. Ltd. **With Profit Committee** Chairman: Max Life Insurance Co. Ltd. **Investment & Finance Committee** Member: Max Venture & Industries Ltd.	Nil
Remuneration	Except sitting fees for attending the meetings of Board and Committees as mentioned in Report on Corporate Governance, no other remuneration is paid.	Except sitting fees for attending the meetings of Board and Committees as mentioned in Report on Corporate Governance, no other remuneration is paid.
No. of meetings of Board attended during the year	1 (one)	1 (one)
No. of shares held (a) Own (b) For other persons on a beneficial basis	 NIL NIL	 NIL NIL

Name of the Director	**Mr. Ajay Kumar Pandey (Non - Executive Independent)**
Date of Birth	24th September,1961
Date of Appointment	28th January 2020
Expertise in Specific Functional Area.	Business Leadership, Strategy, Telecoms, Power & Infrastructure, Urban Planning
Qualifications	B.E. Honors in Mechanical Engineering from National Institute of Technology (formerly REC-K) Fellow of Telecom Executive Management Institute of Canada (TEMIC) Senior Executive Program (SEP) from London Business School
Terms and conditions of appointment or re-appointment	Appointed for a period of 5 years from 28th January 2020 to 27th January 2025.
Relationship between Directors inter se	Mr. Pandey is not related to any other Directors of the Company.
Directorship held in other Companies (excluding Foreign Companies)	• Tatanet Services Ltd.
Committee positions held in other Companies	Nil
Remuneration	Except sitting fees for attending the meetings of Board and Committees as mentioned in Report on Corporate Governance, no other remuneration is paid.
No. of meetings of Board attended during the year	1 (one)
No. of shares held (a) Own (b) For other persons on a beneficial basis	 NIL NIL

DIRECTORS' REPORT

To

The Members,

The Directors have pleasure in presenting Seventy Seventh Annual Report of Nelco Limited (Company or Nelco) alongwith the Audited Statement of Accounts for the year ended 31st March 2020.

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

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

1. Financial Results

Pending the DoT approval as aforesaid, the Scheme has not been given effect to in the financial results for the year ended 31st March 2020.

(₹ in lakhs)

Sr. No.	Particulars	Standalone		Consolidated	
		FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
A	**Continuing Operations**				
a	Net Sales / Income from Other Operations	3,833	3,357	21,993	19,101
b	Operating Expenditure	2,947	2,914	17,016	15,502
c	Operating Profit	886	443	4,977	3,599
d	Add:- Other Income	241	245	259	428
e	Less: - Finance Cost	508	439	1,323	738
f	Profit before depreciation and Tax	619	249	3,913	3,289
g	Less: - Depreciation/Amortization/Impairment	72	93	2,002	1,296
h	Less: - Minority Interest	-	-	-	-
i	Add: - Share of Profit of Associates	-	-	-	9
j	Net Profit/(Loss) after Minority interest and Share of Profit of Associates	547	156	1,911	2,002
k	Exceptional items	564	-	115	-
l	Current/Deferred Tax Expenses	284	(779)	588	(227)
m	Net Profit/(Loss) after Tax, Minority interest and Share of Profit of Associates from Continuing Operations	828	935	1,438	2,229
B	**Discontinuing Operations* (being transferred to Wholly Owned Subsidiary)**				
n	Profit from Discontinuing operations (before exceptional item and tax)	682	1,192	-	-
o	Add: -Exceptional Profit	-	-	-	-
p	Tax Expenses	141	355	-	-
q	Profit after Tax from Discontinuing operations	541	837	-	-
C	**Profit after tax from Total Operations**	1,368	1,772	1,438	2,229
r	Add: Other comprehensive Income/(expenses)	(31)	(21)	(31)	(22)
s	Total Comprehensive Income	1,337	1,751	1,407	2,207

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

2. Dividend

For FY 2019-20, the Board of Directors has recommended a dividend of ₹ 1.20/- per share i.e. 12% (previous year ₹ 1.50 per share i.e. 15%) on the Equity Shares of the Company. If declared by the Members at the ensuing Annual General Meeting ('AGM'), the total dividend outgo during FY 2020-21 would amount to ₹ 273 lakhs (previous year ₹ 403 lakhs including dividend distribution tax).

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

3.1 Standalone

On a Standalone basis, your Company achieved revenue of ₹ 3,833 Lakhs in FY 2019-20 from Continuing Operations as against ₹ 3,357 Lakhs in FY 2018-19. On a total operation basis, your Company achieved revenue of ₹ 15,073 Lakhs in FY 2019-20 as against ₹ 12,632 Lakhs in FY 2018-19.

In FY 2019-20 the Company earned a net profit after tax of ₹ 1,368 Lakhs from total operations as against profit of ₹ 1,772 Lakhs in FY 2018-19. Despite of higher operating profit in the current year there is lower net profit in comparison to previous year due to deferred tax benefit recognised in the previous year.

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 ₹ 21,993 Lakhs in FY 2019-20 as against ₹ 19,101 Lakhs in FY 2018-19 i.e. increase by 15% over previous year.

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. Consequently, prior period comparatives have been modified to conform to current period's presentation.

The Company earned a net profit after tax of ₹ 1,438 Lakhs from total operations as against profit of ₹ 2,229 Lakhs in FY 2018-19. 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.

3.4. Exceptional items

During the year ended 31st March 2020, the Company sold its entire investment in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year. The resultant gain on sale of said investment has been disclosed as an exceptional item in the financial results.

3.5 Covid-19 pandemic

The Covid-19 pandemic is redefining global health crisis of recent times and is spreading rapidly across the globe. The bigger challenge is that it is not a mere health crisis and is having an unprecedented impact on Indian and global business environment. The Company has taken all necessary measures in terms of mitigating impact of the challenges being faced in the business due to the Covid-19 pandemic. Though the long-term directions of the Company remain firm, in light of Covid-19 and its expected impact on the operating environment, the immediate key priorities of the Company would be to closely monitor customer demand, conserve cash and control fixed costs, while continuing to invest in the important long term growth areas.

The Ministry of Home Affairs, Government of India on 24th March, 2020 notified the first ever nationwide lockdown in India to contain the outbreak of Covid-19. Towards the end of the quarter ended March 2020, the operations were disrupted across the country. The Company and its subsidiaries (Group) continued to provide Satellite Communication services through VSAT during the lockdown period as these are part of the essential services under "Telecommunication, Internet Services, Broadcasting and cable services", by obtaining the necessary permissions from the concerned Govt authorities. The number of new VSATs deployed during this period however was lower because the offices of most of the customers were closed. Moreover, there were restrictions on movement in certain areas. The deployment of VSATs will be improved progressively as the Government has taken measures leading to relaxation on movement and easing of supply and service constraints.

The Group has evaluated the impact of Covid-19 on its businesses, financial risks (including credit risks and liquidity risks) and will continue to monitor these on future business environment. In the fight against spread of Covid-19, the Company inter alia, has :

- adhered to all the advisories and guidelines issued by the Government from time to time;
- contributed to the community in various ways - including the voluntary financial contribution by Company and its employees to the Tata Community Initiatives Trust;
- ensured to provide to all employees a safe working environment, with strong processes and protocols in place.

4. Reserves

The Board of Directors has decided to retain the entire amount of profit for Financial Year 2019-20 in the statement of profit and loss.

5. Subsidiary Companies

5.1 The Company has two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) & Nelco Network Products Ltd. (NNPL).

TNSL holds the VSAT License as well as the Inflight & Maritime Communication (IFMC) licence issued by Department of Telecommunication (DoT). Government of India (Department of telecommunication 'DOT') vide its notification dated 14th December 2018 has given permission to long awaited IFMC. TNSL has taken lead to provide IFMC services immediately after obtaining license from DOT. During the year Company has already started providing maritime and in-flight connectivity services. The Revenue of TNSL for FY 2019-20 was ₹ 11,617 Lakhs against ₹ 9,827 Lakhs in the previous year. The Profit after tax was ₹ 564 Lakhs against ₹ 468 Lakhs in the previous year. NNPL has not yet commenced its business operations. It has incurred a loss of ₹ 4 Lakhs for FY 2019-20 and the accumulated loss since incorporation was ₹ 12 Lakhs.

5.2 The organisational and operational structure would be simplified on implementation of the Scheme of Arrangement and Amalgamation with the VSAT communication service business vesting in the Company, the flagship listed parent entity and the related equipment business vesting in NNPL. This would result in the recurring revenue from VSAT communication service being in the Company and the revenue from sale of equipment including VSAT systems being in NNPL. The enhanced net worth of the Company after the Scheme is effective will improve its ability to bid for larger projects and pursue bigger opportunities. Also, there will be increase in overall efficiency in terms of utilization of assets, employees, etc.

5.3 Pursuant to NCLT Order, the Company intimated the Registrar of Companies, Maharashtra ("RoC") about the approval of the Scheme by NCLT, mentioning inter alia, that the Scheme would be effective only after the approval of DoT for transfer of licenses of TNSL to Nelco which is pending. The RoC records however got updated (pending such DoT approval) to reflect the Scheme as effective and accordingly, TNSL stands "amalgamated" with the Nelco. Based on legal advice, the Company approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the Scheme with immediate effect. This matter is pending for decision before NCLT. The Scheme will be given effect in the financial statements on receipt of all necessary approvals.

There has been no major change other than those mentioned above in business of the aforesaid wholly owned subsidiary Companies.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 (Act), a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further, pursuant to the provisions of 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 subsidiaries, 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

Directors Appointment

Pursuant to the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board of Directors appointed Mr. Anand Agarwal as Additional Director of the Company with effect from 24th October 2019. 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 his appointment as Director. Further, based on the recommendations of NRC, the Board also appointed Mr. K.N.Murthy, Dr. Lakshmi Nadkarni and Mr. Ajay Kumar Pandey as Independent Directors of the Company for a period of five consecutive years w.e.f. 28th January 2020 subject to approval of the Members at the ensuing AGM. The Board recommends their appointment as Independent Directors of the Company.

Cessation

Mr. Rahul Shah, the nominee of the Parent Company, The Tata Power Company Ltd. (TPC) resigned from the Board of Directors of the Company w.e.f. 24th October 2019 to facilitate restructuring of the Board of Nelco Ltd. as per the decision of TPC.

During the year under review, Mr. K.Raghuraman, Mr. K.Ramachandran and Ms. Hema Hattangady, Independent Directors of the Company, who were appointed at the 72nd Annual General Meeting of the Company held on 28th January 2015 for a period of 5 years, completed their tenure as Independent Directors of the Company on 27th January 2020 at the close of working hours.

The Board places on record its appreciation for invaluable contribution and guidance of Mr. Rahul Shah, Mr. K. Raghuraman, Mr. K.Ramachandran and Ms. Hema Hattangady, during their tenure as Directors.

Re-appointment

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

Independent Directors

On the recommendation of NRC, Mr. K.N.Murthy, Dr. Lakshmi Nadkarni and Mr. Ajay Kumar Pandey were appointed as Additional and Independent Directors of the Company for a period of 5 years from 28th January 2020 to 27th January 2025. Resolutions seeking approval of Members for their appointment forms a part of the Notice of ensuing AGM. The Board recommends their appointment.

In terms of Section 149 of the Act and SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 (Listing Regulations), Mr. K. N.Murthy, Dr. Lakshmi Nadkarni and Mr. Ajay Kumar Pandey are the Independent Directors of the Company as on date. 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 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 Mr. Bhinge being a Director seeking re-appointment and other Directors 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 2020 are:

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

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 5th January 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 of Directors
- Nominations, HR and Remuneration Committee (NRC)
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Executive Committee of the Board

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-for-familiarisation-development-of-board-members-fy2019-20.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.

Silent 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.

The information required under Section 197(12) of the Act read with Rule 5(2) and (3) of the Rules is provided in the Annexure II (B) forming pat of this Report. In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure II (B). Any Member interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. None of the employees listed in the said Annexure II (B) is related to any Director of the Company.

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

There were no significant and material orders passed by the Regulators / Courts or Tribunal which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by Regulators during the year under review.

8.1 Income Tax matters of Nelco Ltd.

Income Tax Department has reduced certain liabilities of ₹ 1893 Lakhs while computing long term Capital Gain on a business sold under slump sale for Assessment Year 2011-12, due to which a tax demand of ₹ 631 Lakhs has been raised on the Company. The said liabilities are not directly related to the businesses sold and as such the Company has gone in appeal against the demand. During the year, Company has received order from CIT(Appeals) rejecting claims of the Company and confirming tax demand. Company has filed appeal in ITAT against order of the CIT(Appeals).

8.2. Goods and Service Tax (GST) transition Input Tax Credit (ITC) of Nelco Ltd.

Upon implementation of GST from July 2017, for carry forward and set off old service tax input credit, the Company was required to file form Trans 1. However, due to technical glitches on the web portal of GST Department, the Company could not file form Trans 1. As result of this automatic carry forward and set off transition, ITC of ₹ 31 lakhs was not allowed to Company. To seek remedy, Company has filed writ petition before Hon'ble High Court of Bombay. Hon'ble High Court of Bombay vide its order dated 20th March 2020 dismissed the petition of the Company and disallowed Company's claim. However, there are judgements of various High Courts in India on the matter similar to that of Company which supports claim of the Company. Also based on opinion received from independent legal counsel, Company is confident that claim of the Company will be allowed. Company is planning to file Special Leave Petition before Hon'ble Supreme Court. Considering this Company has not made any provision towards disallowance of transition input tax credit.

8.3. Sales Tax matters of Tatanet Services Ltd. (TNSL) Wholly Owned Subsidiary

Maharashtra Sales Tax Department (Dept.) has issued orders against TNSL demanding payment of MVAT on the entire satellite communication services provided by TNSL claiming "The facility to use the transponders is a property, is commercial in nature and goods and therefore, transaction of lease of facility to use the transponders is a deemed sale and accordingly MVAT is applicable." The orders issued are for financial year 2006-07 to 2010-11 and aggregate amount under dispute is ₹ 38.36 Crores. The Company filed writ petition in Bombay High Court for the financial year 2008-09. The said Writ Petition was disposed by the Bombay High Court and referred to Maharashtra Sales Tax Tribunal (MSTT) to decide the above-mentioned matter.

MSTT in its order dated 29th April 2017, allowed the appeal of TNSL and set aside the demand of the Dept. made for financial year 2008-09. However, the Dept. has filed appeal in Bombay High Court against the order passed by MSTT for the year 2008-09.

Since the facts of the above matter are similar for other financial years viz. 2006-07, 2007-08, 2009-10 and 2010-11, the Joint Commissioner of Sales Tax (JCST) has passed order against the Company demanding payment of MVAT for these financial years also. The Company has filed Appeals to MSTT against the said orders of JCST.

8.4. Claim of ₹ 528 lakhs made by Antrix Corporation Ltd. from Tatanet Services Ltd. (TNSL)

For providing satellite communication services under the VSAT, ISP and IFMC licenses obtained by the Company from by Department of Telecommunication (DoT), the Company from time to time enters into agreements with Antrix Corporation Ltd., an entity under the administrative control of Department of Space (DOS), Govt. of India. These agreements for procuring satellite bandwidth capacity, inter alia contain charges to be paid for Space Segment/ leasing of Satellite Transponder Charges (Transponder Charges) to Antrix. These Agreements also contain specific clause allowing price revision and recovery of space segment charges with retrospective effect during the term of agreement. The Agreements expired on 30th April 2017 and the claim for increased charges with retrospective effect was received by the Company on 31st August 2017, i.e. after the expiry of the Agreements.

Similar petitions have been filed by Antrix against other VSAT & telecom operators. Admittedly, the term of all the aforesaid agreements expired on 31.03.2017 i.e. much before the issuance of decision to levy increased/revised Transponder Charges. The pleadings in Company's matter are complete and now it is pending before Registrar, TDSAT for framing of issues. The next date in the matter has not been fixed. Based on the legal opinion received, the Company has a strong arguable case on merit. However, as an abundant caution, the Company has provided in the books of account an amount of Rs. 278 Lakhs towards the claim during the period from 1st April, 2017 to 31st December, 2018 and out of this Company has already paid ₹ 212 lakhs. An amount of ₹ 168 Lakhs has been shown as contingent liability (refer note 34) in the books of accounts towards the claim for the period from 1st April, 2016 to 31st March 2017.

8.5. Goods and Service Tax (GST) transition Input Tax Credit (ITC) Tatanet Services Ltd. (TNSL)

Upon implementation of GST from July 2017, for carry forward and set off old service tax input credit Company was required to file form Trans 1. However due to technical glitches on the web portal of GST Department, Company could not file form Trans 1. As result of this automatic carry forward and set off transition, ITC of ₹ 89 lakhs was not allowed to Company. To seek remedy, Company has filed writ petition before Hon'ble High Court of Bombay. Hon'ble High Court of Bombay vide its order dated 20th March 2020 dismissed the petition of the Company and disallowed Company's claim. However, there are judgements of various High Courts in India on the matter similar to that of Company which supports claim of the Company. Also based on opinion received from independent legal counsel Company is confident that claim of the Company will be allowed. Company is planning to file Special Leave Petition before Hon'ble Supreme Court. Considering this Company has not made any provision towards disallowance of transition input tax credit.

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, all of which need different approaches for mitigation. 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 and its Material Subsidiary have Risk Management framework to inform the Audit Committee and Board members about risk assessment and minimization procedures and periodical review to ensure that Executive Management controls risks by means of properly designed framework.

The Company has also established a risk management policy based on which risks are identified and assessed across its businesses. The Risk Management Committee which comprises of the CEO, CFO, Senior Lead – Business Analytics and Risk Management 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 threaten the existence of the Company.

Internal Financial Control and Systems: The Company has an internal control system, commensurate with its size, scale, nature and complexity of its operations. 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.

Process Robustness: 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

Your 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, as a good corporate practice it has taken a project which involves installing 13 VSATs in identified schools in remote areas & in 4 Institutes run by Tata Power Skill Development Institute. These VSATs are used for downloading educational contents. Also, the Company conducted two batches of training at its Mahape office for the underprivileged students who have been trained on VSAT & RF installation and basics of Networking. The Company has also made efforts to get these students find employment after completion of the training. The Company has formulated the policy on CSR which is available on Company's websites: https://www.nelco.in/pdf/Policies/CSR%20Policy.pdf

10.2 Safety, Health and Environment

The Company places utmost importance to the Safety agenda. An office Fire Evacuation Drill is regularly conducted covering all staff working at its Mahape office to check emergency preparedness. Existing safety policy, systems, roles, site safety inspection and action planning, statutory compliances & records, counselling to Safety Committee & safety promotional activities were taken up in consultation with Occupational Health, Safety & Environment (OHSE) Management consultant. Training & awareness sessions were conducted periodically on Fire Safety and First-aid in emergency situation and on usage of the fire saving equipment. Inspection of Mahape office was conducted by OHSE consultant and initial observations were communicated for discussion with Safety Committee and action on gaps are monitored on periodic basis. Safety standards are maintained across all office locations. During National Safety Week, safety training, awareness sessions and promotion campaigns were conducted for Nelco employees, contract staff, suppliers & customers. Free health check-up camp through local hospital, regular health consultation through company doctor and annual health check-up through medical service provider were organised for employees.

11. Human Resources

As on 31st March 2020, the Company had employee strength of 175. During the year under review, 31 employees were recruited and 22 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:

- Employee Engagement: Nelco is cognisant of the fact that higher employee engagement leads to greater involvement of employees in achieving company goals, which in turn leads to higher business productivity. Continuous communication with employees in different forums (Connect meetings, Open House etc.) has been the way of life at the company to ensure transparency and to establish strong affinity between people and the management. Every year Employee Engagement Surveys are conducted for all employees 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 all employees and allow them to voice their opinion. Knowledge sessions and employee welfare and sports activities are also conducted from time to time to ensure continuous learning and good health of the employees.

- Reward & Recognition: In order to make recognitions an integral part of Nelco, it has drafted a strong R&R policy. Various Reward & Recognition functions are organised throughout the year. Programmes like Appreciation Week, R&R functions at monthly department meeting with HR, Quarterly Reward & Recognition functions during Open house for recognizing exceptional performances (both team and Individual level) and Nelco Innovista awards for rewarding creative and innovative minds are significant R&R platforms in the company. HoDs Spot awards, safety and bravery awards are a few more R&R activities.
- Engagement activities are planned based on a calendar and implemented on monthly basis covering all locations. Employee recreation and team-building activities like sports, festivals, picnics and team outings are also taken up across locations to increase employee engagement. As per Maternity Benefit Act, 2017, creche facility has been created at Mahape premises to enable new mothers to manage office work as well as childcare as required by them.
- Capability Development: Company focuses on overall capability building of functional, managerial and behavioural skills. 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. Training needs are primarily sourced through performance appraisal discussions with respective managers and considering dynamic business requirements. Training programmes are facilitated by e-learning platform as well as internal and external trainers. Effectiveness of training programmes are monitored to ensure achievement of training objectives. Employees are also encouraged to take up relevant educational courses on self-learning basis.
- Performance & Talent Management: Employee performance is monitored and managed through rigorous processes of involving people in framing the company’s vision and purpose, re-defining Job descriptions, goal setting based on the company and department level Balance Score Card (BSC). To bring emphasise on behavioural aspects and values, the Tata Leadership Practices (TLPs) have been included in the performance appraisal of the senior management of the Company. Continuous dialogue is encouraged between managers and their teams with focus on guiding and training first time managers through performance coaching. All the senior managers who joined during the year went through psychometric assessments.
- Succession Planning: Successors have been identified for critical positions (for N & N-1 level) in the Company to ensure business continuity. In specific instances where ready successors were not available, interim alternate plans have been crafted to ensure continuity in the event of any emergency situation. Based on the outcome of this process, decisions to hire capable person for specific positions have also been recommended.
- The company has an instituted Policy on Prevention of Sexual Harassment (POSH), which seeks to govern 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 at Nelco with inclusion of an external lady member. POSH theme training was conducted for employees and allied resources. No complaints related to POSH have been received during the year.

12. Credit Rating

During the year CARE Ratings has reaffirmed ratings for long term and short-term bank facilities of the Company to CARE A/Stable and CARE 1 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 III forming part of this report.

14. Foreign Exchange – Earnings and Outgo.

(₹ in lakhs)

Particulars – Standalone	Year ended 31st March 2020	Year ended 31st March 2019
Foreign Exchange Earnings	33.31	44.31
Foreign Exchange Outflow	3981.10	5,367.24

15. Auditors

At the 74th Annual General Meeting (AGM), the Members appointed Price Waterhouse Chartered Accountants LLP, (PWC) Chartered Accountants (ICAI Firm Registration No. 012754N/N500016) as Statutory Auditors to hold the office for the period of five years from the conclusion of 74th AGM till the conclusion of 79th AGM of the Company to be held in the year 2022. PWC has notified their resignation as the Statutory Auditors of the Company effective immediately from the conclusion of the 77th AGM scheduled on 13th August, 2020. The reason for resignation has been given in explanatory statement at item no. 5 to the notice of 77th AGM. The Statutory Auditors were present at the last AGM.

The Board has recommended appointment of S.R. Batliboi & Associates LLP, Chartered Accountants, (ICAI Firm Registration No. 103162W/E300004) as statutory auditors of the Company in place of Price Waterhouse Chartered Accountants LLP, for a period of 5 years from the conclusion of 77th AGM till the conclusion of the 82nd AGM to be held in 2025. In this connection, the attention of the Members is invited for approval of Item No. 5 of the Notice, for appointment of Statutory Auditors.

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. Maintenance of cost records

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 2019-20. The report of the Secretarial Auditors for FY 2019-20 is enclosed as Annexure- IV 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, the secretarial audit for FY20 of Tatanet Services Ltd., material subsidiary of the Company was undertaken by Practicing Company Secretaries. The Audit Report confirms that the material subsidiary has generally complied with the provisions of the Act, Rules, Regulations and Guidelines, etc.

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 – V 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 extract of Annual Return in Form MGT-9, is given in Annexure-VI forming part of this report. Further, the Annual Return for the year ended 31st March 2019 filed with ROC can be accessed on the Company's website: https://www.nelco.in/pdf/disclosure-of-events/annual-return-2018-19.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 2020 the applicable accounting standards had been followed along with proper explanation relating to material departures.

b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the Company for the period ended 31st March 2020 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, various Ministries, Regulatory Authorities and their departments for the 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, 16th July 2020

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 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 Regulation 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	1.0
Mr. K.N. Murthy*	0.1
Dr. Lakshmi Nadkarni*	0.1
Mr. Ajay Kumar Pandey*	0.1
Mr. Anand Agarwal**	N.A.
Mr. K. Ramachandran#	0.7
Ms. Hema Hattangady#	0.8
Mr. K. Raghuraman#	0.8
Mr. Rahul Shah##	0.1
Executive Director	
Mr. P. J. Nath, Managing Director & CEO	30.7

Note: Remuneration includes sitting fees and Performance Linked Payment (PLP) wherever applicable. The PLP for FY 2019-20 will be paid during FY 2020-21.

(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	0%
Mr. K, N. Murthy*	NA
Dr. Lakshmi Nadkarni*	NA
Mr. Ajay Kumar Pandey*	NA
Mr. Anand Agarwal**	NA
Mr. K. Ramachandran#	-24%
Ms. Hema Hattangady#	-36%
Mr. K. Raghuraman#	-34%
Mr. Rahul Shah##	-33%
Mr. P. J. Nath Managing Director & CEO	17%
Mr. Uday Banerjee Chief Financial Officer	15%
Mr. Girish V. Kirkinde Company Secretary & Head – Legal	13%

* Appointed as Additional & Independent Director effective from 28th January 2020.

** Appointed as Additional Director (Non-Independent) effective from w.e.f. 24th October 2019.

Ceased to be Director effective from 27th January 2020 upon completion of five years' term of appointment as Independent Director.

Ceased to be the Director w.e.f. 24th October 2019.

(c) Percentage increase in the median remuneration of employees in the Financial year 2018-19: 14.97%

(d) Number of permanent employees on the rolls of Company as on 31st March 2020: 175.

(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)	9.44% (on CTC)
Average increase in remuneration of managerial personnel	9.30% (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.

(g) The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is 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.

Annexure – III 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	2019-20	Axis Bank Ltd.	825	The Corporate Guarantee amount increased from ₹ 2975 lakhs to ₹ 3800 Lakhs for working capital facilities availed from the Bank by Tatanet Services Ltd. (wholly owned subsidiary of the Company)

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 – IV Secretarial Audit Report

(Ref: Board's Report Section 18)

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[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 31st March, 2020 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, 2020 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. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;

   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, 2009#; 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. However, during the quarter ended June, 2019, the Stakeholders Relationship Committee was comprised of 2 Directors. The Committee was reconstituted on 24th July, 2019 comprising of 3 Directors as required under regulation 20(2A) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015.

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 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 02nd November, 2018 approved the composite scheme of arrangement and amalgamation ('the Scheme') between the Company, Tatanet Services Limited (TNSL) and Nelco Network Products Limited (NNPL). The order approving the Scheme was received on 13th December, 2018. As per the said order, the Company informed the ROC about the approval of the Scheme stating that approval of the Department of Telecommunications ("DoT"), which is one of the conditions as per the NCLT order, has not been received and hence the Scheme has not yet been effective. The RoC records on the MCA web portal were, however, updated to reflect the Scheme as effective which inter alia has also resulted into Tatanet Services Limited mentioning as "Amalgamated" with the Company. Based on the legal advice, the Company has approached NCLT to direct RoC to amend its records as if the Scheme has not been effective including reinstating TNSL to its earlier status as "Active". While, the decision of NCLT is awaited, the Scheme will be given effect to in the records of the Company on receipt of all necessary approvals

For **Bhandari & Associates**

Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
Mumbai| 16th May, 2020
ICSI UDIN: F000761B000209398

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 31st March, 2020 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. Wherever 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

S. N. Bhandari
Partner
FCS No: 761; C.P. No: 366
Mumbai | 16th May, 2020
ICSI UDIN: F000761B000209398

Annexure V – 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 quite low to effectively 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 technology available globally. Proof of Concept (POC) is being carried out for new breed of baseband technologies. The Company's wholly owned subsidiary, Tatanet Services 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. The Company has also forged alliances with global players in IFMC business, which has helped in absorbing latest concepts and services in this area.

Future plan of action: The Company is building expertise to use data analytics and other digital technologies for improving quality of service and customer experience as well as creating newer services.

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.

(ii) Benefits derived:

The Company has increased its customer base in the different 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: N.A.

c. Has technology been fully absorbed: N.A.

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

C. Foreign Exchange earnings and outgo (Standalone)

	₹ In Lakhs
Total foreign exchange earned:	33.31
Total foreign exchange used:	3981.10

Annexure – VI Extract of Annual Return

(Ref.: Board's Report, Section 22)

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2020 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN: L32200MH1940PLC003164

ii) Registration Date: 31st August 1940

iii) Name of the Company: Nelco Limited

iv) Category / Sub-Category of the Company: Public Company Limited by shares

v) Address of the Registered office and contact details: MIDC, Plot No. EL-6, TTC Industrial Area, Electronic Zone, Mahape, Navi Mumbai – 400710. Tel.: +91 22 67399100, Fax: +91 22 67918787 Email: services@nelco.in Website: www.nelco.in

vi) Whether listed company: Yes / ~~No~~

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:

TSR Darashaw Consultants Private Limited
6-10, Haji Moosa Patrawala Industrial Estate
20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011
Tel.: 022 6656 8484, Fax.: 022 6656 8494
E-mail: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Network Systems	43212	98%
2.	Automation & Control	80200	2%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held(*)	Applicable Section
1.	The Tata Power Company Limited 3rd floor, Bombay House, 24, Homi Mody Street, Fort, Mumbai – 400 001	L28920MH1919PLC000567	Holding	48.64	2(46)
2.	Af-Taab Investment Company Limited, C/o The Tata Power Company Limited, Corporate Centre, "B" Block, 34, Sant Tukaram Road, Carnac Bunder Mumbai – 400 009	U65990MH1979PLC021037	Holding	1.44	2(46)
3.	Tatanet Services Limited, MIDC, Plot No. EL-6, TTC Industrial Area, Electronic Zone, Mahape , Navi Mumbai – 400710	U67120MH1987PLC044351	Subsidiary	100	2(87)
4.	Nelco Network Products Limited MIDC, Plot No. EL-6, TTC Industrial Area, Electronic Zone, Mahape , Navi Mumbai – 400710	U32309MH2016PLC285693	Subsidiary	100	2(87)

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category code (I)	Category of Shareholder (II)	Number of shares held at the beginning of the year 1st April, 2019				Number of shares held at the end of the year 31st March, 2020				% Change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
(A)	**Promoters**									
(1)	**Indian**									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Cental Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate	11,419,090	10,200	11,429,290	50.09	11,419,090	9,850	11,428,940	50.09	0.00
(e)	Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (1)	**11,419,090**	**10,200**	**11,429,290**	**50.09**	**11,419,090**	**9,850**	**11,428,940**	**50.09**	**0.00**
(2)	**Foreign**									0.00
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)		**11,419,090**	**10,200**	**11,429,290**	**50.09**	**11,419,090**	**9,850**	**11,428,940**	**50.09**	**0.00**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds	0	600	600	0.00	0	0	0	0.00	0.00
(b)	Banks / Financial Institutions	40,391	12,990	53,381	0.23	96,066	10,960	107,026	0.47	0.24
(c)	Central Government	52,182	0	52,182	0.23	52,182	0	52,182	0.23	0.00
(d)	State Governments(s)	0	19,240	19,240	0.08	0	3,890	3,890	0.02	-0.07
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)	353,000	0	353,000	1.55	353,000	0	353,000	1.55	1.55
	- Alternative Investment Fund	0	0	0	0.00	0	0	0	0.00	0.00
	- OCBs/Foreign Cos	83,083	0	83,083	0.36	0	0	0	0.00	-0.36
	Sub-Total (B) (1)	**528,656**	**32,830**	**561,486**	**2.46**	**501,248**	**14,850**	**516,098**	**2.26**	**1.35**
(2)	**Non-Institutions**									
(a)	Bodies Corporate									
i	Indian	377,557	5,380	382,937	1.68	335,136	5,220	340,356	1.49	-0.19

Category code (I)	Category of Shareholder (II)	Number of shares held at the beginning of the year 1st April, 2019				Number of shares held at the end of the year 31st March, 2020				% Change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
ii	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	5,232,425	288,091	5,520,516	24.19	5,504,703	244,598	5,749,301	25.20	1.00
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,870,998	0	2,870,998	12.58	2,644,132	0	2,644,132	11.59	-0.99
(c)	Any Other (Specify)									
	Directors & their Relatives	0	0	0	0.00	0	0	0	0.00	0.00
	Non- Resident Indian NRI	213295	300	213595	0.94	239151	200	239,351	1.05	0.11
	HUF	447,962	0	447,962	1.96	485,716	0	485,716	2.13	0.17
	Trust	200	0	200	0.00	200	0	200	0.00	0.00
	Foreign National - DR	0	0		0.00	0	0	0	0.00	0.00
	Clearing Member	317,642	0	317,642	1.39	265,316	0	265,316	1.16	-0.23
	LLP	14,313	0	14,313	0.06	21,666	0	21,666	0.09	0.03
	OCBs/Foreign Cos	0	868760	868,760	3.81	0	868760	868,760	3.81	0.00
	IEPF Account	186,493	0	186,493	0.82	257,777	0	257,777	1.13	0.31
	BC NBFC	4,208	0	4,208	0.02	787	0	787	0.00	-0.01
Sub-total (B) (2)		**9,665,093**	**1,162,531**	**10,827,624**	**47.45**	**9,754,584**	**1,118,778**	**10,873,362**	**47.65**	**0.20**
Total Public Shareholding (B) = (B)(1)+(B)(2)		**10,193,749**	**1,195,361**	**11,389,110**	**49.91**	**10,255,832**	**1,133,628**	**11,389,460**	**49.91**	**0.00**
TOTAL (A)+(B)		**21,612,839**	**1,205,561**	**22,818,400**	**100.00**	**21,674,922**	**1,143,478**	**22,818,400**	**100.00**	**0.00**
(C)	Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
1	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
2	Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)		**21,612,839**	**1,205,561**	**22,818,400**	**100.00**	**21,674,922**	**1,143,478**	**22,818,400**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Number of shares held at the beginning of the year 1st April, 2019			Number of shares held at the end of the year 31st March, 2020			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	The Tata Power Company Limited	11,099,630	48.64	0.00	11,099,630	48.64	0.00	0.00
2	Aftaab Investment Company Limited	328,310	1.44	0.00	328,310	1.44	0.00	0.00
3	Titan Industries Limited	1,000	0.00	0.00	1,000	0.00	0.00	0.00
4	Tata Investment Corporation Ltd	350	0.00	0.00	0	0.00	0.00	0.00
	TOTAL	**11,429,290**	**50.09**	**0**	**11,428,940**	**50.09**	**0.00**	**0.00**

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

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 1st April, 2019		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.1	The Tata Power Company Limited	01-Apr-2019	At the beginning of the year	11,099,630	48.64	11,099,630	48.64
1.1		31-Mar-2020	At the end of the year	0	0.00	11,099,630	48.64
1			Total :	11,099,630	48.64	11,099,630	48.64
2.1	Af-Taab Investment Company Limited	01-Apr-2019	At the beginning of the year	318,460	1.40	318,460	1.40
2.1		31-Mar-2020	At the end of the year	0	0.00	318,460	1.40
2.2	Aftaab Investment Company Limited	01-Apr-2019	At the beginning of the year	9,850	0.04	9,850	0.04
2.2		31-Mar-2020	At the end of the year	0	0.00	9,850	0.04
2			Total :	328,310	1.44	328,310	1.44
3.1	Titan Company Limited	01-Apr-2019	At the beginning of the year	1,000	0.00	1,000	0.00
3.1		31-Mar-2020	At the end of the year	0	0.00	1,000	0.00
3			Total :	1,000	0.00	1,000	0.00
4.1	Tata Investment Corporation Limited	01-Apr-2019	At the beginning of the year	350	0.00	350	0.00
		13-Mar-2020	Decrease	-350	0.00	0	0.00
4.1		31-Mar-2020	At the end of the year	0	0.00	0	0.00
4			Total :	350	0.00	0	0.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 1st April, 2019		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.1	M/S Schlumberger Limited	01-Apr-2019	At the beginning of the year	866,460	3.80	866,460	3.80
1.1		31-Mar-2020	At the end of the year	0	0.00	866,460	3.80
1			**Total :**	**866,460**	**3.80**	**866,460**	**3.80**
2.1	Prasoon Harshad Bhatt	01-Apr-2018	At the beginning of the year	762,300	3.34	762,300	3.34
2.1		30-Mar-2019	At the end of the year	0	0.00	762,300	3.34
			Total :	**762,300**	**3.34**	**762,300**	**3.34**
3.1	Massachusetts Institute Of Technology	01-Apr-2019	At the beginning of the year	**353,000**	**1.55**	**353,000**	**1.55**
3.1		31-Mar-2020	At the end of the year	0	0.00	353,000	1.55
3			**Total :**	**353,000**	**1.55**	**353,000**	**1.55**
4.1	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	01-Apr-2019	At the beginning of the year	186,493	0.82	186,493	0.82
4.1		19-Jul-2019	Decrease	-125	0.00	186,368	0.82
4.1		27-Dec-2019	Decrease	-550	0.00	185,818	0.81

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 1st April, 2019		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
4.1		07-Feb-2020	Decrease	-220	0.00	185,598	0.81
4.1		13-Mar-2020	Increase	72,179	0.32	257,777	1.13
4.1		31-Mar-2020	At the end of the year	0	0.00	257,777	1.13
4			**Total :**	**186,493**	**0.82**	**257,777**	**1.13**
5.1	Parul Prasoon Bhatt	01-Apr-2019	At the beginning of the year	228,600	1.00	228,600	1.00
5.1		31-Mar-2020	At the end of the year	0	0.00	228,600	1.00
5			**Total :**	**228,600**	**1.00**	**228,600**	**1.00**
6.1	Tarbir Shahpuri	01-Apr-2019	At the beginning of the year	350,000	1.53	350,000	1.53
6.1		08-Nov-2019	Decrease	-23,085	-0.10	326,915	1.43
6.1		15-Nov-2019	Decrease	-28,496	-0.12	298,419	1.31
6.1		22-Nov-2019	Decrease	-919	0.00	297,500	1.30
6.1		31-Jan-2020	Decrease	-1,894	-0.01	295,606	1.30
6.1		07-Feb-2020	Decrease	-7,723	-0.03	287,883	1.26
6.1		14-Feb-2020	Decrease	-59,130	-0.26	228,753	1.00
6.1		21-Feb-2020	Decrease	-78,753	-0.35	150,000	0.66
6.1		31-Mar-2020	At the end of the year	0	0.00	150,000	0.66
6			**Total :**	**350,000**	**1.53**	**150,000**	**0.66**
7.1	Jaya Harshad Bhatt	01-Apr-2019	At the beginning of the year	143,100	0.63	143,100	0.63
7.1		31-Mar-2020	At the end of the year	0	0.00	143,100	0.63
7			**Total :**	**143,100**	**0.63**	**143,100**	**0.63**
8.1	Janardan Kumar Kothari	01-Apr-2019	At the beginning of the year	156,150	0.68	156,150	0.68
8.1		31-May-2019	Decrease	-6,150	-0.03	150,000	0.66
		13-Dec-2019	Decrease	-16,000	-0.07	134,000	0.59
8.1		31-Mar-2020	At the end of the year	0	0.00	134,000	0.59
8			**Total :**	**156,150**	**0.68**	**134,000**	**0.59**
9.1	Roopa Corporate Services Pvt. Ltd.	01-Apr-2019	At the beginning of the year	123,173	0.54	123,173	0.54
9.1		24-May-2019	Decrease	-150	0.00	123,023	0.54
9.1		31-Dec-2019	Increase	7	0.00	123,030	0.54
9.1		03-Jan-2020	Decrease	-7	0.00	123,023	0.54
9.1		10-Jan-2020	Increase	2,000	0.01	125,023	0.55
9.1		24-Jan-2020	Increase	1,000	0.00	126,023	0.55
9.1		28-Feb-2020	Decrease	-1,000	0.00	125,023	0.55
9.1		31-Mar-2020	At the end of the year	0	0.00	125,023	0.55
9			**Total :**	**123,173**	**0.54**	**125,023**	**0.55**
10.1	Icici Bank Limited	01-Apr-2019	At the beginning of the year	8,896	0.04	8,896	0.04
10.1		05-Apr-2019	Increase	107,819	0.47	116,715	0.51
10.1		12-Apr-2019	Decrease	-13,956	-0.06	102,759	0.45
10.1		19-Apr-2019	Increase	505	0.00	103,264	0.45
10.1		26-Apr-2019	Decrease	-966	0.00	102,298	0.45
10.1		03-May-2019	Increase	904	0.00	103,202	0.45
10.1		10-May-2019	Increase	8,085	0.04	111,287	0.49

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 1st April, 2019		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
10.1		17-May-2019	Increase	3,748	0.02	115,035	0.50
10.1		24-May-2019	Decrease	-1,370	-0.01	113,665	0.50
10.1		31-May-2019	Decrease	-5,187	-0.02	108,478	0.48
10.1		07-Jun-2019	Increase	15,349	0.07	123,827	0.54
10.1		14-Jun-2019	Decrease	-16,669	-0.07	107,158	0.47
10.1		21-Jun-2019	Increase	15,705	0.07	122,863	0.54
10.1		28-Jun-2019	Decrease	-11,467	-0.05	111,396	0.49
10.1		05-Jul-2019	Increase	4,821	0.02	116,217	0.51
10.1		12-Jul-2019	Increase	26,903	0.12	143,120	0.63
10.1		16-Jul-2019	Decrease	-2,565	-0.01	140,555	0.62
10.1		17-Jul-2019	Decrease	-678	0.00	139,877	0.61
10.1		19-Jul-2019	Increase	7,491	0.03	147,368	0.65
10.1		24-Jul-2019	Increase	1,488	0.01	148,856	0.65
10.1		26-Jul-2019	Decrease	-4,697	-0.02	144,159	0.63
10.1		02-Aug-2019	Decrease	-7,250	-0.03	136,909	0.60
10.1		09-Aug-2019	Increase	5,193	0.02	142,102	0.62
10.1		16-Aug-2019	Increase	1,298	0.01	143,400	0.63
10.1		23-Aug-2019	Increase	8,821	0.04	152,221	0.67
10.1		30-Aug-2019	Decrease	-18,532	-0.08	133,689	0.59
10.1		06-Sep-2019	Decrease	-67	0.00	133,622	0.59
10.1		13-Sep-2019	Increase	2,754	0.01	136,376	0.60
10.1		20-Sep-2019	Decrease	-17,919	-0.08	118,457	0.52
10.1		27-Sep-2019	Increase	235	0.00	118,692	0.52
10.1		30-Sep-2019	Decrease	-2,225	-0.01	116,467	0.51
10.1		04-Oct-2019	Increase	3,189	0.01	119,656	0.52
10.1		11-Oct-2019	Decrease	-1,453	-0.01	118,203	0.52
10.1		18-Oct-2019	Increase	3,861	0.02	122,064	0.53
10.1		25-Oct-2019	Increase	3,372	0.01	125,436	0.55
10.1		01-Nov-2019	Increase	438	0.00	125,874	0.55
10.1		08-Nov-2019	Increase	2,263	0.01	128,137	0.56
10.1		15-Nov-2019	Decrease	-214	0.00	127,923	0.56
10.1		22-Nov-2019	Increase	12,682	0.06	140,605	0.62
10.1		29-Nov-2019	Decrease	-4,052	-0.02	136,553	0.60
10.1		06-Dec-2019	Decrease	-8,290	-0.04	128,263	0.56
10.1		13-Dec-2019	Increase	3,031	0.01	131,294	0.58
10.1		20-Dec-2019	Decrease	-698	0.00	130,596	0.57
10.1		27-Dec-2019	Increase	310	0.00	130,906	0.57
10.1		31-Dec-2019	Decrease	-3,686	-0.02	127,220	0.56
10.1		03-Jan-2020	Decrease	-1,150	-0.01	126,070	0.55
10.1		10-Jan-2020	Decrease	-3,541	-0.02	122,529	0.54
10.1		17-Jan-2020	Decrease	-5,544	-0.02	116,985	0.51
10.1		24-Jan-2020	Decrease	-40,775	-0.18	76,210	0.33
10.1		31-Jan-2020	Decrease	-3,606	-0.02	72,604	0.32
10.1		07-Feb-2020	Decrease	-1,997	-0.01	70,607	0.31
10.1		14-Feb-2020	Decrease	-6,424	-0.03	64,183	0.28
10.1		21-Feb-2020	Increase	8,892	0.04	73,075	0.32
10.1		28-Feb-2020	Decrease	-2,601	-0.01	70,474	0.31
10.1		06-Mar-2020	Decrease	-2,022	-0.01	68,452	0.30
10.1		13-Mar-2020	Decrease	-904	0.00	67,548	0.30
10.1		20-Mar-2020	Decrease	-6,647	-0.03	60,901	0.27
10.1		27-Mar-2020	Increase	17,590	0.08	78,491	0.34
10.1		31-Mar-2020	At the end of the year	16,233	0.07	94,724	0.42
10			**Total :**	**8,896**	**0.04**	**94,724**	**0.42**

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 1st April, 2019		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
11.1	Veena Naraindas Shobhani	01-Apr-2019	At the beginning of the year	65,579	0.29	65,579	0.29
11.1		12-Apr-2019	Decrease	-15,480	-0.07	50,099	0.22
11.1		26-Apr-2019	Increase	45	0.00	50,144	0.22
11.1		30-Aug-2019	Increase	10,800	0.05	60,944	0.27
11.1		13-Dec-2019	Decrease	-9,550	-0.04	51,394	0.23
11.1		20-Dec-2019	Decrease	-300	0.00	51,094	0.22
11.1		14-Feb-2020	Decrease	-1,894	-0.01	49,200	0.22
11.1		21-Feb-2020	Increase	153	0.00	49,353	0.22
11.1		31-Mar-2020	At the end of the year	0	0.00	49,353	0.22
11.2	Veena Shobhani	01-Apr-2019	At the beginning of the year	24,982	0.11	24,982	0.11
11.2		28-Jun-2019	Decrease	-24,982	-0.11	0	0.00
11.2		12-Jul-2019	Increase	24,982	0.11	24,982	0.11
11.2		02-Aug-2019	Increase	20	0.00	25,002	0.11
11.2		16-Aug-2019	Increase	144	0.00	25,146	0.11
11.2		31-Mar-2020	At the end of the year	0	0.00	25,146	0.11
11			**Total :**	**90,561**	**0.40**	**74,499**	**0.33**
12.1	I Wealth Fund I	01-Apr-2019	At the beginning of the year	83,083	0.36	83,083	0.36
12.1		17-May-2019	Decrease	-60,954	-0.27	22,129	0.10
12.1		24-May-2019	Decrease	-4,550	-0.02	17,579	0.08
12.1		12-Jul-2019	Decrease	-14,952	-0.07	2,627	0.01
12.1		26-Jul-2019	Decrease	-2,627	-0.01	0	0.00
12.1		31-Mar-2020	At the end of the year	0	0.00	0	0.00
12			**Total :**	**83,083**	**0.36**	**0**	**0.00**

(v) Shareholding of Directors and Key Managerial Personnel

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 1st April, 2019		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.1	Mr. R.R.Bhinge	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
1.1		30-Mar-2020	At the end of the year	0	0.00	0	0.00
1			**Total :**	**0**	**0.00**	**0**	**0.00**
2.1	Mr. P.J.Nath	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
2.1		30-Mar-2020	At the end of the year	0	0.00	0	0.00
2			**Total :**	**0**	**0.00**	**0**	**0.00**
3.1	Mr. Anand Agarwal	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
3.1		30-Mar-2020	At the end of the year	0	0.00	0	0.00
3			**Total :**	**0**	**0.00**	**0**	**0.00**
4.1	Mr. Narasimha Murthy Kummamuri	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
4.1		30-Mar-2020	At the end of the year	0	0.00	0	0.00
4			**Total :**	**0**	**0.00**	**0**	**0.00**
5.1	Dr. Lakshmi Nadkarni	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
5.1		30-Mar-2020	At the end of the year	0	0.00	0	0.00
5			**Total :**	**0**	**0.00**	**0**	**0.00**
6.1	Mr. Ajay Kumar Pandey	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
6.1		30-Mar-2020	At the end of the year	0	0.00	0	0.00
6			**Total :**	**0**	**0.00**	**0**	**0.00**
7.1	Mr. Uday Banerjee Chief Financial Officer	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
7.1		30-Mar-2020	At the end of the year	0	0.00	0	0.00
7			**Total :**	**0**	**0.00**	**0**	**0.00**
8.1	Mr .Girish V. Kirkinde Company Secretary & Head - Legal	01-Apr-2019	At the beginning of the year	0	0.00	0	0.00
8.1		30-Mar-2020	At the end of the year	0	0.00	0	0.00
8			**Total :**	**0**	**0.00**	**0**	**0.00**

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (₹in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,493	3,269	-	7,762
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**4,493**	**3,269**	**-**	**7,762**
Change in Indebtedness during the financial year				
- Addition	1,903	15,930	-	17,833
- Reduction	(1,438)	(13,869)	-	(15,307)
Net Change	465	2,061	-	2,526
Indebtedness at the end of the financial year				
i) Principal Amount	4,958	5,330	-	10,288
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8	-	-	8
Total (i+ii+iii)	**4,966**	**5,330**	**-**	**10,296**

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (₹ in Lakhs)

Sl. No	Particulars of Remuneration	Mr. P. J. Nath, Managing Director & CEO
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	263.20
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961	5.25
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission	Nil
	- as % of profit	
	- others, specify…	
5.	Others, please specify	Nil
6.	Total (A)	268.45
7.	Ceiling as per the Act	No ceiling as it is approved by shareholders by passing special resolution

B. Remuneration to other directors: (₹ in Lakhs)

Sl. No.	Name of Directors	Particulars of Remuneration			Total Amount
		Fee for attending board / committee Meetings (*)	Commission payable for FY 2019-20	Others, please specify	
I.	**Independent Directors**				
1.	Mr. K. Raghuraman	7.25	Nil	Nil	7.25
2.	Mr. K. Ramachandran	6.50	Nil	Nil	6.50
3.	Ms. Hema Hattangady	7.00	Nil	Nil	7.00
4.	Mr. K. N. Murthy	0.50	Nil	Nil	0.50
5.	Dr. Lakshmi Nadkarni	0.50	Nil	Nil	0.50
6.	Mr. Ajay Kumar Pandey	0.50	Nil	Nil	0.50
	Total (I)	**22.25**	**Nil**	**Nil**	**22.25**
II.	**Other Non-Executive Directors**				
1.	Mr. R. R. Bhinge	8.50	Nil	Nil	8.50
2.	Mr. Rahul Shah	1.20	Nil	Nil	1.20
3.	Mr. Anand Agarwal	Nil	Nil	Nil	Nil
	Total (II)	**9.70**	**Nil**	**Nil**	**9.70**
	Total Managerial Remuneration (I + II)	31.95	Nil	Nil	31.95
	*Overall Ceiling as per the Act (@1% of profit calculated under Section 198 of the Companies Act, 2013)		Not applicable as no commission paid to any non-Executive Director		

C. Remuneration to Key Managerial Personnel other than MD /Manager /WTD (₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Girish Kirkinde, Company Secretary & Head - Legal	Mr. Uday Banerjee, CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	50.97	75.90	126.87
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2.40	4.44	6.84
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify…	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
6	**Total**	**53.37**	**80.34**	**133.71**

VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC SITUATION

India's economic growth declined in the last quarter for the financial year 2019-20, on account of the impact of coronavirus outbreak on the economy. As per World Bank as well as State Bank of India research estimates, the economic growth rate during 2020-21 is estimated to further come down as against projected before the outbreak of the deadly virus. India entered the pandemic turmoil in the midst of a slowdown.

In its latest World Economic Outlook report, the International Monetary Fund (IMF) does project a rebound in the growth of the Indian economy in 2021. India has been placed among the fastest-growing emerging economies of the world. India also has the highest ever number of people in the productive age group.

The Government unveiled a series of far-reaching reforms, aimed at energizing the Indian economy through a combination of short-term, medium-term, and long-term measures. The Government's Vision of Aspirational India and Economic Development gives specific focus on rural development, healthcare, education and skill development. The focus is on Digital Revolution which includes - Seamless delivery of services through Digital Governance, developing National Infrastructure Pipeline, Risk mitigation through Disaster Resilience and Social security.

Government is focusing on Healthcare, targeting diseases with an appropriately designed preventive regime using Machine Learning and AI. The Government announced Practice Guidelines/ Regulation for enabling Healthcare Using Telemedicine. This is expected to give an impetus to the sector, which was in nascent stages so far in India.

The Government also plans to announce a new education policy soon to promote full-fledged online education programs by top institutions in the National Institutional Ranking Framework.

A National Logistics Policy is also likely to be released soon for creating a single window e-logistics market. Special focus is to be given to geo-tagging of Agri-warehouses, cold storages, reefer van facilities. Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) will undertake warehouse network building across India. Further, the Government is launching a framework for development of blue economy and management and conservation of marine fishery resources.

In the energy sector, the Government plans to promote "Smart" metering as well as focus on measures to reform DISCOMs. The Cooperative Banks will be strengthened by amending Banking Regulation Act for improving governance and oversight for sound banking through RBI. An impetus is also given to connect 100,000 Gram Panchayats this year through Bharatnet.

All these reforms are likely to drive the demand for digital solutions in the coming years.

COMPANY STRATEGY AND DIRECTIONS:

BUSINESS STRATEGY:

The focus of the Company is to have sustainable profitable growth in its Satellite Communication (SatCom) services business. 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 SatCom, in India and beyond.

BUSINESS STRATEGY AND DIRECTIONS:

Industry structure and development:

The SatCom industry is best suited to provide data connectivity across the remotest parts of the country. SatCom has been playing an important role for inclusive growth in India through areas like rural banking, e-Governance, e-Education, water management, healthcare as well as telecom. SatCom has also played a key role in sectoral growth for Renewable Energy, Mining, Offshore Oil & Gas exploration, Oil Retail and Maritime by enabling business-critical applications in the remotest locations through Very Small Aperture Terminals (VSATs) or SatCom terminals.

Commercial SatCom services in India are offered under license from Department of Telecom, Government of India (DoT), hereinafter referred as 'VSAT license'. However, the satellite transponder space is procured through Antrix (a company owned by ISRO). Antrix provides for the transponder space in satellites belonging to ISRO as well as on foreign satellites when there are no capacities available on the ISRO satellites. SatCom service providers with VSAT license are required to set up satellite gateways in India for providing their services.

The Government had announced the Inflight & Maritime Communication (IFMC) policy in December 2018. The IFMC policy allows voice and Internet services on aircraft while flying over Indian skies and on ships while sailing in Indian waters, through satellite gateways in India. The SatCom service providers having VSAT license are eligible to procure IFMC license under this policy.

There are currently four main VSAT license holders in the country with diverse backgrounds. There has been no new entrant in this sector in the country in more than a decade.

Globally, SatCom Technologies have evolved faster in the last 2-3 years than in the previous 20 – 25 years. The development of High Throughput Satellites (HTS) and Low Earth Orbit (LEO) constellations has significantly increased the availability of satellite transponder capacity and is bringing down unit cost of satellite bandwidth. Similarly, there has been significant advancement in antenna technology, a major step being small foot-print flat-panel antenna. These new technologies are expected to be available in India as and when the regulations in the country permit them.

With these technological changes, the Industry is transforming globally. Satellite value chains are now evolving. The Satellite players are moving up the value chain into teleport operations with the advent of newer technologies like HTS. The Service providers are increasingly offering value added services and focusing on customer experience. As businesses are becoming truly global, customer expectations are changing as well - borderless coverage, increasing bandwidth demand, global purchase, consolidated managed services and continuous service innovation, to name a few.

Mobility has been driving satellite capacity demand globally. Increasing adoption of SatCom by airlines for passenger broadband service and aircraft maintenance and by maritime vessels for higher bandwidth applications to improve operations and crew welfare, is leading to higher bandwidth demand per aircraft/vessel. Ecosystem collaborations and newer business models are also emerging in the Aero and Maritime sectors.

The industry in India has the potential for disruptive growth in the coming years. As per internal estimates, the growth rate of the industry is likely to improve in coming years due to the impact of the IFMC policy and availability of newer satellite technologies in the country. However, to keep pace with global growth trends, India will also need to adopt more flexible global practices.

Market opportunities:

As the Indian economy is currently facing turbulence on account of the spread of Novel Coronavirus (COVID – 19), the shape and speed of recovery will be a key factor once the pandemic is controlled. While the mid to long term fundamentals seem to be intact, a short-term dip is expected in most sectors.

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 the country. There are some specific sectors in the country which use Satcom services as explained below.

The banks use SatCom services for connecting ATMs and some of the remote location branches. The Company believes that the usage of SatCom services is likely to grow in the next 5 years for the ATMs.

Oil & gas exploration activities are likely to continue in future owing to the Government's drive to reduce import of crude oil, newer reforms and private sector participation, though there could be some negative impact due to the falling global crude prices in the short to medium term.

There are currently apx. 45,000 SatCom terminals deployed by the three major PSU Oil Retail companies to automate and connect their oil retail outlets. More such outlets are likely to be connected through SatCom terminals in the future.

The potential for deploying SatCom services in Government sector is likely to increase in future due to the thrust on Panchayat connectivity, education, healthcare, warehousing, public distribution system and water management especially in rural and remote locations.

Rural government education programs and private Coaching classes operating on a remote digital model using SatCom are sectors which are likely to give boost to the growth of satellite communication in India.

Telemedicine is likely to grow as a segment due to favorable government policies, especially during the current turbulent times. Similarly, eCommerce and logistics sectors.

As per internal estimates, all the above 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 IFMC services - Maritime as well as Aero in-flight connectivity (Aero IFC) services, which are high growth segments across the globe.

Increase in passenger air traffic and a growth in aircraft fleet will drive the adoption of Aero IFC in India in the long run. Asia is one of the largest markets due to large volume of commercial shipping vessels operating in the region. The Maritime industry is also poised to grow in India in the long run. The Company believes that the IFMC services will give a boost to the growth of the Indian SatCom services sector in the next 4 – 5 years' time. However, both the maritime and aero sectors have been impacted by the COVID-19 crisis and are likely to take at least one year to recover and get back to normalcy.

High Throughput Satellites (HTS) are likely to be available in India for commercial use in the coming year, which will make many more applications viable using SatCom in the country in line with the global trend. LEO constellations in the future will enhance growth of SatCom services due to availability of large capacity low-latency satellite bandwidth.

Growing new markets and Launching services

The Company has launched its SatCom services for both Maritime and Aero IFC under the In-flight and Maritime Communication (IFMC) license from Government of India. The Company has partnered with multiple global players in Maritime and Aero IFC and is already offering commercial services.

The Company is offering high quality satellite communication services to the international aircrafts flying over India. Indian carriers are likely to soon start offering IFC services mainly on new aircrafts which are fitted with SatCom terminals & on-board infrastructure . The Company has already signed an agreement to start the services with one of the airlines operators in the country. The large-scale adoption of IFC services in the country may take some more time as many of the new aircrafts may not get delivered in the short term.

The Company has established itself as an important player for maritime communication in India. There is a large latent demand in the Indian shipping sector, but the adoption levels are slow currently due to high capex involved and the overall financial stress in the sector. The Company is also building complementary services for the sector to be a comprehensive Maritime services player in future.

The Company believes that both these sectors – Aero & Maritime, have high growth potential in India. The IFMC services also offer opportunities to serve markets beyond India, which the Company plans to pursue in the coming years.

The Company also has plans for entering newer verticals in the Enterprise market.

Strengthening presence in the existing market segments

The Company has established itself as a preferred Satcom service provider in many of the B2B market segments. The Company has strengthened its presence in the Banking & Finance segment by deploying SatCom terminals in ATMs and Bank branches. The Company continues to add more Satcom terminals to all the market segments where it is already operational.

There are multiple Enterprise segments which need reliable data connectivity in remote locations due to their business-critical needs. The Company's endeavor is to address these needs with its SatCom services. The Company has been enabling the growth and development of segments like Renewable Energy, Oil Retail and Education services.

The Company has been striving to improve its customer support and project implementation capabilities to meet the specialized needs of each of the market segments.

Differentiated Enterprise Offerings

The Company focuses on augmenting its solutions based on latest global technologies, which has helped it to become a preferred SatCom service provider in the country. The Company is continuously adding layers of complementary products and services, beyond connectivity, to solve the pain points of its customers. The Company will leverage its existing alliances as well as build newer alliances for developing capabilities in these areas.

Investing in augmenting infrastructure

The Company has been making continuous investment in augmenting its infrastructure for providing reliable and high quality SatCom services. The infrastructure is scalable and is continuously evolving to cater to the growing business of the Company.

The Company currently has multiple satellite gateways in Mahape and Dehradun. It has deployed the latest technologies for its satellite gateways to cater to a wide range of market segments. During the year, the Company had augmented its infrastructure including additional Satellite transponder capacities for delivering the IFMC services.

The Company is also evaluating HTS technologies for deployment in the coming years. The Company continues to drive performance improvement through TL9000, ISO 20000 and ISO27001 certifications.

Going beyond in Customer Centricity

The Company considers customer centricity as the focal point and continuously drives improvement initiatives based on deep customer insights. The Company aims to be the most customer centric digital solution provider using SatCom in India and beyond. The Company uses various mechanisms to capture the voice of the customer. The endeavor is to improve quality of service, customer responsiveness, enhance customer engagement as well as delight customers with newer offerings. The Company had ensured to offer uninterrupted service even in the lockdown situation due to COVID-19 pandemic.

PERFORMANCE:

The Company operates only in 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 – Tatanet Services Ltd. (TNSL), for delivering SatCom services.

On 8th September 2016, the Company formed a wholly owned subsidiary – Nelco Network Products Ltd. (NNPL), which has not commenced business operation during the year under review.

The current period of review for the Company is 1st April 2019 to 31st March 2020.

During the period under review, the revenue for the company on consolidated basis was ₹ 21,993 Lakhs as against ₹ 19,101 Lakhs in the previous year. On a standalone basis the revenue for the business was ₹ 15,073 Lakhs as against ₹ 12,632 Lakhs in the previous year.

The Company has apx. 24% share of the total installed base of Satcom terminals in the industry.

The Company fared well in all the market segments that it serves and has strengthened its overall position in the market. The Company continued its efforts to develop newer markets for SatCom services in India.

OUTLOOK

The economic impact of the COVID-19 pandemic in India has been hugely disruptive. While there are sectors which are under financial distress, many new business models and collaborations are emerging, which provide new opportunities for the SatCom industry. Next-gen technologies are likely to move into the mainstream. It is likely that there may be a changed business environment in many of the sectors as a result of the COVID-19 pandemic.

Though fresh SatCom deployments have been impacted due to COVID-19 crisis, the fundamentals of many of the sectors like ATM, Renewable Energy, Oil Retail, Education, etc. seem to be intact. During the initial part of the year there is likely to be a dip in revenue growth due to lockdown and financial pressures in most sectors.

The Company believes that the SatCom deployment in ATMs and bank branches may pick up during the latter part of FY 2020-21 as the economic conditions improve and the expansion of banking infrastructure resumes.

The outlook from some of the other Enterprise segments like Telemedicine, rural Education and eCommerce looks positive in the long run considering that there is an increasing need for reliable data communication services spread across the country for these sectors.

Though there is a large opportunity in providing Internet and allied services to aircrafts and shipping vessels in Indian airspace and waters respectively, both these sectors have been severely impacted globally due to the pandemic. The recovery of these sectors may take more time.

The Company believes that the adoption of services by the Indian aviation sector is likely to get subdued in the next one year due to the current headwinds faced by the sector, though the long-term potential in this sector remains high considering that India has one of the fastest growing markets in the world. The impact of the pandemic on the operations of this sector will however need to be watched.

The Company believes that many of the India flagged maritime vessels will deploy the Satcom services eventually. However, the adoption levels are likely to be lower in FY2020-21 due to overall financial distress in the sector.

In-line with the global trend, the availability of HTS in the country could also give a boost to the growth of the SatCom industry by increasing its ability to address newer markets and applications. Newer segments in remote and rural areas could become viable on satellite technologies. However, the availability of HTS in the country will also be dependent of Department of Space giving permission to the foreign satellite operators to offer these in the country and/or ISRO launching its own HTS.

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

At Consolidated level	At Standalone level
Decrease in Interest coverage ratio to 2.61 times from 3.78 times due to increase in short term borrowing.	Decrease in Interest coverage ratio to 2.67 times from 3.16 times due to increase in short term borrowing.
Increase in debt equity ratio to 1.84 times from 1.47 times due to increase in borrowing for capex.	Increase in debt equity ratio to 2.06 from 1.85 times due to increase in borrowing for capex.
Decrease in net profit margin to 7% from 12% mainly due to effect of deferred tax assets created in the previous year.	Decrease in net profit margin to 9% from 14% mainly due to effect of deferred tax assets created in the previous year.
Decrease in return on net worth to 22% from 40% mainly due to effect of deferred tax assets created in the previous year.	Decrease in return on net worth to 27% from 42% mainly due to effect of deferred tax assets created in the previous year.

RESTRUCTURING OF THE COMPANY

The Company is in the process of internal restructuring of its various businesses and 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), which is subject to various Regulatory approvals. Currently TNSL holds the VSAT license and has the revenue from sale of SatCom services under the VSAT license, which is largely recurring in nature. The revenue earned by Nelco comprises mainly of one-time sale of SatCom terminal equipment and recurring services revenue from equipment maintenance services. In the first phase of the Scheme, Nelco will transfer 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 will amalgamate with Nelco. Post the said restructuring, the Satellite Communication service business will be in Nelco, which is the listed parent entity and the related equipment business will be in NNPL. The VSAT and ISP licenses will be transferred from TNSL to Nelco.

The primary benefits of this restructuring are likely to be:

1. The listed entity on stand-alone basis will hold the VSAT license and will have the more 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 will improve its ability to bid for larger projects which require the bidder to own the VSAT license.

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

RISKS AND CONCERNS

The world (and the Indian economy) is currently facing an unanticipated black swan event in the face of the COVID-19 pandemic, which has the potential to derail the economy and financial markets. Supply chain disruptions, logistical impact of lock down and social distancing and financial distress in many sectors are likely to impact the initial part of the year as well as in the future. Some of the sectors like aviation and shipping are likely to take longer to return to normalcy, while sectors like Banking and Education may bounce back faster. Moreover, the new normal could be quite different from the earlier normal, which could also have long term impact on some of the sectors like Aviation, Tourism, Hospitality, etc.

In addition to the current situation, the key business risks are:

Volatility Risks

- **Exchange rate fluctuations:**

  The Rupee continues to weaken amid mounting fears of a coronavirus-led economic slowdown. 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 an exposure towards exchange rates, even though the transponder space is provided by Antrix.

- **Volatility of demand**

  The health and vagaries of the market segments impact the demand for SatCom services from the respective sectors. Since the Company has a high dependence on a number of market segments for its revenue and profitability in the coming year, volatility, downturn, or financial distress may impact Company's performance in the short term.

Operating Risks

- **Technology Risk:** Due to the proprietary nature of SatCom technology, the Company is dependent on a limited number of technology providers for the hardware. Any sudden obsolescence of technology or a disruption of global and domestic supply chains poses a risk for the operations. Changing over to alternate technologies in the event of such a situation would involve migration time & additional cost and hence impact on 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 services could also pose a threat if the infrastructure is rolled out across the country to cover the remote locations with Enterprise class service levels. This may however not be very pronounced for the next 3 – 4 years considering the Capex involved.

Environment Risks

- **Infrastructure:** The Company's infrastructure is vulnerable to interruptions caused by earthquakes, floods, heavy rainfall, 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. This also includes the IFMC related regulations. Considering that the satellite capacity has to be bought only through Antrix, a part of ISRO, any adverse commercial terms adopted by them could also impact the industry negatively.

Risk Management

With the main objective of ensuring sustainable business growth and improving governance processes, the Company has an established a risk management policy based on which risks are identified and assessed across its businesses. The Risk Management Committee which comprises of the MD & CEO, CFO 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 process in each of its functions to proactively manage uncertainty and changes in business environment while mitigating risk impact and capitalizing on opportunities.

The Company's key risks are discussed with the Audit Committee on a quarterly basis.

Risk mitigation initiatives

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

- 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 vagaries.

- Foreign currency exposures are closely monitored by 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 ensures 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 of these reviews is 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

The Internal Audit plans are drawn up in consultation with Statutory Auditors & Audit Committee. Adequacy of the system is also assessed periodically.

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the compliance/action taken reports submitted to them.

The Statutory Auditors of Company, Price Waterhouse Chartered Accountants LLP, have opined in their report included in the Annual Report that Company has adequate internal controls over financial reporting.

KEY DEVELOPMENTS IN HUMAN RESOURCES

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

As on 31st March 2020, the Company had an employee strength of 175. During the year 31 employees were recruited and 22 employees were separated. In 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 behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Strong leadership and effective corporate governance practices have been the Company's hallmark inherited from the Tata culture and ethos.

The Company has a strong legacy of fair, transparent and ethical governance practices.

The Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("the Act"). The Company's corporate governance philosophy has been further strengthened through Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code").

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 applicable, with regard to corporate governance.

2. Board of Directors Composition

As on 31st March 2020, 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 Regulation17 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 2020 are as follows:

Name of the Director	Category of Directorship	*Number of Directorship	**Number of Committee positions held	
		Director	Chairman	Member
Mr. R. R. Bhinge, Chairman DIN 00036557	Non-Executive (Non-Independent)	4	-	1
Mr. P. J. Nath, Managing Director & CEO DIN 05118177	Managing Director & CEO	3	-	-
Mr. Anand Agarwal DIN 06398370 (Appointed w.e.f. 24th October 2019)	Non-Executive (Non-Independent)	3	2	1

Name of the Director	Category of Directorship	*Number of Directorship	**Number of Committee positions held	
		Director	Chairman	Member
Mr. K. Narasimha Murthy DIN 00023046 (Appointed w.e.f. 28th January 2020)	Non-Executive (Independent)	6	3	2
Dr. Lakshmi Nadkarni DIN 07076164 (Appointed w.e.f. 28th January 2020)		-	-	-
Mr. Ajay Kumar Pandey DIN 00065622 (Appointed w.e.f. 28th January 2020)		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.

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 of the Company served as Independent Director in more than 7 listed companies. 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.

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). Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website: www.nelco.in.

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 Managing Director & CEO.

The Names and category of Directorship in other listed entities as on 31st March 2020:

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 India Ltd.	Independent Director Independent Director
Dr. Lakshmi Nadkarni	Nil	NA
Mr. Ajay Kumar Pandey	Nil	NA

Changes in Board composition

Changes in Board composition during FY20 and upto the date of this report, are tabled below:

Sr. No.	Name of the Director	Nature of change	Date of change
1.	Mr. Rahul Shah	Resigned as a Director of the Company	24th October 2020
2.	Mr. Anand Agarwal	Appointed as Additional Director of the Company	24th October 2020
3.	Mr. K. Raghuraman	Ceased to be Director consequent upon completion of the term of appointment as an Independent Director	27th January 2020
4.	Mr. K. Ramachandran		27th January 2020
5.	Ms. Hema Hattangady		27th January 2020
6.	Mr. K. Narasimha Murthy	Appointed as Additional and Independent Director	28th January 2020
7.	Dr. Lakshmi Nadkarni		28th January 2020
8.	Mr. Ajay Kumar Pandey		28th January 2020

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 Governance Guidelines, 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 45 years of professional experience in strategy, finance, marketing, operations, joint venture planning and profit centre management.
Mr. P.J. Nath	Over 35 years of professional experience in the Enterprise market, sales, product management, customer support and project management.
Mr. Anand Agarwal	Over 23 years of professional experience in treasury, financial accounting, investor relations and business Finance.
Mr. Narasimha Murthy Kummamuri	Over 40 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 28 years of professional experience in human resources, strategy, industrial sociology, governance and Corporate Social Responsibility.
Mr. Ajay Kumar Pandey	Over 35 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.

Video/tele conferencing facilities are also used to facilitate Directors traveling or present at other locations, to participate in meetings.

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.

Six 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 27th April 2019, 24th July 2019, 23rd October 2019, 15th November 2019, 23rd January 2020 and 11th February 2020.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 2019-20	Whether attended last AGM held on 24th July 2019
Mr. R. R. Bhinge Chairman	Non-Executive (Non-Independent)	6	Yes
Mr. P. J. Nath	Managing Director & CEO	6	Yes
Mr. Rahul Shah (Upto 24th October 2019)	Non-Executive (Non-Independent)	3	Yes
Mr. Anand Agarwal (Appointed w.e.f. 24th October 2019)		1	No
Mr. K. Narasimha Murthy (Appointed w.e.f. 28th January 2020)	Non-Executive (Independent)	1	No
Dr.Lakshmi Nadkarni (Appointed w.e.f. 28th January 2020)		1	No
Mr. Ajay Kumar Pandey (Appointed w.e.f. 28th January 2020)		1	No
Mr. K. Raghuraman (Upto 27th January 2020)	Non-Executive (Independent)	5	Yes
Mr. K. Ramachandran (Upto 27th January 2020)		5	Yes
Ms. Hema Hattangady (Upto 27th January 2020)		4	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 23rd January 2020, 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 11th February 2020. 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 15th November 2019 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-for-familiarisation-development-of-board-members-fy2019-20.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 2020. 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 frame work 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 five Board Committees as on 31st March 2020, which comprises four 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

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. Raghuraman, Chairman#	Non-Executive (Independent)	4
Mr. K. Ramachandran#		4
Ms. Hema Hattangady#		3
Mr. R.R.Bhinge	Non-Executive (Non-Independent)	4
Mr. K. Narasimha Murthy, Chairman##	Non-Executive (Independent)	-
Dr. Lakshmi Nadkarni##		-
Mr. Ajay Kumar Pandey##		-

Ceased to be Chairman/Member of the Committee effective from 27th January 2020 consequent upon completion of the term of appointment as an Independent Director.

Appointed as Chairman/Member of the Committee effective from 28th January 2020.

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

Four Audit Committee Meetings were held during the year under review on 27th April 2019, 24th July 2019, 23rd October 2019 and 23rd January 2020. 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. Raghuraman, who was Chairman of the Audit Committee at that time 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 is prepared and approved by the Audit Committee at the beginning of every year. The Audit Committee 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 on going process to track the evolution of the risks and delivery of mitigating action plans. Risks and their mitigation plans are reviewed by the Audit Committee.

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. K. Raghuraman, Chairman#	Non-Executive (Independent)	1
Mr. K. Narasimha Murthy, Chairman##		-
Mr. P. J. Nath	Managing Director & CEO	1
Mr. Rahul Shah *	Non-Executive (Non-Independent)	1
Mr. Anand Agarwal **		-

Ceased to be Chairman of the Committee effective from 27th January 2020 consequent upon completion of the term of appointment as an Independent Director.

Appointed as Chairman of the Committee effective from 28th January 2020.

* Appointed as Member of the Committee effective from 24th July 2019 and ceased effective from 24th October 2019 due to resignation from Directorship.

** Appointed as member of the Committee effective from 24th October 2019.

One SRC meeting was held during the year under review on 23rd October 2019. 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.

The responsibilities of SRC inter alia include review of statutory compliance relating to all security holders, 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	1	1	0
B.	**Letters received from Shareholders**			
	Non Receipt of Annual Report	1	1	0

There were no pending transfers/demats as on 31st March 2020.

Mr. K. Raghuraman, Chairman of the SRC at that time was present at the last AGM.

6. Nominations, HR and Remuneration Committee

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

Name of the Director	Category of Directorship	No. of meetings attended
Mr. K. Ramachandran, Chairman#	Non-Executive Independent	3
Mr. K. Raghuraman#		4
Ms. Hema Hattangady#		3
Mr. R.R.Bhinge, Member	Non-Executive Non-Independent	4
Mr. Rahul Shah, Member*		2
Mr. Anand Agarwal, Member**		1
Dr.Lakshmi Nadkarni, Chairperson##	Non-Executive Independent	-
Mr. K. Narasimha Murthy##		-
Mr. Ajay Kumar Pandey##		-

Ceased to be Chairman/Member of the Committee effective from 27th January 2020 consequent upon completion of the term of appointment as an Independent Director.

* Ceased to Member of the Committee effective from 24th October 2019 due to resignation from Directorship.

** Appointed as Member of the Committee effective from 24th October 2019.

Appointed as Chairperson/Member of the Committee effective from 28th January 2020.

Four NRC Meetings were held during the year under review on 27th April 2019, 25th July 2019, 14th November 2019 and 23rd January 2020.The necessary quorum was present for all the meetings.

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

- Investigate any matter within the scope of its Charter or as referred to it by the Board.
- Seek any information or explanation from any employee or director of the Company.
- Ask for any records or documents of the Company.
- In the context of any of the above, it may also engage independent consultants and other advisors and seek their advice.

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

- Board Composition and succession related
- Evaluation related
- Remuneration related
- Board Development related
- Review of HR Strategy, Philosophy and Practices
- Other functions

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.

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.

Mr.K. Ramachandran, Chairman of the NRC at that time 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 2019-2020 are as under:-

(Amount in ₹)

Salary & Allowances	Perquisites & Benefits	Retirement Benefits	Performance Linked Payment (PLP)	Total
1,52,52,444	5,24,796	7,56,000	1,03,11,840	2,68,45,080

* PLP relates to the financial year ended 31st March 2019, which was approved by the Board on 27th April 2019 and paid during FY 2019-20.

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

Period of Appointment	13th June 2018 to 12th June, 2021
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.

<u>Remuneration to Non-Executive Directors (NEDs)</u>

The Company pays sitting fees of ₹ 50,000/- per meeting per Director with effective from 1st April 2018 to the NEDs for attending meetings of the Board and Committee except Stakeholders Relationship Committee and Executive Committee of Board for which sitting fees is ₹ 25,000/- and ₹ 30,000/- per meeting respectively. The details of sitting fees paid to NEDs during the financial year 2019-20 are as under-

Name of the Directors	**Sitting fees (₹)**
Mr. R. R. Bhinge	8,50,000/-
Mr. K. Raghuraman	7,25,000/-
Mr. K. Ramachandran	6,50,000/-
Ms. Hema Hattangady	7,00,000/-
Mr. Rahul Shah	1,20,000/-
Mr. Anand Agarwal #	Nil
Mr. K. Narasimha Murthy	50,000/-
Dr. Lakshmi Nadkarni	50,000/-
Mr. Ajay Kumar Pandey	50,000/-

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
Ms. Hema Hattangady*	Non-Executive (Independent)	3
Mr. P. J. Nath, Member	Managing Director & CEO	3
Dr. Lakshmi Nadkarni, Member**	Non-Executive (Independent)	-

*Ceased to be Member of the Committee effective from 27th January 2020 consequent upon completion of the term of appointment as an Independent Director.

**Appointed as Member of the Committee effective from 28th January 2020.

Three CSR Meetings were held during the year under review on 25th July 2019, 14th November 2019 and 22nd January 2020. 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.

Non- Statutory Committee

8. Executive Committee of the Board

The Executive Committee of the Board comprises of Mr. R. R. Bhinge (Chairman), Mr. K. Ramachandran (Upto 27th January 2020), Mr. P. J. Nath and Mr. Rahul Shah (upto 24th October 2019) Mr. Anand Agarwal (Appointed w.e.f. 24th October 2019) and Mr. Ajay Kumar Pandey (Appointed w.e.f. 28th January 2020). 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

9. Material Subsidiary Company

As defined under Regulation 16 (1) (c) of Listing Regulations, the Company has one "Material Subsidiary" during the financial year 2019-20 under review viz. Tatanet Services Ltd. An Independent Director of the Company has been appointed on the Board of the said Subsidiary Company. The audit committee reviews the consolidated financial statements of the Company and the investments made by its Material Subsidiary. The minutes of the Board meetings along with significant developments of the said Subsidiary are periodically placed before the Board of Directors of the Company.

10. 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. Uday Banerjee, Chief Financial Officer (CFO) of the Company is the 'Compliance Officer' and Mr. Malav Shah, GM Accounts,Treasury & Taxation is 'Chief Investor Relations Officer' in terms of this Code.

11. General Body Meetings

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

Financial year ended	Day & Date & Time	Venue	Special Resolutions passed
31st March 2017 (FY 2016-17)	Thursday, 21st September 2017, at 3.00 p.m.	Ebony, Hotel Regenza By Tunga, Ground floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703	Nil
31st March 2018 (FY 2017-18)	Friday, 20th July 2018 at 3.30 p.m.		Re-appointment of Mr. P. J. Nath as Managing Director & CEO
31st March 2019 (FY 2018-19)	Wednesday, 24th July 2019 At 3.30 p.m.		Nil

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

b) None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot. No Special resolution passed through Postal Ballot during the year 2019-20. None of the business to be transacted at the ensuing AGM is proposed to be passed by Postal Ballot.

12. 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/Whistle%20Blower%20Vigil%20Mechanism%20Policy.pdf. The Company affirms that no employee has been denied access to the 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
- The Company has appointed separate persons to the post of Chairperson and Managing Director & Chief Executive Officer.
- All policy and strategic decisions of the Company are taken through a majority decision of the Board.
- 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	13.50	8.39	21.89
Other services	24.20	11.23	35.43
Out-of-pocket expenses	1.59	0.40	1.99
Total	39.29	20.02	59.31

*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) 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.

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

t) The Company has obtained from the Statutory Auditors a compliance certificate on Company's corporate governance which is attached herewith and marked as Annexure III.

13. Means of Communication

i) **Quarterly, half yearly and Annual Financial Results** are published in the Business Standard (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 were emailed, posted/couriered to members and others entitled to receive them. The Annual Report is also available on the Company's website at https://www.nelco.in/investor-relation/financial.php in a user-friendly download able form.

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) **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.

v) **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.

14. General Shareholder Information

i) The ensuing AGM of the Company is scheduled on Thursday, 13th August 2020 at 3.30 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

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 2019 to 31st March 2020.

iii) Dividend payment date: on and from 17th August 2020.

iv) Book Closure / Record date: -Thursday 6th August 2020 to Thursday 13th August 2020 (both days inclusive)

v) 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.

vi) Stock Code and Corporate Identification Number (CIN)

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

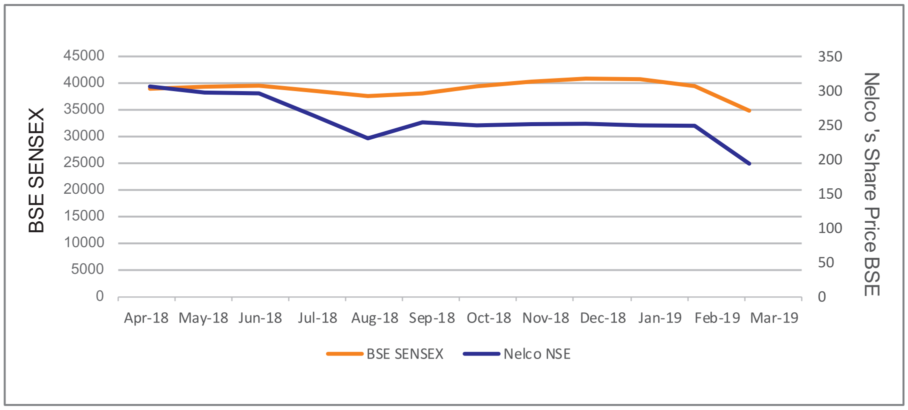
CIN allotted to the Company by the Ministry of Corporate Affairs, Govt. of India is L32200MH1940PLC003164.

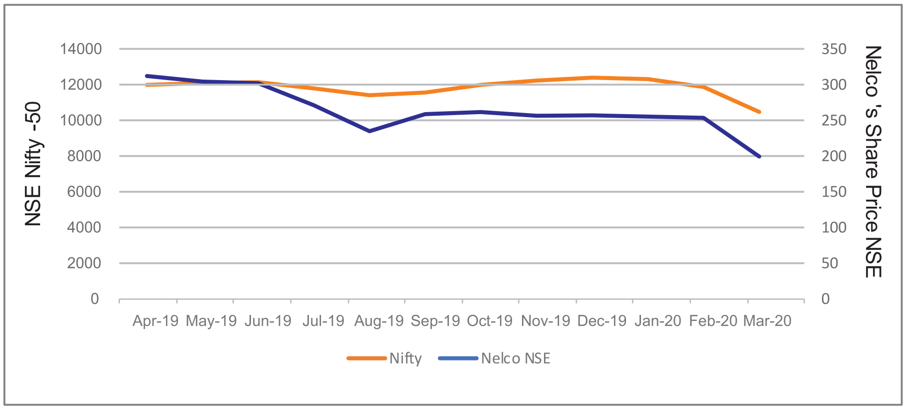
vii) **Market Information:**

a) Market Price Data: High, Low during each month and trading volumes of the Company's Equity Shares during the period 1st April 2019 to 31st March 2020 at the BSE Limited (BSE) and The National Stock Exchange of IndiaLimited (NSE) are given below:-

Stock Exchange	BSE			NSE		
Month	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April 2019	342	272	28866	342	271	4898776
May 2019	333	260	24320	333	262	3291717
June 2019	313	277	11352	314	277	1560720
July 2019	309	206	9967	309	212	1025033
August 2019	233	205	11047	233	205	627653
September 2019	285	207	19360	285	208	2976544
October 2019	270	212	12790	271	224	1483711
November 2019	260	226	8859	260	227	748482
December 2019	262	225	18977	263	225	1857186
January 2020	257	225	13964	257	227	1152461
February 2020	270	211	23797	270	210	3526447
March 2020	242	109	16092	242	115	1377038

(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.

viii. Registrars and Transfer Agents:

TSR Darashaw Consultant Pvt. Limited (TSRDCL)
6-10, Haji Moosa Patrawala Industrial Estate
(Near Famous Studio), 20, Dr. E. Moses Road,
Mahalaxmi, Mumbai 400 011.

Tel.: 022 6656 8484, Fax: 022 6656 8494
Email: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

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

Branches of TSRDCL

1. 503, Barton Centre, 5th Floor,
84, Mahatma Gandhi Road, Bengaluru 560 001.
Tel: 080 25320321. Fax: 080 25580019
E-mail: tsrdlbang@tsrdarashaw.com

2. Bungalow No.1, 'E' Road
Northern Town, Bistupur, Jamshedpur 831 001.
Tel: 0657 2426616. Fax: 0657 2426937
E-mail: tsrdljsr@tsrdarashaw.com

3. Tata Centre, 1st Floor,
43, Jawaharlal Nehru Road, Kolkata 700 071.
Tel: 033 22883087.Fax: 033 22883062
E-mail: tsrdlcal@tsrdarashaw.com

4. Plot No.2/42, Sant Vihar,
Ansari Road, Darya Ganj, New Delhi 110 002.
Tel: 011 23271805 Fax: 011 23271802
E-mail: tsrdldel@tsrdarashaw.com

Agent of TSRDCL
Shah Consultancy Services Limited
3, Sumatinath Complex, Pritam Nagar, Akhada Road, Ellisbridge, Ahmedabad 380 006.
Telefax: 079 2657 6038 E-mail: shahconsultancy8154@gmail.com

ix) **Share Transfer System:** Share Transfers in physical form can be lodged with TSRD at the above-mentioned address or at their branch Transfer offices, addresses of which are available on website: www.tsrdarashaw.com. Transfers are normally processed within 15 days from the date of receipt. If the documents are complete in all respects.

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.

Effective 1st April 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialised form with a Depository. Therefore, for effecting any transfer, the securities shall mandatorily be required to be in demat form.

According to SEBI, this amendment will bring the following benefits:

- It shall curb fraud and manipulation risk in physical transfer of securities by unscrupulous entities.
- Transfer of securities only in demat form will improve ease, convenience and safety of transactions for investors.

x) **Distribution of Shares as on 31st March 2020.**

No. of shares held (Range)	Shareholding	% of total Shareholding	No. of Shareholders	% of total Shareholders
1-5000	58,02,747	25.43	23,611	99.09
5001 to 10000	9,48,816	4.16	130	0.55
10001 to 20000	7,18,726	3.15	52	0.22
20001 to 30000	3,06,452	1.34	13	0.05
30001 to 40000	40,000	0.18	1	0.00
40001 to 50000	1,47,623	0.65	3	0.01
50001 and above	1,48,54,036	65.10	17	0.07
Total	**2,28,18,400**	**100.00**	**23,827**	**100.00**

xi) **Dematerialization of Shares as on 31st March 2020 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 94.99% of the Company's equity share capital are dematerialized as on 31st March 2020. 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)	1,83,04,555	80.22	12,582	52.81
CDSL (B)	33,70,367	14.77	10,056	42.20
Sub-total (A+B)	**2,16,74,922**	**94.99**	**22,638**	**95.01**
Physical form (C)	11,43,478	5.01	1,189	4.99
Total (A+B+C)	**2,28,18,400**	**100.00**	**23,827**	**100.00**

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

xiii) **Shareholding Pattern as on 31st March 2020**

Sr. No.	Category	No. of shares	Percentage
1	Tata Companies	1,14,28,940	50.09
2	Financial Institutions/ Banks	1,07,026	0.47
3	State Government / Government Companies / Central Government / IEPF a/c	3,13,849	1.38
4	Bodies Corporate / Trusts / BC-NBFC	6,28,325	2.75
5	Individuals	88,79,149	38.91
6	FIIs/NRI/Foreign Corporate Bodies/Foreign National-DR	14,61,111	6.40
	Total	**2,28,18,400**	**100.00**

xiv) **Top 10 Shareholders of the Company as on 31st March 2020**:

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	Prasoon Harshad Bhatt	7,62,300	3.34
4	Massachusetts Institute of Technology 2	3,53,000	1.55
5	Af-Taab Investment Company Ltd.	3,18,460	1.40
6	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	2,57,777	1.13
7	Parul Prasoon Bhatt	2,28,600	1.00
8	Tarbir Shahpuri	1,50,000	0.66
9	Jaya Harshad Bhatt	1,43,100	0.63
10	Janardan Kumar Kothari	1,34,000	0.59
	Total	**1,43,13,327**	**62.70**

xv) 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.

xvi) 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

xvii) During the year, CARE Ratings has reaffirmed ratings for long term and short-term bank facilities of the Company to CARE A/Stable and CARE 1 respectively.

15. 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.

16. 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.

17. 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.

18. 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 2019-20. The Secretarial Audit Report is provided as Annexure-V to the Board's Report.

19. 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 details of unclaimed dividends and shares transferred to IEPF during FY 20 are as follows.

Financial year	Amount of unclaimed dividend transferred	Number of shares transferred
2011-12	₹ 2,69,290/-	72,179

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

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 2020.

For NELCO Limited

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

Navi Mumbai, 16th May 2020.

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 2020

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 2020 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 2020 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

Uday Banerjee
Chief Financial Officer

Navi Mumbai
Date: 16th May, 2020

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Nelco Limited

We have examined the compliance of conditions of Corporate Governance by Nelco Limited, for the year ended March 31, 2020 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 stipulated in the SEBI Listing Regulations, 2015.

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

Nehal Upadhayay
Partner
Membership Number: 115872
UDIN: 20115872AAAACG8938

Mumbai
May 16, 2020

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 2019 – 31st March 2020
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 - through Tatanet Services Limited (wholly owned subsidiary)
   - Sale of Satcom Equipment
   - Maintenance of Satcom Equipment
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	15,073	21,993
3.	Total profit after taxes	1,368	1,438
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	N.A.	N.A.
5.	List of activities in which expenditure in 4 above has been incurred: As per Schedule VII of the Companies Act, 2013		
	1. For VSAT Installations in the institutes run by Tata Power Skill Development Institutes : ₹ 1,04,000/-		
	2. For Training of underprivileged students in Mahape office (Advertisement & Training set-up etc) : ₹ 75000/-		

Section C: Other Details

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

   Nelco Ltd. has 2 Wholly Owned subsidiaries as on 31st March 2020.
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 on the web 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 celebration 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	Business 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.								

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 our 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, Whistle Blower Vigil Mechanism Policy, Safety Health & Environment (SHE), Quality policy, CSR Policy, HR Policies, Prevention of Sexual Harassment Policy, 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 first 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	1
Stakeholders Complaint Resolved	1
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 2019-20, 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.

    1. 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. When requirements change, the cables once laid (for terrestrial communications) cannot be retrieved and they contribute to soil pollution due to the presence of plastics and metals like copper, aluminium, steel, Zinc and Tin.

    2. 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?

    The VSAT product is an electronic system using minimum raw material to effectively provide communication of data / voice across the globe. Unlike other wireless systems (e.g. Microwave or 2G, 3G or 4G systems) which require a large number of towers to be built, the VSAT based satellite communication system consumes minimal infrastructure for communication across very large distances, as there is no need to set up communication towers.

    The VSAT terminals are energy efficient and operate effectively with very minimal power requirements.

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

    Some reduction of power consumption has been achieved since last year by re-organising the office space resulting in improved air-conditioning efficiency 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 our local suppliers to improve the product features and quality.

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.

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 and helps 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 175 as on 31st March 2020.
2. Please indicate the total number of employees hired on temporary/ contractual/casual basis	The total number of contract employees were 110 as on 31st March 2020
3. Please indicate the number of permanent women employees	Total number of permanent women employees were 20 as on 31st March 2020.
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 2020.
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 training as part of their induction programme. During the Safety week various awareness sessions are organized to impart knowledge amongst all people including contractual staff and vendors. 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.

The Company believes in continual learning of its employees and has institutionalized a 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.

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 to serve the needy and unserved in the community, the Company has installed VSATs in 13 schools in remote areas, giving the facility to the children to have access to the online study materials. Trainings were given to the computer teacher & local IT support vendor.

   Another project undertaken was to provide VSAT connectivity to vocational training schools run by Tata Power at four locations across the country for under privileged youths.

   The Company has also taken up a project to enhance employability for the underprivileged youths. A Training program covering modules on theoretical, practical training for installation and maintenance of Remote VSAT systems and other Radio equipment was organized in the office. Two batches of the training have been conducted with 12 students completing the course.

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.

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 2019-20.

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.

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 beautifully 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.

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 2019-20. 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 withing 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 2019-20.

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.

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). The Company also periodically interacts with the senior officials of Department or Telecommunication and Department of Space to explain the business dynamics, challenges faced by the industry, global trends etc. 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 had undertaken three projects in FY2019-20, which are as follows:

   1. **Education:** Provided digital connectivity using satellite communication in remote tribal schools / educational institutes where other forms of reliable data communication are not available. The focus was basic literacy and numeracy skills to young children, girl education and women empowerment, skill development for young boys and girls. The required equipments were installed and trainings imparted to the Staff of these schools on usage and basic maintenance of the infrastructure created.

   2. **Vocational training to enhance the employability of underprivileged youth.**

      Vocational training provided to underprivileged youth on field installation of equipment i.e. RF/ Microwave/ VSAT systems. The training course duration is of six weeks during which the student is exposed to theoretical, practical and on-field training for installation of such field equipment.

      The course was conducted in-house at the office premises of the Company in Mahape and driven through its own employee volunteers and its Franchisee engineers who are hired for this purpose.

   3. **Enabling and supporting the CSR activity of other Tata Group companies in the field of education through providing digital connectivity solutions.**

      Under their CSR activity, Tata power conducts regular training courses for underprivileged / unemployed persons to make them employable. Such training centers are established by the Tata power CSR division in remote regions where the company operates. The Company provided digital connectivity through satellite communication to such training centers for the purpose of improving the effectiveness of the training imparted. Four such locations are presently being provided with satellite communication facilities for this purpose.

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/ government structures/ any other organisation?

   The programs undertaken in FY2019-20 were in collaboration with the Government, Tata Group CSR body and by our own in-house teams.

3. Have you done any impact assessment of your initiative?

   The schools have been using the facility to download educational materials.

   In the in-house training conducted for the underprivileged youths on RF and VSAT Installations, some of the students have already been employed based on the training that they had undergone.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

   1. For installing VSATs for the School & Institutes: ₹ 1,04,000/-
   2. For In-house Training for underprivileged youths: ₹ 75,000/-

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 usage of the satellite communication infrastructure for the schools and the skill institutes. It also ensures that if there are any problems, those are sorted out immediately.

   About the skill building / vocational training imparted, out of the 4 students who successfully completed the 1st batch of training, 2 got employment immediately after completing the training. The other 2 students decided to take up further course to enhance their skills. For the second batch while they completed their theoretical classes, the practical sessions on the field was not completed for them due to the restrictions on movements due to COVID-19 pandemic. This batch will be continued post the COVID-19 restrictions settle completely. Overall, the Company is making its best endevour to make the youths employment ready and extend the necessary help for them to get employment.

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 2020, none 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 2020.

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. The score of the CSAT survey of FY 2019-20 has improved over that of the previous year.

Standalone Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of Nelco Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the Statement of Profit and Loss ((including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to the following:

   a. Note 27 to the standalone financial statements regarding composite scheme of arrangement between the Company, Tatanet Services Limited (TNSL) and Nelco Network Products Limited which was approved by the National Company Law Tribunal ("NCLT") vide its order dated November 2, 2018 (the "Scheme"). As per the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval was not yet obtained. The RoC records were, however, updated to reflect the Scheme as effective and TNSL as "amalgamated" with the Company. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the Scheme with immediate effect. The decision of NCLT is awaited. The Scheme will be given effect to in the financial statements on receipt of all necessary approvals.

   b. Note 42 to the standalone financial statements regarding the input tax credit balances under the Cenvat/Service tax/Sales tax considered fully recoverable by the management and no provision made against the same in the books based on the legal advice obtained and the special leave petition proposed to be filed by the Company with the Hon'ble Supreme Court of India against the order passed by the Hon'ble High Court of Bombay disallowing the Company's claim to carry forward these balances on transition to Goods and Services Tax (GST) for future set-off against GST payable.

   c. Note 43 to the standalone financial statements which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

   Our opinion is not modified in respect of these matters.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition related to multiple element arrangements (Refer notes 1.14 and 2.1(a) to the Standalone 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 Company'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 in relation to revenue recognition included: • Understanding and evaluating the design and testing the operating effectiveness of key controls over revenue recognition; • Assessing the appropriateness of the accounting policies applied by the Company in line with the applicable accounting standards. • Testing of contracts with customers on a sample basis to assess the contractual terms impacting identification of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of the timing of recognition for each of these revenue components; • Testing the timing of fulfilment of performance obligations and recognition of revenue; • Performing tests related to non-standard manual journal entries related to revenue. Based on the above procedures performed, we did not note any significant exceptions regarding the management's assessment of the performance obligations, allocation of consideration to the identified performance obligations and revenue recognition relating to multiple element arrangements.

Key audit matter	How our audit addressed the key audit matter
Assessment of Contingent liabilities, provisions for litigations (Refer notes 1.21 and 2.1(f)) to the Standalone Financial Statements) As at March 31, 2020, the Company held provisions of ₹ 39 lakhs and disclosed Contingent liabilities (to the extent not provided for) of ₹ 822 lakhs in respect of certain tax 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 advice from independent tax consultants and legal experts obtained by the management. We focused on this area 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/inquries could be different from the conclusion reached by the management and may significantly impact the Company's financial position.	Our audit procedures included the following: • Understanding and evaluating processes and controls designed and implemented by the management for assessment of litigations and testing their operating effectiveness; • Obtaining 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 with management on both the probability of outcome and the magnitude of potential outflow of economic resources; • Reading recent orders received from the tax and regulatory authorities and the Company's responses to such communications to assess the status of the litigations; • Where relevant, reading most recent advice obtained by management from independent tax consultants and external legal experts and evaluating the grounds presented therein; • Evaluating independence, objectivity and competence of the management's tax consultants and legal experts; • Obtaining direct confirmations from tax consultants, where considered relevant; • Understanding the current status of the tax assessments and legal proceedings/inquires; • Together with auditors' tax experts, evaluating the management assessment of estimated potential tax exposures considering the applicable provisions of direct and indirect tax laws. • We did not identify any material exceptions as a result of above procedures.

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexure to Director's report, Management Discussion and Analysis and Report on Corporate Governance, but does not include the financial statements and our auditor's report thereon.

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

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

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

7. 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. 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.

12. 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.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act;

    e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 40 to the Standalone financial statements;

        ii. The Company has long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

16. The Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Nehal Upadhayay
Partner
Membership Number: 115872
UDIN:20115872AAAACE4271

Mumbai
May 16, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Nelco Limited on the standalone financial statements for the year ended March 31, 2020

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

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

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

Opinion

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

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

Nehal Upadhayay
Partner
Membership Number: 115872
UDIN:20115872AAAACE4271

Mumbai
May 16, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Nelco Limited on the standalone financial statements as of and for the year ended March 31, 2020.

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company other than equipment on lease, installed at the customer premises have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable. The existence of equipment on lease lying at customer premises is verified by management on the basis of 'active customer status'.

(c) The title deeds of immovable properties, as disclosed in Note 3(a) on property, plant and equipment to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, duty of customs, cess, goods and service tax and and other material statutory dues, as applicable, with the appropriate authorities.

Also refer note 36(b) to the financial statements regarding management's assessment on certain matters relating to provident fund.

Further, for the period March 1, 2020 to March 31, 2020, the company is yet to pay Goods and Service Tax and file Form GSTR3B, for which the timeline is June 24, 2020 as per the Notification No. 31/2020 dated April 3, 2020 on fulfillment of conditions specified therein.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, duty of excise, goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, value added tax, as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)*	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1958	Sales Tax including Interest	42	2012-2013	Appellate authority upto Commissioner Level
The Maharashtra Value Added Tax Act, 2002	Value Added tax including interest	56	2009-10	Appellate authority upto Commissioner Level

The Maharashtra Value Added Tax Act, 2002	Value added Tax	0.47	2008-09	Sales Tax Tribunal
The Income Tax Act, 1961	Income Tax	176	2010-11	Appellate authority upto Commissioner Level
The Finance Act, 1994	Service Tax including Interest and Penalty	180	2000-01 to 2004-05	CESTAT

* Net of amounts paid under protest or otherwise.

viii According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. Further the company has not issued any debentures as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Nehal Upadhayay
Partner
Membership Number: 115872
UDIN:20115872AAAACE4271

Mumbai
May 16, 2020

Standalone Balance Sheet as at March 31, 2020

(₹ In Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3(a)	214	259
(b) Capital work-in-progress	3(a)	-	22
(c) Right-of-use assets	3(b)	24	-
(d) Intangible assets	3(a)	5	3
(e) Financial assets			
(i) Investments	4	507	507
(ii) Loans	5 (a)	1	-
(f) Deferred tax assets (net)	8	570	710
(g) Income tax assets (net)	6	1,398	1,324
(h) Other non-current assets	7 (a)	3	6
Total non-current assets		**2,722**	**2,831**
Current assets			
(a) Financial assets			
(i) Trade receivables	9	1,543	984
(ii) Cash and cash equivalents	10 (a)	561	265
(iii) Bank balances other than (ii) above	10 (b)	32	29
(iv) Loans	5 (b)	625	524
(v) Other financial assets	11	63	52
(b) Other current assets	7 (b)	580	703
Assets classified as held for sale	19	14,747	13,336
Total current assets		**18,151**	**15,893**
TOTAL ASSETS		**20,873**	**18,724**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	2,282	2,282
(b) Other equity			
Reserve and surplus	13	2,845	1,911
Other reserves	13 (a)	9	9
Total equity		**5,136**	**4,202**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	15 (a)	4	7
(b) Provisions	16 (a)	308	242
Total non-current liabilities		**312**	**249**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	3,734	3,269
(ii) Trade payables	17		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		194	211
(iii) Other financial liabilities	15 (b)	482	453
(b) Provisions	16 (b)	88	119
(c) Other current liabilities	18	109	140
Liabilities directly associated with assets classified as held for sale	19	10,818	10,081
Total Current liabilities		**15,425**	**14,273**
Total liabilities		**15,737**	**14,522**
TOTAL EQUITY AND LIABILITIES		**20,873**	**18,724**

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

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

Nehal Upadhayay
Partner
Membership No.115872

Place: Mumbai
Date : May 16, 2020

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)

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : May 16, 2020

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

(₹ In Lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Continuing operations			
Revenue from operations	20	3,833	3,357
Other income	21 (a)	241	245
Total income		**4,074**	**3,602**
Expenses			
(a) Employee benefits expense	22	1,748	1,758
(b) Finance costs	23	508	439
(c) Depreciation and amortisation expense	3(a)	72	93
(d) Sub contracting expenses	24	107	113
(e) Other expenses	24	1,092	1,043
Total expenses		**3,527**	**3,446**
Profit from continuing operations before exceptional item and tax		**547**	**156**
Exceptional item	21(b)	564	-
Profit before tax from continuing operations		1,111	156
Income tax expense:-			
- Current tax	25(a)	144	47
- Deferred tax	25(a)	140	(826)
Total tax expense		**284**	**(779)**
Profit from continuing operations		**827**	**935**
Discontinued operations			
Profit from discontinued operations before tax	25(b)	682	1,192
Tax expense of discontinued operations	25(a)	141	355
Profit from discontinued operations		**541**	**837**
Profit for the year		**1,368**	**1,772**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Continuing operations			
- Net fair value gain on investments in equity shares at FVTOCI		*	*
- Remeasurement of post employment benefit obligations	26	(22)	(10)
Discontinued operations			
- Remeasurement of post employment benefit obligations	26	(9)	(11)
Total other comprehensive income for the year		**(31)**	**(21)**
Total comprehensive income for the year			
- Continuing operations		805	925
- Discontinuing operations		532	826
Total comprehensive income for the year		**1,337**	**1,751**
Earnings per share (Face value of ₹ 10/- per share):(Basic and diluted)	39		
Continuing operations		3.63	4.10
Discontinued operations		2.37	3.67
Total operations		6.00	7.77

*figures are below rounding off norm adopted by the Company.
The above statement of profit and loss should be read in conjunction with the accompanying notes.

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

Nehal Upadhayay
Partner
Membership No.115872

Place: Mumbai
Date : May 16, 2020

For and on behalf of the Board of Directors
Nelco Limited
CIN: L32200MH1940PLC003164

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : May 16, 2020

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

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from		
Continuing operations	1,111	156
Discontinued operations	682	1,192
Profit before income tax including discontinued operations	**1,793**	**1,348**
Adjustments for:		
Depreciation and amortisation expense	1,407	867
Finance costs	1,075	627
Interest income	(156)	(224)
Dividend on non current investments	-	(6)
Provision for foreseeable losses	-	(10)
Profit on sale of property, plant & equipment	(3)	(6)
Profit on sale of investment in associate	(564)	-
Unwinding of discount on financial asset measured at amortised cost	(3)	(57)
Expected credit loss on trade receivables	16	51
Provision for warranty	-	26
Amortisation of processing fees	8	-
Unrealised mark to market (gain) / loss on forward contracts	(67)	-
Unrealised foreign exchange (gain) / loss	153	-
Operating profit before working capital changes	**3,659**	**2,616**
Adjustments for changes in working capital:		
Movements in assets		
- (Increase) / Decrease in inventories	(263)	98
- (Increase) in trade receivables	(1,480)	(248)
- Decrease in financial assets - current -Loans	18	71
- (Increase) / Decrease in financial assets - non-current - Loans	(17)	5
- (Increase) in other financial assets - current	(422)	(820)
- (Increase) in other financial assets - Non Current	(39)	(269)
- (Increase) in other bank balances	-	(1)
- Decrease/ (Increase) in other current assets	102	(491)
- Decrease/ (Increase) in other non current assets	18	(41)
Movements in liabilities		
- (Decrease) / Increase in trade payables	(43)	291
- (Decrease) in other financial liabilities - non current	(3)	(3)
- (Decrease) in other liabilities - non current	(10)	(9)
- Increase in provisions - non current	89	70
- Increase in other financial liabilities - current	80	135
- (Decrease) / Increase in contract liabilities	(163)	485
- (Decrease) in other current liabilities	(31)	(461)
- (Decrease) in provisions - current	(47)	(12)
Cash generated from operations	**1,448**	**1,416**
- Taxes paid (net of refunds)	(359)	(224)
Net cash generated from operating activities (A)	**1,089**	**1,192**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment / Intangible assets	(2,781)	(4,862)
Proceeds from sale of property, plant and equipment / Intangible assets	11	661
Interest received	156	224
Proceeds from sale of investment in associate	677	-
Bank Balance not considered as cash and cash equivalents- deposits placed	(1)	-
Loans given to related parties	(1,485)	(847)
Repayment of loans by related parties	1,382	1,072
Dividend received on equity instruments	-	6
Net cash (used in) investing activities (B)	**(2,041)**	**(3,746)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	17,061	18,191
Repayment of borrowings	(15,014)	(14,845)
Finance lease payments	-	(75)
Principal payment of lease liabilities	(101)	-
Interest payment of lease liabilities	(36)	-
Finance costs paid	(1,039)	(624)
Dividend paid	(403)	-
Net cash generated from financing activities (C)	**468**	**2,647**
Net (decrease)/Increase in cash & cash equivalents [(A)+(B)+(C)]	(484)	93
Cash and cash equivalents as at April 1, 2019	211	118
Cash and cash equivalents as at March 31, 2020	**(273)**	**211**

Reconciliation of cash and cash equivalents as per cash flow statement **(₹ In Lakhs)**

Cash and cash equivalents comprise of:	As at March 31, 2020	As at March 31, 2019
a) Balance with scheduled banks in current accounts	389	182
b) Cash on hand	1	82
c) Cheques on hand	171	1
d) Bank overdraft	(834)	(54)
Total	**(273)**	**211**

The Cash Flow Statement has been prepared under the “Indirect Method” as set out in IND AS - 7 “Statement of Cash Flows”.

The above standalone statement of cash flow should be read in conjunction with the accompanying notes.

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

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)

Nehal Upadhayay
Partner
Membership No.115872

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : May 16, 2020

Place: Mumbai
Date : May 16, 2020

Standalone Statement of Changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

(₹ in Lakh)

Particulars	Amount
As at April 1, 2018	**2,282**
Changes in equity share capital	-
As at March 31, 2019	**2,282**
Changes in equity share capital	-
As at March 31, 2020	**2,282**

B. Other Equity

(₹ in Lakh)

Particulars	Reserves and Surplus		Other Reserves	Total
	General Reserve	Retained Earnings	FVOCI Equity instrument	
As at April 1, 2018	**250**	**(90)**	**9**	**169**
Profit for the year	-	1,772	-	**1,772**
Other comprehensive income for the year	-	(21)	*	**(21)**
As at March 31, 2019	**250**	**1,661**	**9**	**1,920**
Profit for the year	-	1,368	-	**1,368**
Dividend paid**	-	(343)	-	**(343)**
Dividend distribution tax paid**		(60)	-	**(60)**
Other comprehensive income for the year	-	(31)	*	**(31)**
As at March 31, 2020	**250**	**2,595**	**9**	**2,854**

*figures are below rounding off norm adopted by the Company.

**For financial year ended March 31,2019, the Board of Directors had recommended a dividend of 15% which was ₹ 1.50 per equity share of ₹ 10/- each, which is approved by shareholders in the Annual General Meeting of the Company held on July 24, 2019.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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

For and on behalf of the Board of Directors
Nelco Limited
CIN: L32200MH1940PLC003164

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Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : May 16, 2020

Place: Mumbai
Date : May 16, 2020

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

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 is a subsidiary of The Tata Power Company Limited.

The Company is engaged in business of providing systems and solutions in the areas of VSAT connectivity and Integrated Security & Surveillance. The Company offers a range of innovative and customized solutions for businesses and government institutions under one roof.

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 on it's meeting held on May 16, 2020.

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

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.

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.

d. New and amended Standards adopted by the Company

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

- Ind AS 116, Leases,
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income Taxes,
- Plan amendment, curtailment or settlement - Amendment to Ind AS 19, Employee Benefits,
- Amendment to Ind AS 103, Business Combinations
- Amendment to Ind AS 12, Income Taxes,
- Amendment to Ind AS 23, Borrowing costs.

The Company had to change its accounting policies following the adoption of Ind AS 116. This is disclosed in note 41. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

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.

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
Plant and machinery (Triple shift)	Radio frequency antenna (RF) – 9 Years Basic electronics – 6 Years
Office equipment (VSAT)	Antenna – 10 Years Electronics - 7.50 Years Basic electronics – 6 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 testing software using straight line method over 5 years period. The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

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 Investments and other financial assets

a. Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

b. Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss. Dividends from such investments are recognised in statement of profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

c. Impairment of financial assets

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

d. Derecognition of financial assets

A financial asset is derecognised only when

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

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

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

e. Income recognition

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.

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

Dividend

Dividend income from investments is recognised when the right to receive dividend has been established.

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 Financial liabilities

i) Classification

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

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

ii) Measurement

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

iii) Derecognition:

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

1.10 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.

1.11 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.

1.12 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.

1.13 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business, is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately in the statement of profit and loss.

1.14 Revenue recognition

The Company earns revenue primarily from providing Satellite Communication connectivity systems and solutions through sale of goods (including VSAT's), providing installation and annual maintenance services, renting of goods. The Company also provides Integrated Security & Surveillance services and earns revenue through such contracts.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

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.

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.

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

1.15 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.

1.16 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.

1.17 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 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.

1.18 Leases

Till March 31, 2019

As a lessee

Leases of property, plant and equipment where the Company as lessee has substantially all the risks and rewards of ownership is classified as finance lease. Finance leases are capitalised at the inception of lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged 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 liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. The respective leased assets are included in the balance sheet based on their nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

With effect from April 1, 2019

As a lessee

From April 1, 2019, 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

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.

1.19 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.

1.20 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.

1.21 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.

i) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company 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 Company's obligation.

b. Contingent liabilities

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

c. Contingent assets

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

1.22 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.

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.

1.23 Segment reporting

The board of directors assesses performance of the Company as Chief Operating Decision Maker.

The Company has identified following 1 reportable segments, in a manner consistent with internal reporting provided to the chief operating decision maker i.e Network systems comprises sale of Very Small Aperture Terminals ("VSAT") hardware and providing allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers.

1.24 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.

1.25 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

1.26 Rounding off 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.

2.1 Critical estimates and judgements 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 1.14 above.
- The Company uses judgement to determine an appropriate standalone selling price for a performance

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

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 Company has defined benefit plans for its employees which are actuarially valued. Such valuation is based on many estimates and other factors, which may have a scope of causing a material adjustment to the carrying amounts of assets and liabilities.

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. (refer note 29)

f) Estimation of provisions & contingent liabilities

The Company exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgment 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 annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2020

Note 3 : Property, plant and equipment, intangible assets and capital work-in-progress - Continuing operations

(₹ In Lakhs)

Description	Cost					Accumulated Depreciation / Amortisation					Net Block	
	As at April 1, 2019	Adjustment for change in accounting policy **	Additions	Disposals	As at March 31,2020	As at April 1, 2019	Adjustment for change in accounting policy **	Depreciation/ amortisation for the year	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
i. Property, plant and equipment												
Leasehold land (finance lease)	26	(26)	-	-	-	1	(1)	-	-	-	-	25
	(26)	-	-	-	*(26)*	*(1)*	-	*	-	*(1)*	*(25)*	*(25)*
Building	139	-	24	-	163	54	-	13	-	67	96	85
	(139)	-	-	-	*(139)*	*(42)*	-	*(12)*	-	*(54)*	*(85)*	*(97)*
Plant and machinery	275	-	2	-	277	222	-	13	-	235	42	53
	(274)	-	*(1)*	-	*(275)*	*(180)*	-	*(42)*	-	*(222)*	*(53)*	*(94)*
Electrical installation	95	-	-	-	95	74	-	11	-	85	10	21
	(90)	-	*(5)*	-	*(95)*	*(62)*	-	*(12)*	-	*(74)*	*(21)*	*(28)*
Furniture and fixture	40	-	4	-	44	40	-	4	-	44	-	*
	(38)	-	*(2)*	-	*(40)*	*(37)*	-	*(3)*	-	*(40)*	*	*(1)*
Office equipment												
i) Owned	75	-	28	-	103	64	-	20	-	84	19	11
	(61)	-	*(15)*	*(1)*	*(75)*	*(53)*	-	*(12)*	*(1)*	*(64)*	*(11)*	*(8)*
ii) Given on lease (operating lease)	11	-	-	-	11	11	-	-	-	11	-	-
	(11)	-	-	-	*(11)*	*(11)*	-	-	-	*(11)*	-	-
Vehicles	82	-	-	12	70	18	-	9	4	23	47	64
	(69)	-	*(18)*	*(5)*	*(82)*	*(9)*	-	*(10)*	*(1)*	*(18)*	*(64)*	*(60)*
Total - property, plant and equipment (i)	**743**	**(26)**	**58**	**12**	**763**	**484**	**(1)**	**70**	**4**	**549**	**214**	**259**
	(708)	-	*(41)*	*(6)*	*(743)*	*(395)*	-	*(91)*	*(2)*	*(484)*	*(259)*	*(313)*
ii. Intangible assets												
Testing software	**14**	**-**	**4**	**-**	**18**	**11**	**-**	**2**	**-**	**13**	**5**	**3**
	(14)	-	-	-	*(14)*	*(9)*	-	*(2)*	-	*(11)*	*(3)*	*(5)*
Total intangible assets (ii)	**14**	**-**	**4**	**-**	**18**	**11**	**-**	**2**	**-**	**13**	**5**	**3**
	(14)	-	-	-	*(14)*	*(9)*	-	*(2)*	-	*(11)*	*(3)*	*(5)*
Total - property, plant and equipment and intangible assets (i + ii)	**757**	**(26)**	**62**	**12**	**781**	**495**	**(1)**	**72**	**4**	**562**	**219**	**262**
	(722)	-	*(41)*	*(6)*	*(757)*	*(404)*	-	*(93)*	*(2)*	*(495)*	*(262)*	*(318)*
iii. Capital work-in-progress - Continuing operation											**-**	**22**
											(22)	-
Grand total (i+ii+iii)											**219**	**284**
											(284)	*(318)*

Figures in (brackets) represents previous year's figures

Note :-

1) Property, plant and equipment pledged as security by the Company (refer note 32).
2) Contractual obligations in respect of capital commitment for acquisition of property, plant and equipment (refer note 35).
3) * figures below rounding off norm adopted by the Company.
4) Depreciation and amortisation expenses relating to continuing operations.
5) ** Adjustment on account of changes in accounting policy, (refer note no 41)

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

Assets classified as held for sale - Property, plant and equipment, intangible assets and capital work-in-progress (₹ In Lakhs)

Description	GROSS BLOCK AT COST					DEPRECIATION					NET BLOCK	
	As at April 1, 2019	Adjustment for change in accounting policy **	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Adjustment for change in accounting policy **	Depreciation/ amortisation for the year	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
i. Property, plant and equipment												
Plant and machinery	1,481	-	493	-	1,974	767	-	298	-	1,065	909	714
	(1,165)	-	*(316)*	-	*(1,481)*	*(551)*	-	*(216)*	-	*(767)*	*(714)*	*(614)*
Electrical installation	16	-	-	-	16	15	-	1	-	16	-	1
	(16)	-	-	-	*(16)*	*(14)*	-	*(1)*	-	*(15)*	*(1)*	*(2)*
Furniture and fixture	81	-	-	-	81	76	-	1	-	77	4	5
	(76)	-	*(5)*	-	*(81)*	*(75)*	-	*(1)*	-	*(76)*	*(5)*	*(1)*
Office equipment									-			
i) Owned	204	-	29	-	233	112	-	50	-	162	71	92
	(144)	-	*(62)*	*(2)*	*(204)*	*(63)*	-	*(51)*	*(2)*	*(112)*	*(92)*	*(81)*
ii) Given on lease (Operating lease)	5,954	-	1,878	-	7,832	886	-	903	-	1,789	6,043	5,068
	(1,722)	-	*(4,937)*	*(705)*	*(5,954)*	*(490)*	-	*(449)*	*(53)*	*(886)*	*(5,068)*	*(1,232)*
iii) Assets taken on finance lease	443	(443)	-	-	-	94	(94)	-	-	-	-	349
	(443)	-	-	-	*(443)*	*(41)*	-	*(53)*	-	*(94)*	*(349)*	*(402)*
Total - property, plant and equipment (i)	**8,179**	**(443)**	**2,400**	**-**	**10,136**	**1,950**	**(94)**	**1,253**	**-**	**3,109**	**7,027**	**6,229**
	(3,566)	**-**	***(5,320)***	***(707)***	***(8,179)***	***(1,234)***	**-**	***(771)***	***(55)***	***(1,950)***	***(6,229)***	***(2,332)***
ii. Intangible assets												
Testing software	51	-	-	-	51	35	-	4	-	39	12	16
	(33)	-	*(18)*	-	*(51)*	*(32)*	-	*(3)*	-	*(35)*	*(16)*	*(1)*
Total intangible assets (ii)	**51**	**-**	**-**	**-**	**51**	**35**	**-**	**4**	**-**	**39**	**12**	**16**
	(33)	**-**	***(18)***	**-**	***(51)***	***(32)***	**-**	***(3)***	**-**	***(35)***	***(16)***	***(1)***
iii. Capital work-in-progress											**58**	**1,344**
											(1,344)	***(468)***
Grand total (i+ii+iii)											**7,097**	**7,589**
											(7,589)	***(2,801)***

Figures in (brackets) represents previous year's figures.

Note :-

1) Property, plant and equipment pledged as security by the Company (refer note 32).
2) Capital work in progress mainly comprises of Office Equipment's given on lease pending for installation.
3) ** Adjustment on account of changes in accounting policy, (refer note no 41)

Leased assets

As at 31 st March,2019, leasehold premises, office equipment included the following amounts where the Company was lessee under finance lease: (₹ In Lakhs)

Description	As at March 31, 2020			As at March 31, 2019		
	Cost	Accumulated depreciation	Net block	Cost	Accumulated depreciation	Net block
Leasehold premises	-	-	-	26	1	25
Office equipment	-	-	-	443	94	349
Continuing operations	-	-	-	*26*	*1*	*25*
Discontinuing operations	-	-	-	*443*	*94*	*349*

Pursuant to adoption of Ind AS 116, leased assets are presented as separate line item in the balance sheet as at March 31, 2020, see refer note 3(b). Refer note 41 for details about changes in accounting policy.

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

Note 3(b) : Right-of-use assets and lease liabilities

3(b).1 The Company as lessee

(i) Asset acquired on finance lease represents Leasehold land. The total lease term is 95 years, remaining lease term is 64 years as on March 31, 2020. The Company does not have an option to purchase the land at the end of the lease term. Also Company has taken on lease various offices for its branches where lease term ranges from 1 year to 8 years.

(ii) Company has taken Office equipment (VSAT) on lease with lease term of 4-5 years.

a **Right of use assets** (₹ in Lakhs)

Description	Leasehold premises	Office equipment	Total
Cost			
Balance as on April 1, 2019 due to adoption of Ind AS 116	132	-	132
Recognition of assets taken on finance lease as right-of-use asset (refer note 41)	26	443	469
	158	443	601
Modification of lease term	(52)	-	(52)
Addition during the year	7	-	7
Balance as at March 31, 2020	**113**	**443**	**556**
Accumulated depreciation and impairment			
Balance as on April 1, 2019 due to adoption of Ind AS 116	-	-	-
Recognition of assets taken on finance lease as right-of-use asset (refer note 41)	1	94	95
Depreciation for the year	25	53	78
Balance as at March 31, 2020	**26**	**147**	**173**
Net carrying amount as at March 31, 2020	**87**	**296**	**383**
Continuing operations	**24**	**-**	**24**
Discontinued operations	**63**	**296**	**359**

b. **Lease liability** (₹ in Lakhs)

Description	Leasehold premises	Office equipment	Total
Balance as on April 1, 2019 due to adoption of Ind AS 116 (refer note 41)			
Current	16	83	99
Non current	117	219	336
	133	302	435
Modification of lease term	(54)	-	(54)
Addition during the year	7	-	7
Accrued finance cost for the year	10	26	36
Payment for the year	(28)	(109)	(137)
Balance as at March 31, 2020	**68**	**219**	**287**
Continuing operations	**-**	**-**	**-**
Discontinued operations	**68**	**219**	**287**
Current	**16**	**91**	**107**
Non current	**52**	**128**	**180**

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

c. Amount recognised in Statement of profit or loss (₹ in Lakhs)

Amount recognised in Statement of profit or loss	Year ended March 31, 2020		
	Continuing operations	Discontinued operations	Total
Depreciation of right-of-use assets	-	78	78
Interest on lease liabilities	-	36	36
Expenses related to short term leases	*	53	53

* figures below rounding off norm adopted by the Company.

d. Amount recognised in Statement of cash flows (₹ in Lakhs)

Amount recognised in statement of cash flows	For the year ended March 31, 2020
Total cash outflow of leases	(137)

3(b).2 Operating Lease*

The Company as lessor

(i) Operating leases related to VSATs given on lease, owned by the Company with lease terms between 3 to 7 years.

(ii) The lessee does not have an option to purchase the VSATs at the expiry of the lease period.

(iii) No refundable deposits are taken and the lease rentals recognised in the statement of Profit and Loss for the year included under sale of services under revenue from disontinued Operations (refer note 27) aggregate to ₹ 2,641 Lakhs (Previous Year ₹ 1,325 Lakhs)

Non- Cancellable operating lease receivables (₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Not Later than 1 year	1,098	743
Later than 1 year and not longer than 5 years	3,414	2,164
Later than 5 years	288	160
Total	**4,800**	**3,067**

*Notes related to discontinued operations.

Disaggregation of property, plant and equipment given on operating lease as at March 31, 2020 is as follows:

(₹ in Lakhs)

Class of assets	Operating Lease		
	Gross block	Accumulated Depreciation	Carrying Amount
Office equipment			
Continuing operations	11	11	-
Discontinued operations	7,832	1,789	6,043
Total	**7,843**	**1,800**	**6,043**

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

Note 4 : Investments - Non current

(₹ In Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments (Unquoted, fully paid, at cost)				
Investments in subsidiaries				
Tatanet Services Limited	4,900,000	490	4,900,000	490
Nelco Network Products Limited	50,000	5	50,000	5
Investments in associate				
Nelito Systems Limited (Refer note 1, 2 and 3 below)	-	-	-	-
Equity investments (Unquoted, fully paid, at FVOCI)				
Technopolis Knowledge Park Limited	1,810,000	-	1,810,000	-
[(net of impairment of ₹181 Lakhs (March 2019 : ₹ 181 Lakhs)]				
Zoroastrian co-operative Bank Limited	4,000	12	4,000	12
Total equity instruments		**507**		**507**
Total investments		**507**		**507**
Aggregate amount of unquoted investments		**507**		**507**
Aggregate amount of impairment in the value of investments		**(181)**		**(181)**

Notes:-

Company's ownership interest in an associate

i) The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate of ₹ 113 Lakhs (253,665 shares) as at March 31, 2019 had been classified as 'Assets classified as held for sale' in accordance with IND AS 105.

ii) Although the Company held less than 20% of the equity shares of Nelito Systems Limited, and it has less than 20% of the voting power at shareholder meetings, the Company exercised significant influence by virtue of its contractual right to appoint two out of seven directors to the board of directors of that Company.

iii) During the year ended March 31, 2020, the Company sold investments in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year. The resultant gain on sale of investments has been disclosed as an exceptional item in the standalone financial statements for the year ended March 31, 2020. Also refer note 38.

Note 5(a) : Loans - Non-Current

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Loans to employees	1	-
Total	**1**	**-**

Break-up of security details

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans considered good - secured	-	-
Loans considered good - unsecured	1	-
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**1**	**-**
Less : Loss allowance	-	-
Total	**1**	**-**

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

Note 5 (b) : Loans- current

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	25	25
Loans to subsidiary (Tatanet Services Limited)	599	496
Loans to employees	1	3
Total	**625**	**524**

Break-up of security details (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans considered good - secured	-	-
Loans considered good - unsecured	625	524
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**625**	**524**
Less : Loss allowance	-	-
Total	**625**	**524**

Note 6 : Income Tax Assets (net) - Non-current

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	1,324	1,386
Add : Tax deducted at source and advance tax	790	752
[Net of provision for tax of ₹ 861 lakhs, (2019: ₹ 576 lakhs)]		
Less: Income tax refund	431	412
Less: Current tax payable for the year	285	402
Closing balance	**1,398**	**1,324**

Note 7 : Other assets

(a) Other non-current assets (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with government authorities	2	2
Prepaid expenses	1	4
Total	**3**	**6**

(b) Other current assets (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	25	27
Advance to suppliers	1	10
Balance with government authorities (refer note 42)	544	660
Others	10	6
Total	**580**	**703**

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

Note 8: Deferred tax assets (net)

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i. Items of deferred tax liabilities :		
Assets given on finance lease	218	163
Right-of-use assets	112	-
Amortisation of processing charges on borrowing	4	6
Total deferred tax liability (i)	334	169
ii. Items of deferred tax assets :		
Property, plant and equipment and intangible assets	249	124
Lease liability	90	-
Disallowances under Section 43B of the Income Tax Act, 1961, provision for legal dispute and investment impairment	250	224
Allowance for doubtful trade receivables and deposits	26	40
Allowance u/s 35 DDA and 35DD of Income Tax Act	38	47
Credit of Minimum Alternate Tax u/s 115 JAA of Income Tax Act, 1961	190	382
Unabsorbed long term capital loss	-	28
Others	61	34
Total Deferred Tax Assets (ii)	**904**	**879**
Net Deferred Tax Assets (ii-i)	**570**	**710**

Note 9 : Trade receivables- Current

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables from contract with customers	-	3
Trade receivables from contract with customers- related parties (refer note 38)	1543	981
Less : loss allowance	-	-
Total	**1,543**	**984**

Break-up of security details **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good – secured	-	-
Trade receivables considered good – unsecured	1,543	984
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
Total	**1,543**	**984**
Allowance for doubtful debts (Expected credit loss allowance)	-	-
Total trade receivable	**1,543**	**984**

Notes:-

i. Trade receivables are dues in respect of goods sold and services rendered in the normal course of business.

ii. The normal credit period allowed by the Company ranges from 0 to 60 days.

iii. 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.

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

iv. 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.

Note 10 (a) : Cash and cash equivalents

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Balances with banks:-		
In current accounts	389	182
(b) Cheques on hand	171	82
(c) Cash on hand	1	1
Total	**561**	**265**

Note 10 (b) : Bank balance other than cash and cash equivalent

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
In earmarked accounts		
(a) Unpaid dividend accounts	5	3
(b) Balances held as margin money against letter of credit and bank guarantees	27	26
Total	**32**	**29**

Note 11 : Other financial assets - Current

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivable from subsidiary company (refer note 38)	-	2
Other receivables	63	50
Total	**63**	**52**

* figures below rounding off norm adopted by the Company.

Note 12 : Equity share capital

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised share capital:		
2,50,00,000 (2,50,00,000 as at March 31, 2019) equity shares of ₹ 10/- each	2,500	2,500
Redeemable preference shares of ₹ 100/- each	2,500	2,500
	5,000	**5,000**
Issued share capital:		
2,28,18,400 (2,28,18,400 as at March 31, 2019) 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, 2019) equity shares of ₹10/- each	2,282	2,282
Total	**2,282**	**2,282**

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

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) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount ₹ in Lakhs	Number of shares	Amount ₹ in Lakhs
The Tata Power Company Limited (48.65%) (Holding Company)	11,099,630	1,110	11,099,630	1,110
Aftaab Investment Company Limited (1.44%) (Subsidiary of Holding Company)	328,310	33	328,310	33

(iii) Terms and rights attached to equity shares

The Company has issued 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. 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 of dividend and proceeds on liquidation 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, 2020		As at March 31, 2019	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
The Tata Power Company Limited	11,099,630	48.65%	11,099,630	48.65%

(v) 939 shares (March 31, 2019 : 939 shares) are kept in abeyance out of the rights issued in the year 1994 pending for final allotment.

(vi) 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, 2020.

Note 13 : Reserve and surplus

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
General reserve - refer (i) below	250	250
Retained earnings - refer (ii) below	2,595	1,661
Total	**2,845**	**1,911**

(i) General reserve **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	250	250
Addition during the year	-	-
Closing balance	**250**	**250**

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

(ii) Retained earnings **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	1,661	(90)
Net Profit for the year	1,368	1,772
Less :- Dividend paid	(343)	-
Less :- Dividend distribution tax paid	(60)	-
Items of other comprehensive income recognised directly in retained earning		
-Remeasurements of post employment benefit obligations, net of tax	(31)	(21)
Closing balance	**2,595**	**1,661**

Note 13 (a) : Other Reserve - Reserve for FVOCI equity instrument **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	9	9
Changes in fair value of FVOCI equity instruments	*	*
Closing balance	**9**	**9**

* figures below rounding off norm adopted by the Company.

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 31,2020, the Board of Directors has recommended a dividend of 12% (₹ 1.20 per equity share of ₹ 10/- each), subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

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

Note 14 : Borrowings- Current

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
(i) Term loans from banks (refer note (ii) below)	2,300	3,215
(ii) Inter corporate deposits	600	-
	2,900	**3,215**
Secured		
(i) Bank overdraft (refer note ii) below)	834	54
	834	**54**
Total	**3,734**	**3,269**

Notes:

(i) The carrying amount of financial and non-financial assets pledged as security for current borrowings (refer note 32).

(ii) Repayment schedule is as follows : **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019	Terms of repayment	Rate of interest (p.a)	Nature of security
Shinhan Bank	1,500	-	Payable on demand	3 Months MCLR +1%	Unsecured
Inter Corporate Deposit	600	-	Payable on Demand	9.75%	Unsecured
ICICI Bank Ltd	800	1,200	Payable on Demand	I-MCLR 1 year +1.30%	Unsecured
Bank of India - bank overdraft	-	54	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
South Indian Bank - bank overdraft	834	-	Payable on demand	1 year MCLR+ 0.5%	Hypothecation by way of first charge on entire current assets of the Company
IDFC Bank Ltd	-	2,015	Bullet repayment payable on due date	9.15 % to 9.75 %	Unsecured
Total	**3,734**	**3,269**			

Net debt reconciliation **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	561	265
Bank overdraft	(834)	(54)
Current borrowings	(2,900)	(3,215)
Net debts	**(3,173)**	**(3,004)**

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

(₹ In Lakhs)

Particulars	Other assets	Liabilities from financial activities			Total
	Cash and bank overdrafts	Finance lease obligation	Non current borrowings	Current borrowings	
Net debt as at April 1, 2018	**118**	**(376)**	**(406)**	**(3,660)**	**(4,324)**
Cash flow	93	75	(3,700)	359	(3,173)
Interest expenses	-	(33)	(143)	(447)	(623)
Interest paid	-	33	140	447	620
Net debt as at March 31, 2019	**211**	**(301)**	**(4,109)**	**(3,301)**	**(7,500)**
Recognised on adoption of Ind AS 116 (refer note 41)	-	(133)	-	-	(133)
Net debt as at April 1, 2019 (restated)	**211**	**(434)**	**(4,109)**	**(3,301)**	**(7,633)**
Cash flow	(484)	101	(12)	(2,036)	(2,430)
Modification of lease term	-	52	-	-	52
Acquistion -leases	-	(7)	-	-	(7)
Interest expenses	(91)	(36)	(478)	(406)	(1,011)
Interest paid	91	36	474	406	1,006
Net debt as at March 31, 2020	**(273)**	**(288)**	**(4,125)**	**(5,337)**	**(10,023)**

Net debt as at March 31, 2020 includes ₹6,849 Lakhs (FY 2019: ₹4,496 Lakhs) in respect of discontinued operations.

Note 15 : Other financial liabilities

(a) Non-current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Liability towards voluntary retirement scheme	4	7
Total	**4**	**7**

(b) Current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Liability towards voluntary retirement scheme	4	5
Other security deposits	34	34
Employee benefit payable	439	383
Capital creditors	-	22
Payable to holding company	-	6
Unclaimed dividend	5	3
Total	**482**	**453**

Note 16 : Provisions

a) Non-current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits obligations:		
Compensated absences (refer note 36)	130	101
Gratuity (refer note 36)	178	141
Total	**308**	**242**

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

b) Current

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits obligations:		
Compensated absences (refer note 36)	21	16
Gratuity (refer note 36)	28	13
	49	29
Provision-others :		
Provision for disputes (refer note 37)	39	90
Total	**88**	**119**

Note 17 : Trade payables

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 44)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	171	192
(iii) Trade payable to related parties (refer note 38)	23	19
Total	**194**	**211**

Note 18 : Other current liabilities

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	109	140
Total	**109**	**140**

Note 19 : Assets classified as held for sale

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Disposal Group- assets (refer note no 27)	14,747	13,336
Disposal Group- liabilities (refer note no 27)	10,818	10,081

Note 20 : Revenue from operations

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Contracts with Customers		
Sale of services	3,833	3,357
Total	**3,833**	**3,357**

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

Reconciliation of revenue recognised with contract price:

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract price	3,833	3,357
Adjustments for:		
Contract liabilities	-	-
Refund liabilities	-	-
Total	**3,833**	**3,357**

Note 21(a) : Other income and other gains / (losses)

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income:		
- On bank deposits	2	7
- On income tax refund	39	85
- On loan to subsidiary	50	57
	91	**149**
Dividend income from long term investments		
- In Associate	-	6
	-	**6**
Other non-operating income		
Guarantee commission from subsidiary	15	17
Rent income	62	73
Others	77	-
	154	**90**
Other gains / (losses)		
Profit on sale of property, plant and equipment (net)	(4)	-
	(4)	**-**
Total	**241**	**245**

Note 21 (b) : Exceptional item

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit on sale of investment in associate (refer note 4)	564	-
Total	**564**	**-**

Note 22 : Employee benefits expense

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	1,561	1,571
Contributions to provident fund (refer note 36)	49	56
Contributions to superannuation and other funds (refer note 36)	18	13
Gratuity (refer note 36)	27	23
Staff welfare expenses	93	95
Total	**1,748**	**1,758**

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

Note 23 : Finance costs

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense on:		
- Borrowings	449	414
- Trade payables	-	4
Bank charges	59	21
Total	**508**	**439**

Note 24 : Other expenses

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of loose tools	4	5
Power and fuel	142	98
Rent including lease rentals [refer note 3(b)]	-	25
Repairs and maintenance - others	202	155
Insurance	-	2
Rates and taxes	9	8
Travelling and conveyance	135	131
Freight and forwarding	-	1
Legal and professional charges	155	140
Consultancy charges	155	126
Auditors remuneration (refer note below)	39	33
Foreign exchange loss (net)	-	6
Miscellaneous expenses	251	313
Other expenses	**1,092**	**1,043**
Subcontracting expenses	107	113
Total other expenses	**1,199**	**1,156**

Note: Auditors remuneration (excluding Goods and Service Tax) (₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Payments to the auditors comprises		
Audit fee	28	20
Tax audit fee	1	1
Other services	8	-
Reimbursement of expenses	2	-
Total	**39**	**33**

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

Note 25 : Current and deferred tax

25 (a) Statement of profit and loss: (₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income tax expense		
Current tax		
Current tax on profits for the year	285	402
Total current tax expense	**285**	**402**
Deferred tax		
Decrease / (Increase) in deferred tax assets	(25)	(995)
(Decrease) / Increase in deferred tax liabilities	165	169
Total deferred tax benefit	**(140)**	**(826)**
Income tax expense attributable to :-	**425**	**(424)**
profit from Continuing operation	284	(779)
profit from Discontinued operation	141	355

25 (b) Reconciliation of tax expense and accounting profit multiplied by India's tax rates: (₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit from continuing operation before Income tax expenses	547	156
Profit from discontinued operation before Income tax expenses	682	1192
Expectional income taxed at special rate	564	-
Total Profit for the year	**1,793**	**1,348**
Statutory Tax Rate (%) - Long Term Capital Gain	23.30%	-
Statutory Tax Rate (%)	29.12%	29.12%
Tax at the Indian Statutory Tax Rate	489	393
Deferred tax not created on temporary differences in previous year reversed in current year	-	(17)
Deferred tax recognised for the first time		
MAT credit recognised	-	(499)
Depreciation on property, plant and equipment	-	(94)
Disallowance u/s 43B (provision for Gratuity and leave encashment)	-	(34)
Provision for doubtful debts / assets	-	(39)
Provision for sales tax liability	-	(26)
Disallowance u/s 35DD	-	(28)
Long term capital loss brought forward	-	(28)
Provision on impairment of investment	-	(38)
Impact on account of adoption of Ind AS 116	17	-
Others	-	(47)
Other Items		
Additional Tax Benefit due to indexation benefit for calculation of long term capital gain	(66)	-
MAT Credit available not recognised	-	-
Others	(15)	33
Total tax expense	**425**	**(424)**

Note 26. Other Comprehensive Income - Items that will not be reclassified to profit or loss

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Continued operations		
Net fair value gain on investments in equity shares at FVTOCI	*	*
Remeasurement of post employment benefit obligations (refer note 36)	(22)	(10)
Discontinued operations		
Remeasurement of post employment benefit obligations (refer note 36)	(9)	(11)
Total other comprehensive income	**(31)**	**(21)**

* figures below rounding off norm adopted by the Company.

Note 27 : Discontinued operations

a) Description

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 amalgamations of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed scheme). The Proposed scheme has been approved by National Company Law Tribunal ("NCLT") on November 2, 2018 and necessary steps for obtaining approvals from Department of Telecommunications ("DOT") are being taken. Considering the management's intent to transfer the business as noted in (i) above, these businesses / operations have been classified as discontinued operations in accordance with IND AS 105 "Non Current Assets held for sale and discontinued operations".

As per the NCLT Order, this Scheme is effective only on receiving the written approval from the Department of Telecommunications (DoT) for transfer of licenses. The NCLT Order required the Company to file the Order with the Registrar of Companies (RoC) within 30 days. Upon filing, RoC updated the records to reflect the Scheme as effective and TNSL as "amalgamated" even though DoT approval is yet to be received. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the scheme with immediate effect. The decision of NCLT is awaited. Pending necessary approvals, the Scheme has not been given effect to in the financial statements for the year ended March 31, 2020.

b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended March 31, 2020 and the year ended March 31, 2019.

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	11,322	9,467
Expenses*	10,640	8,275
Profit before income tax	**682**	**1,192**
Income tax expense	141	355
Profit after income tax from discontinued operation	**541**	**837**
Items that will not be reclassified to profit or loss - remeasurement of post employment benefit obligation	(9)	(11)

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Other comprehensive income from discontinued operations	**(9)**	**(11)**
Net cash inflow from operating activities	840	1,610
Net cash (outflow) from investing activities	(2,551)	(4,160)
Net cash inflow / (outflow) from financing activities	1,703	3,380
Net increase in cash generated from discontinued operation	**(8)**	**830**

*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.

(c) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at March 31, 2020 (with corresponding numbers relating to the previous year) :

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Assets classified as held for sale		
Property, plant and equipment and intangible assets	7,039	6,245
Capital work-in-progress	58	1,344
Right-of-use assets	359	-
Investment (refer note 4)	-	113
Trade receivables	4,463	3,558
Loans	79	79
Inventories	1,052	789
Other financial assets	1,569	1,086
Other current assets	128	122
Total assets of disposal group held for sale*	**14,747**	**13,336**
Liabilities directly associated with assets classified as held for sale		
Borrowings	5,244	3,189
Provisions	374	336
Contract liabilities	322	485
Lease liabilties	287	-
Other current liabilities	10	10
Other non current liabilities	11	21
Trade payables	2,729	2,611
Other financial liabilities	1,841	3,429
Total liabilities of disposal group held for sale	**10,818**	**10,081**

*Assets pledged as security by the Company (refer note 32).

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

Note 28 : Fair value measurements

28 (a) Financial instrument by category.

(₹ In Lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments	-	12	-	-	12	-
Trade receivable	-	-	1,543	-	-	984
Cash and cash equivalent	-	-	561	-	-	265
Other bank balances	-	-	32	-	-	29
Security deposit	-	-	25	-	-	25
Loans to subsidiaries	-	-	599	-	-	496
Loans to employees	-	-	2	-	-	3
Other financial assets	-	-	63	-	-	52
Total financial assets	**-**	**12**	**2,825**	**-**	**12**	**1,854**
Financial liabilities						
Borrowings	-	-	3,734	-	-	3,269
Trade payables	-	-	194	-	-	211
Other financial liabilities	-	-	486	-	-	460
Total financial liabilities	**-**	**-**	**4,414**	**-**	**-**	**3,940**

(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 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.

(₹ In Lakhs)

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	4	-	-	12	**12**
Total financial assets		**-**	**-**	**12**	**12**

(₹ In Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Other financial liabilities	15 (a) and 15 (b)	-	-	486	**486**
Total financial liabilities		**-**	**-**	**486**	**486**

(₹ In Lakhs)

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	4	-	-	12	**12**
Total financial assets		**-**	**-**	**12**	**12**

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

(₹ In Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Other financial liabilities	15 (a) and 15 (b)	-	-	464	**464**
Total financial liabilities		**-**	**-**	**464**	**464**

Except for those financial assets/liabilities mentioned in the above table, the Company considers that the carrying amounts of financial assets / liabilities recognised in the financial statements approximate their fair values due to their short-term nature. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

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.

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

(₹ In Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Other financial liabilities	486	486	460	464
Total financial liabilities	**486**	**486**	**460**	**464**

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.

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

Note 29 :Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk.

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, 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, 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.

The Company's maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 is the carrying value of each class of financial assets as disclosed in the standalone financial statements.

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.

One customer as at March 31, 2020 and as at March 31, 2019 individually contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was ₹1,543 Lakhs and ₹ 981 Lakhs as at March 31, 2020 and March 31, 2019 respectively.

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

The amount of trade receivable outstanding as at March 31, 2020 and March 31, 2019 is as follows:

(₹ In Lakhs)

Particulars	Not due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2020	1,092	339	112	-	**1,543**
As at March 31, 2019	365	619	-	-	**984**

(ii) Reconciliation of loss allowances provision - Trade receivables **(₹ In Lakhs)**

Loss allowances on April 01, 2018*	**148**
Changes in loss allowances	(15)
Loss allowances on March 31, 2019 *	**133**
Changes in loss allowances	(45)
Loss allowances on March 31, 2020 *	**88**

* Loss allowance provision on trade receivable as at March 31, 2020 and March 31, 2019 pertains to discontinued operations.

(B) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due through rolling cash flow forecast. Also, the Company has unutilised credit limits with banks.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Floating rate		
Expiring within one year (bank overdraft, term Loans and other facilities)	1,866	2,746
Total	**1,866**	**2,746**

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.

(₹ In Lakhs)

Contractual maturities of financial liabilities	Less than 1 year	1 - 2 years	2 year and above	Total
March 31, 2020				
Non - derivative				
Borrowings	3,734	-	-	**3,734**
Trade payables	194	-	-	**194**
Other financial liabilities	482	4	-	**486**
Total Non derivative liabilities	**4,410**	**4**	**-**	**4,414**

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

(₹ In Lakhs)

Contractual maturities of financial liabilities	Less than 1 year	1 - 2 years	2 year and above	Total
March 31, 2019				
Non - derivative				
Borrowings	3,269	-	-	**3,269**
Trade payables	211	-	-	**211**
Other financial liabilities	453	4	4	**461**
Total Non derivative liabilities	**3,933**	**4**	**4**	**3,941**

(C) Market Risk

(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 (₹), 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 (₹).

The risk is measured through a forecast of highly probable foreign currency cash flows.

During the FY 2020 and FY 2019, continue opeartions of the Company doesn't have any transactions in foreign currency. Foreign currency exposure of discontinued operations are given below:

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period are as follows

(₹ In Lakhs)

Particulars	Foreign currency	As at March 31,2020		As at March 31,2019	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial Liabilities					
Trade payables	USD	10	746	29	1,989
Buyers credit	USD	11	765	-	-
Derivative Liabilities					
Foreign exchange forward contract					
Buy foreign currency	USD	(17)	(1,322)	(25)	(1,750)
Net Exposure to Foreign Currency Liability	**USD**	**4**	**189**	**4**	**239**
Financial Assets					
Trade receivables	USD	*	(10)	(1)	(45)
Net Exposure to foreign currency Assets	**USD**	*	**(10)**	**(1)**	**(45)**

*figures below rounding off norm adopted by the Company.

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

(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, 2020	As at March 31, 2019
USD sensitivity		
₹/USD - Increase by 5% (March 31, 2019 - 5%)*	(6)	(7)
₹/USD - Decrease by 5% (March 31, 2019 - 5%)*	**6**	**7**
* Holding all other variables constant		

(ii) Interest Rate Risk

The Company doesn't have any long term borrowing at variable rate of interest, therefore Company is not exposed to any interest rate risk.

(iii) Price Risk

The Company doesn't have any financial instruments which are exposed to change in price.

Note 30 : Capital Management

Risk Management

The Company's objectives when managing capital are to

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

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

Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants:.

Standalone Debt Equity ratio of maximum 4:1

Total Outside Liabilities/ Total Net Worth to be maintained below 3.75

Company has complied with the above covenants throughout the reporting period.

Note 31 : 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 Company has pledged financial instruments as collateral against a number of its borrowings. Refer to note no. 32 for further information on financial and non-financial collateral pledged as security against borrowings.

Note 32 : Assets pledge as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Assets		
Financial Assets		
First charge		
Inventory	1,052	789
Trade receivables- Current	6,006	4,542
Cash and cash equivalents	561	265
Bank balances other than above	32	29
Loans	664	579
Other financial assets	1,321	869
Other current assets	680	782
Total current assets pledged as security	**10,316**	**7,855**
Non current assets		
Second charge		
Fixed assets		
(i) Building	96	85
(ii) Plant and machinery	982	767
(iii) Office equipment	6,103	5,171
Total non-current assets pledged as security	**7,181**	**6,023**
Total assets pledged as security	**17,497**	**13,878**

*Notes related to continuing and discontinued operations.

Note 33 : Segment reporting

Based on evaluation of key financial parameters, the Company believes that it operates in only one reportable segment i.e. Network Systems and accordingly the financial results are reported as single reportable segment from year ended March 31, 2020. Consequently, prior period comparatives have been modified to conform to current period's presentation.

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

Note 34 : Income tax

a. **Components and movements of deferred tax assets/(liability) (net):** **(₹ In Lakhs)**

Particulars	As at April 1, 2018	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2019	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2020
	(a)	(b)	(c)	(d=a+b+c)	(e)	(f)	(g=d+e+f)
i. Items of deferred tax liabilities:							
Property, plant and equipment and intangible assets	133	(133)	-	-	-	-	-
Assets given on finance lease	-	163	-	163	55	-	218
Right-of-use assets	-	-	-	-	112	-	112
Amortisation of processing charges on borrowing	-	6	-	6	(2)	-	4
Total deferred tax liability (i)	**133**	**36**	**-**	**169**	**165**	**-**	**334**
ii. Items of deferred tax assets :							
Property, plant and equipment and intangible assets	-	124	-	124	125	-	249
Lease liability	-	-	-	-	90		90
Disallowances under Section 43B of the income tax act, 1961, provision for legal dispute and investment impairment	126	98	-	224	26	-	250
Allowance for doubtful trade receivables and deposits	7	33	-	40	(14)	-	26
Allowance u/s 35 DDA and 35DD of Income Tax Act	-	47	-	47	(9)	-	38
Credit of Minimum Alternate Tax u/s 115 JAA of Income Tax Act	-	498	(116)	382		(192)	190
Unabsorbed long term capital loss	-	28	-	28	(28)	-	-
Others	-	34	-	34	27	-	61
Total deferred tax assets (ii)	**133**	**862**	**(116)**	**879**	**217**	**(192)**	**904**
Net deferred tax assets (ii-i)	**-**	**826**	**(116)**	**710**	**52**	**(192)**	**570**

*considered to the extent that there are compensating timing differences, reversal of which will result in sufficient income against which this can be realised.

Note 35 : Capital and other commitments

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)*	40	12

*Figures pertains to continuing operations.

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:

(₹ In Lakhs)

Sr. No	Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
		Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
a)	Contribution to employees superannuation fund	15	6	12	8
b)	Contribution to employees state insurance scheme	3	*	1	*
	Total	**18**	**6**	**13**	**8**

*figures below rounding off norm adopted by the Company.

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, 2020 and March 31, 2019, respectively.

The details of fund and plan asset position are given below: **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Plan assets at period end, at fair value	2,346	1,965
Present value of benefit obligation at period end	2,346	1,965
Asset recognised in Balance Sheet	-	-

The plan assets have been primarily invested in government securities.

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

Assumptions used in determining the present value of obligation of interest rate guarantee under the deterministic approach:

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Government of India (GOI) bond yield	6.84%	7.54%
Remaining term to maturity of portfolio	11 years	11 years
Expected guaranteed interest rate	8.65%	8.65%

The company contributed ₹ 101 Lakhs and ₹ 85 Lakhs during the year ended March 31, 2020 and March 31, 2019 respectively and the same has been recognized in the Statement of Profit and Loss. The amount relating to continuing operations ₹ 49 Lakhs for year ended March 31, 2020 and ₹ 56 Lakhs for year ended March 31, 2019 are disclosed under the employee benefit expenses.

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 (unfunded)

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: **(₹ In Lakhs)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	29	23
Interest cost (Net)	24	20
Total expense recognised in the statement of profit and loss	**53**	**43**

Expenses recognised in statement of Profit and loss includes ₹ 26 Lakhs (FY 2019 : ₹ 20 Lakhs) in respect of discontinued operations.

Amount recognised in Other Comprehensive Income (OCI): **(₹ In Lakhs)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Due to change in demographic assumptions	*	*
Due to change in financial assumptions	16	5
Due to experience	15	16
Total remeasurement (gains)/losses recognised in OCI	**31**	**21**

*figures are below rounding off norm adopted by the company.

Total remeasurement losses recognised in OCI includes ₹ 9 Lakhs (FY 2019 : ₹ 11 Lakhs) in respect of discontinued operations.

Changes in Defined Benefit Obligation (DBO) during the year **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of DBO at the beginning	316	258
Current service cost	29	23
Interest cost (Net)	24	20
Liabilities transferred In/acquisitions	5	(3)
Remeasurement (gain)/loss	31	21
Benefits paid	(16)	(3)
Present value of DBO at the end	**389**	**316**

Net liability recognised in the balance sheet as at March 31, 2020 includes ₹ 183 Lakhs (FY 2019 : ₹ 162 Lakhs) in respect of discontinued operations.

Principal actuarial assumptions for valuation of gratuity liability:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.84%	7.54%
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.

Sensitivity

Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions (while holding all other assumptions constant) is:

(₹ In Lakhs)

Particulars	Change in assumption	As at March 31, 2020		As at March 31, 2019	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(22)	26	(17)	20
Expected rate of escalation in salary	1%	25	(23)	20	(17)
Rate of employee turnover	1%	*	*	*	*

*figures are below rounding off norm adopted by the company.

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

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 (2019- 8 years). The expected maturity analysis of undiscounted gratuity is as follows: **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
1st following year	54	27
2nd following year	21	30
3rd following year	71	36
4th following year	35	60
5th following year	47	30
Sum of years 6 to 10	148	148
Sum of years 11 and above	291	231

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.

a) An amount of ₹ 73 Lakhs (FY 2019 : ₹ 45 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2020 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) Expenses recognised in statement of Profit and loss includes Rs 22 Lakhs (FY 2019 : Rs 22 Lakhs) in respect of discontinued operations.

d) Net liability recognised in the Balance Sheet as at March 31, 2020 includes Rs 133 Lakhs (FY 2019 : Rs 116 Lakhs) in respect of discontinued operations.

Principal actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.84%	7.54%
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.

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

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. 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) 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.

c) Provision for future losses pertains to certain onerous contracts where the unavoidable costs of meeting the obligations as per the contracts exceed the economic benefits expected to be received from it.

d) The movement and provision during the year are as follows:

(₹ In Lakhs)

Particulars	Provision for disputes		Warranties*		Future foreseeable losses on contracts#	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	90	73	58	49	-	23
Add: Provision during the year	2	28	-	33	-	-
(Less): Utilisation during the year	(26)	(11)	-	(17)	-	(13)
(Less): Reversal during the year	(27)	-	-	(7)	-	(10)
Add: Effects of unwinding of discount on provision	-	-	-	-	-	-
Closing balance	**39**	**90**	**58**	**58**	**-**	**-**
Classified as current (refer note 16 (b))	39	90	58	58	-	-

* Provision for warranties recognised in the balance sheet as at March 31, 2020 of ₹ 58 Lakhs (FY 2019 : ₹ 58 Lakhs) in respect of discontinued operations.

Provision for Future foreseeable losses on contracts recognised in the balance sheet as at March 31, 2020 of ₹ Nil Lakhs (previous year ₹ Nil Lakhs) in respect of discontinued operations.

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

Note 38 : Related party disclosure

(a) Promoter of holding Company

Tata Sons 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, 2020	As at March 31, 2019
Tata Power Company Limited	Immediate parent entity	India	48.65%	48.65%

(c) Subsidiary Companies:

Name	Type	Place of incorporation	Ownership Interest	
			As at March 31, 2020	As at March 31, 2019
Tatanet Services Limited	Subsidiary	India	100%	100%
Nelco Network Products Limited	Subsidiary	India	100%	100%

(d) Associate Company: (₹ In Lakhs)

Name of the Entity	Place of Business	% of Ownership interest	Relationship	Accounting Method	Quoted Fair Value		Carrying Amount	
					As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Nelito Systems Limited# (Till May 29, 2019)	India	12.30%	Associate	Equity Method	-	-*	-	113

*Unlisted entity - no quoted price available.

#The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate had been classified as 'Assets classified as held for sale' in accordance with IND AS 105.

During the year ended March 31, 2020, the Company sold investments in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year. The resultant gain on sale of investments has been disclosed as an exceptional item in the standalone financial statements for the year ended March 31, 2020.

(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. Sowmyan Ramakrishnan (Non Executive Director upto July 20, 2018)
Ms. Hema Hattangady (Independent Director upto January 27, 2020)
Mr. Kailasam Raghuraman (Independent Director upto January 27, 2020)
Mr. Krishnan Ramachandran (Independent Director upto January 27, 2020)
Mr. Rahul Chandrakant Shah (Non Executive Director upto October 24, 2019)

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

Mr. Anand Agrawal (Non Executive Director w.e.f October 24, 2019)
Mr. Ajay Kumar Pandey (Independent Director w.e.f January 28, 2020)
Dr. Lakshmi Nadkarni (Independent Director w.e.f January 28, 2020)
Mr. K. Narasimha Murthy (Independent Director w.e.f January 28, 2020)

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Executive directors		
Short-term employee benefits	261	224
Post-employment benefits	8	7
Long-term employee benefits*	-	-
(ii) Non executive and independent director		
Directors sitting fees	32	44
Total compensation	**301**	**275**

*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.

(f) Details of transactions between the Company and other related parties are disclosed below:

(₹ In Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited (Holding Co.)	Tata Sons Limited (Promoter of Holding Co.)	Tatanet Services Limited (Subsidiary)	Nelco Network Products Limited (Subsidiary)	Nelito Systems Limited (Associate)
1)	**Purchase :**					
a)	Services	-	23	-	-	-
		(-)	(22)	(-)	(-)	(-)
2)	**Sales :**					
a)	Services	10	-	3,852	-	-
		(*)	(-)	(3,357)	(-)	(-)
b)	Goods	-	-	845	-	-
		(3)	(-)	(-)	(-)	(-)
3)	**Other income**					
a)	Dividend received	-	-	-	-	-
		(-)	(-)	(-)	(-)	(6)
b)	Interest received	-	-	50	-	-
		(-)	(-)	(57)	(-)	(-)
c)	Guarantee commission	-	-	15	-	-
		(-)	(-)	(17)	(-)	(-)
d)	Rent	1	-	-	-	-
		(1)	(-)	(-)	(-)	(-)
4)	**Other transactions :**					
a)	Guarantees and collaterals given	-	-	-	-	-
		(-)	(-)	(2,125)	(-)	(-)
b)	Loans and advances repayment received during the year (net)	-	-	800	-	-
		(-)	(-)	(-)	(-)	(-)
c)	Reimbursements made to parties	-	-	-	-	-
		(-)	(-)	(224)	(2)	(-)

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

(₹ In Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited	Tata Sons Limited	Tatanet Services Limited	Nelco Network Products Limited	Nelito Systems Limited
		(Holding Co.)	(Promoter of Holding Co.)	(Subsidiary)	(Subsidiary)	(Associate)
d)	Loans and advances given during the year (net)	-	-	93	4	-
		(-)	(-)	(-)	(-)	(-)
e)	Reimbursements made to parties	-	-	144	-	-
		(-)	(-)	(240)	(-)	(-)
5)	**Balance outstanding at year end**					
a)	Trade receivables	12	-	2,540	-	-
		(1)	(-)	(981)	(-)	(-)
b)	Trade payables	-	23	-	-	-
		(-)	(19)	(-)	(-)	(-)
c)	Loans and advances given	-	-	593	6	-
		(-)	(-)	(496)	(2)	(-)
d)	Guarantees and collaterals	-	-	5,950	-	-
		(-)	(-)	(6,750)	(-)	(-)
e)	Other Payable	-	-	-	-	-
		(6)	(-)	(-)	(-)	(-)

*figures are below rounding of norm adopted by the Company.

Note:

i) Figures in brackets pertain to the previous year ended March 31, 2019.

ii) Related party relationship is as identified by the Company and relied upon by auditors.

iii) Information in related party disclosure are in respect of continuing and discontinued operations.

Note 39 : Earnings per share (EPS)

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1. Net profit after tax attributable to equity shareholders (₹ in Lakhs)		
(a) Continuing operations	827	935
(b) Discontinued operations	541	837
(c) Total operations	1,368	1,772
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)	3.63	4.10
(b) Discontinued operations (1(b) / 2)	2.37	3.67
(c) Total operations (1(c) / 2)	6.00	7.77

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

Note 40 : Contingent liabilities

(₹ In Lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Guarantees issued by the company on behalf of its subsidiary (Tatanet Services Limited) [(Amount of loan outstanding against this guarantee is ₹ 663 Lakhs (As at March 31, 2019 - ₹ 474 Lakhs)]	5,950	6,750
b)	Claims against the company not acknowledged as debt comprises of:		
	- Sales tax and service tax claims disputed by the company relating to issues of applicability and classification	263	273
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.	559	559

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities.

Note 41 : Changes in accounting policies

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.The Company has applied Ind AS 116 'Leases' (Ind AS 116) with a date of initial application of April 1, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognised as at April 1, 2019.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average lessee's incremental borrowing rate was 9.95%.

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the Right of use Asset and the lease liability.

i. Practical expedient applied

The Company has applied Ind AS 116 only to the contracts that were previously identified as leases. As a practical expedient, contracts previously identified as lease under Ind AS 17 and Appendix C to Ind AS 17, has not been reassessed as to whether a contract is, or contains, a lease under Ind AS 116.

The Company has used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognize right-of-use asset and liabilities for leases with remaining lease term of 12 months or less.
- Excluded initial direct costs from measuring the right-of-use asset at the date of application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

ii. Measurement of lease liabilities

(₹ In Lakhs)

Particulars	Leasehold premises	Office equipment	Total
Operating lease commitments as at March 31, 2019	-	-	-
Add: Finance lease liabilities recognised as at March 31, 2019	-	302	302
Add: Adjustments as a result of a different treatment of extension option	133	-	133
Lease liabilities as at April 1, 2019	**133**	**302**	**435**
Continuing operations	**-**	**-**	**-**
Discontinued operations	**133**	**302**	**435**
Current	**16**	**83**	**99**
Non current	**117**	**219**	**336**

iii. Measurement of right-of-use assets

The associated right-of-use assets for property leases measured on modified retrospective basis.

iv. Adjustment recognised in the balance sheet on April 1, 2019

The change in accounting policy has affected the following items in the balance sheet on April 1, 2019

(₹ In Lakhs)

Particulars	Continuing operations	Discontinued operations	Total
- Property, plant, equipment - (decrease) by	(25)	(349)	(374)
- Right-of-used assets- increase by	25	481	506
- Deferred tax assets- increase by	-	39	39
- Deferred tax liability- (increase) by	-	(39)	(39)
- Borrowing - decrease	-	220	220
- Other financial liabilities decrease by	-	83	83
- Lease liabilities- (increase) by	-	(435)	(435)

v. Lessor accounting

The Company did not make any adjustments to accounting for assets held as lessor under operating leases as results of adoption of Ind AS 116.

Note 42: As a part of transition to Goods Services Tax (GST) in June 2017, the Company carried forward the Cenvat/ Service tax/Sales tax input credit balance of Rs 31 Lakhs as on March 31, 2020 for future set-off against GST payable. However, due to technical glitch on the GSTN portal, the Company could not file the Tran 1 Form within the prescribed period including the extended filing period. The Company filed a writ petition in the Hon'ble High Court of Bombay for allowing the carry forward of the input credit balances. However, vide its order dated March 20,2020, the petition was dismissed and the claim of the Company was disallowed. In view of the multiple judgements by various High Courts in India on this matter which supports the Company's claim and based on the advice received from independent legal counsel, the Company expects to recover this input credit balance. The Company will be filing Special Leave Petition in Hon'ble Supreme Court as soon as the lockdown is over and the Supreme Court commences admitting of the petitions. In view of this, no provision has been made in the books of account against the recoverability of these balances.

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

Note 43: The outbreak of Coronavirus (COVID-19) pandemic has profoundly impacted the economies across the Globe including India. In order to contain the spread of COVID-19, the Central Government of India as well as the various State Governments ordered complete lock-down including restrictions on domestic and international travels. During this period the Company continued to provide VSAT maintenance services and VSAT equipment on lease as it is considered as an essential service being part of "Telecommunication, Internet Services, Broadcasting and cable services", with relevant permissions from the relevant authorities. The Deployment of new VSATs however were minimal due to most of the customers offices being closed and restrictions in movement, which is likely to pick up momentum as the lockdown gets relaxed and the economic activities revive.

The Company continues to monitor the impact of the global pandemic in future and it may be different from the estimates made as on the date of financial statements. Based on the information available on the date of approval of these financial statements, the management has evaluated the impact of the aforesaid situation on the business of the Company, financial risks including credit risks and liquidity risks. Considering that the Company's revenue consists of recurring annual service contracts, sales orders in hand, liquidity position at year end and available approved credit limits, the management is of the opinion that there is no material uncertainty on the Company's ability to do business as a going concern and there are no impairment indicators for any of the asset disclosed in the financial statements.

Note 44: There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding as at March 31, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the company."

Signature to Notes forming part of Standalone Financial Statements "1" to "44"

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

Nehal Upadhayay
Partner

Membership No.115872

Place: Mumbai
Date : May 16, 2020

For and on behalf of the Board of Directors
Nelco Limited
CIN: L32200MH1940PLC003164

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary
& Head - Legal

Place: Mumbai
Date : May 16, 2020

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Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Nelco Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate company (refer Note 46 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate company as at March 31, 2020, of consolidated total comprehensive income (comprising of consolidated profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to the following:

   a. Note 29 to the consolidated financial statements regarding composite scheme of arrangement between the Company, Tatanet Services Limited (TNSL) and Nelco Network Products Limited which was approved by the National Company Law Tribunal ("NCLT") vide its order dated November 2, 2018 (the "Scheme"). As per the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval was not yet obtained. The RoC records were, however, updated to reflect the Scheme as effective and TNSL as "amalgamated" with the Company. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the Scheme with immediate effect. The decision of NCLT is awaited. The Scheme will be given effect to in the financial statements on receipt of all necessary approvals.

   b. Note 49 to the consolidated financial statements which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the consolidated financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

   c. Note 48 to the consolidated financial statements regarding the input tax credit balances under the Cenvat/ Service tax/Sales tax considered fully recoverable by the management and no provision made against the same in the books based on the legal advice obtained and the special leave petition proposed to be filed by the Holding Company with the Hon'ble Supreme Court of India against the order passed by the Hon'ble High Court of Bombay disallowing the Holding Company's claim to carry forward these balances on transition to Goods and Services Tax (GST) for future set-off against GST payable.

   Our opinion is not modified in respect of these matters.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition related to multiple element arrangements (Refer notes 1.13 and 2.1(a) to the Consolidated Financial Statements) The contracts with customers include multiple elements including sale of products and ancillary services like installation, commissioning, annual maintenance etc., including specific pricing arrangements and rental income for equipment 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 amount and timing of revenue recognition in accordance with Ind AS 115 requires exercise of judgement by the Company'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 in relation to revenue recognition included: • Understanding and evaluating the design and testing the operating effectiveness of key controls over revenue recognition; • Assessing the appropriateness of the accounting policies applied by the Company in line with the applicable accounting standards. • Testing of contracts with customers on a sample basis to assess the contractual terms impacting identification of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of the timing of recognition for each of these revenue components; • Testing the timing of fulfilment of performance obligations and recognition of revenue based on agreed pricing; • Performing tests related to non-standard manual journal entries related to revenue. Based on the above procedures performed, we did not note any significant exceptions regarding the management's assessment of the performance obligations, allocation of consideration to the identified performance obligations and revenue recognition relating to multiple element arrangements.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Assessment of Contingent liabilities and provisions for litigations

(Refer notes 1.20 and 2.1(g) to the Consolidated Financial Statements)

As at March 31, 2020, the Group held provisions of ₹ 39 lakhs and disclosed Contingent liabilities (to the extent not provided for) of ₹ 4,826 lakhs in respect of certain tax and other litigations.

The Group faces inquiries from tax authorities and regulatory authorities during tax assessment proceedings, legal proceedings, and from certain business service providers, 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 advice from independent tax and legal experts obtained by the management.

We focused on this area as the outcome of the litigations/ inquires 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/legal experts and interpretation of law. The ultimate outcome of the litigations/ inquires could be different from the positions taken by the management and may significantly impact the Group's financial position.</td><td>Our audit procedures included the following:

• Understanding and evaluating processes and controls designed and implemented by the management for assessment of litigations and testing their operating effectiveness;

• Obtaining the list of taxation, regulatory litigation matters, communications with the regulatory authorities, and other litigation matters, inspecting the supporting evidence and critically assessing management's evaluation through discussions with management on both the probability of outcome and the magnitude of potential outflow of economic resources;

• Reading recent orders received from the tax and regulatory authorities and other communication from the business service providers, and the Company's responses to such communications to assess the status of the litigations;

• Where relevant, reading most recent advice obtained by management from independent tax/legal consultants and evaluating the grounds presented therein;

• Evaluating independence, objectivity and competence of the management's tax/legal experts;

• Obtaining direct confirmations from lawyers and tax consultants, where considered relevant;

• Understanding the current status of the tax assessments and legal proceedings/inquires;

• Together with auditors' tax experts, evaluating the management assessment of estimated potential tax exposures considering the applicable provisions of direct and indirect tax laws.

• We did not identify any material exceptions as a result of above procedures.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
First-time adoption of Ind AS 116 – Leases (Refer notes 1.17 and 2.1 (g) to the Consolidated Financial Statements) 'Ind AS 116 – Leases' becomes effective from reporting periods beginning April 1, 2019. Ind AS 116 introduces a new lease accounting model, where lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on it's balance sheet. The Group applied Ind AS 116 on April 1, 2019 using the modified retrospective approach and comparative information is not restated. The application of the new standard gives rise to a right of use asset of ₹ 902 lakhs and a corresponding increase in lease liabilities of Rs 838 million as at March 31, 2020. We considered the first time application of Ind AS 116 as a key audit matter due to the material nature of those leases and the significance of the management's judgements in determining the consideration of contract excluded/covered under the lease standards, lease term, technical and financial assumptions determined to assess the assets covered under Ind AS 116.	Our audit procedures included the following: • Understanding of the process followed by the management and testing of the design and operating effectiveness of key controls around accounting for leases; • Understanding the Company's process in identifying lease contracts, or contracts which contained leases; • Reviewing the accounting policy adopted by the Company and the options chosen on transition from Ind AS 17 to Ind AS 116. • Evaluating a sample of contracts to assess whether leases have been appropriately identified; • Obtaining the Company's quantification of Right Of Use assets and lease liabilities. For a sample of leases, agreeing the inputs used for determining assets and liabilities related to lease contracts with underlying contractual data; • Assessing the management assumptions, specifically on the assumptions underlying determination of the discount rates and assessment of renewal options; • Reperforming the calculation on sample basis to test the accuracy of Ind AS 116 adjustment; • Assessing the completeness and appropriateness of disclosures given in the financial statements as per the requirement of Ind AS 116; Based on the above procedures performed, we did not note any significant exceptions in the quantification of impact and the adjustments and disclosures made on first time adoption of Ind AS 116.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexure to Director's report, Management Discussion and Analysis and Report on Corporate Governance but does not include the consolidated financial statements and our auditor's report thereon.

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

8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associate company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate company are responsible for assessing the ability of the Group and of its associate company 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.

11. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for overseeing the financial reporting process of the Group and of its associate company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated 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 and its associate company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial 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 and its associate company to cease to continue as a going concern;
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 and its associate company to express an opinion on the consolidated 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 financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. 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.

15. 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.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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

17. As required by Section 143(3) of the Act, 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 financial statements;

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated 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 other comprehensive income), consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements;

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act;

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

    (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A;

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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, if any, of pending litigations on the consolidated financial position of the Group and its associates company– Refer Note 37 to the consolidated financial statements;

        ii. The Group and its associate company had long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate company incorporated in India.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

18. The Holding Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Nehal Upadhayay
Partner
Membership Number: 115872
UDIN:20115872AAAACF2610

Mumbai
May 16, 2020

Annexure A to Independent Auditor's Report

Referred to in paragraph 17(f) of the Independent Auditors' Report of even date to the members of Nelco Limited on the consolidated financial statements for the year ended March 31, 2020

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Nelco Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate company (upto May 29, 2019), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies, its associate company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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

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

Nehal Upadhayay
Partner
Membership Number: 115872
UDIN:20115872AAAACF2610

Mumbai
May 16, 2020

Consolidated Balance Sheet as at March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4(a)	10,580	8,486
(b) Capital work-in-progress	4(a)	339	1,660
(c) Right-of-use assets	4(b)	902	-
(d) Intangible assets	4(a)	195	182
(e) Financial assets			
(i) Investments	5	16	16
(ii) Loans	7 (a)	41	24
(iii) Other financial assets	8 (a)	328	285
(f) Deferred tax assets (net)	39	656	745
(g) Income tax assets (net)	9	2,588	2,141
(h) Other non-current assets	10 (a)	45	54
Total non current assets		**15,690**	**13,593**
Current assets			
(a) Inventories	11	1,052	789
(b) Financial assets			
(i) Trade receivables	6	7,026	5,997
(ii) Cash and cash equivalents	12	1,311	548
(iii) Bank balances other than (ii) above	13	32	29
(iv) Loans	7 (b)	141	136
(v) Other financial assets	8 (b)	1,704	1,119
(c) Other current assets	10 (b)	1,051	962
Assets classified as held for sale		-	562
Total current assets		**12,317**	**10,142**
TOTAL ASSETS		**28,007**	**23,735**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	2,282	2,282
(b) Other equity			
Reserves and surplus	16	4,295	3,290
Other reserves	16 (a)	12	12
Total equity		**6,589**	**5,584**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17 (a)	2,948	3,385
(ii) Lease liabilities	4(b)	626	-
(iii) Other financial liabilities	18 (a)	4	7
(b) Provisions	19 (a)	580	491
(c) Other non-current liabilities	20(a)	11	21
Total non-current liabilities		**4,169**	**3,904**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17 (b)	6,853	3,406
(ii) Trade payables	21		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		3,772	3,633
(iii) Lease liabilities	4(b)	212	-
(iv) Other financial liabilities	18 (b)	2,694	4,399
(b) Provisions	19 (b)	190	206
(c) Contract liabilities	14	2,990	2,352
(d) Other current liabilities	20(b)	538	251
Total current liabilities		**17,249**	**14,247**
Total liabilities		**21,418**	**18,151**
TOTAL EQUITY AND LIABILITIES		**28,007**	**23,735**

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

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

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)

Nehal Upadhayay
Partner
Membership No. 115872
Place: Mumbai
Date : May 16, 2020

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : May 16, 2020

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

(₹ in Lakhs)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	22	21,993	19,101
Other income	23(a)	259	428
Total Income		**22,252**	**19,529**
Expenses			
(a) Purchases of stock-in-trade		3,374	3,297
(b) Changes in inventories of stock-in-trade	24	(263)	98
(c) Employee benefits expense	25	3,361	2,779
(d) Finance costs	26	1,323	738
(e) Depreciation and amortisation expense	27	2,002	1,296
(f) Transponder charges	28	4,241	3,469
(g) Other expenses	28	6,303	5,859
Total expenses		**20,341**	**17,536**
Profit before exceptional items, share of net profit of investment accounted for using equity method and tax		**1,911**	**1,993**
Share of net profit of associate accounted for using the equity method		-	9
Profit before exceptional items and tax		**1,911**	**2,002**
Exceptional item	**23(b)**	115	-
Profit before tax		**2,026**	**2,002**
Income tax expense	39		
- Current tax		499	596
- Deferred tax		89	(823)
Total tax expense		**588**	**(227)**
Net profit for the year		**1,438**	**2,229**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Net fair value gain on investments in equity shares at FVTOCI		*	*
- Share of other comprehensive income of associate company accounted for using the equity method		-	(1)
- Remeasurement of post employment benefit obligations		(31)	(21)
Total other comprehensive income		**(31)**	**(22)**
Total comprehensive income for the year		**1,407**	**2,207**
Earnings per share (Face value of ₹ 10/- per share) (Basic and diluted)	42	6.30	9.77

*figures are below rounding off norm adopted by the Company.
The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

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

For Price Waterhouse Chartered Accountants LLP
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For and on behalf of the Board of Directors
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Partner
Membership No. 115872

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : May 16, 2020

Place: Mumbai
Date : May 16, 2020

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax	2,026	2,002
Profit before income tax	**2,026**	**2,002**
Adjustments for:		
Depreciation and amortisation expense	2,002	1,296
Finance Costs	1,323	738
Unrealised foreign exchange (gain) / loss	163	(7)
Unrealised mark to market (gain) / loss	(75)	-
Provision for doubtful debts	(4)	(32)
Bad debts written off	70	72
Provision for warranty (net)	-	26
Liabilities/Provisions no longer required, written back	-	(69)
Provision for foreseeable losses written back	-	(10)
Gain on disposal of property, plant and equipment (net)	(3)	(6)
Profit on sale of investment in associate	(115)	-
Unwinding of discount on financial asset measured at amortised cost	(3)	(57)
Interest Income classified as investing cash flow	(3)	(22)
Interest income	(104)	(179)
Amortisation of processing fees	8	-
Share of net profit of associate accounted for using the equity method	-	(9)
Operating profit before working capital changes	**5,285**	**3,743**
Adjustments for changes In working capital:		
Movements in assets		
- (Increase) in trade receivables	(1,086)	(340)
- (Increase) in other current assets	(89)	(539)
- Decrease / (Increase) in other non current assets	12	(46)
- (Increase) / Decrease in financial assets - non current - loans	(17)	5
- (Increase) / Decrease in inventories	(263)	98
- (Increase) in other financial assets - current	(547)	(849)
- (Increase) in other financial assets -non current	(43)	(269)
- (Increase) / Decrease in financial assets - current - loans	(5)	28
- (Increase) in other bank balances	(3)	(1)
Movements in liabilities		
- (Decrease) / Increase in trade payables	(18)	495
- (Decrease) in other financial liabilities - non current	(3)	(3)
- (Decrease) in other liabilities - non current	(10)	(9)
- Increase in provisions - non current	89	70
- Increase in other financial liabilities - current	83	136
- Increase in current contract liabilities	638	2,352
- Increase/ (Decrease) in other current liabilities	287	(2,324)
- (Decrease) in provisions - current	(47)	(12)
Cash generated from operations	**4,263**	**2,535**
- Taxes paid (net of refunds)	(946)	(413)
Net cash generated from operating activities- (A)	**3,317**	**2,122**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment / intangible assets	(4,800)	(5,339)
Proceeds from sale of property, plant and equipment / intangible assets	11	680
Interest received	107	201
Proceeds from sale of investment in Associate Company	677	-
Bank balances not considered as cash and cash equivalents- deposits placed	(1)	(16)
Dividend From associate	-	6
Net cash (used in) investing activities (B)	**(4,006)**	**(4,468)**

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings		
- Receipts	17,521	18,544
- Payments	(15,204)	(15,229)
Finance lease payments	-	(75)
Principal payment of lease liabilities	(192)	-
Interest payment of lease liabilities	(91)	-
Finance costs paid	(1,184)	(738)
Dividend Paid (including divided distribution tax)	(403)	-
Net cash generated from financing activities (C)	**447**	**2,502**
Net (Decrease) / Increase in Cash & Cash Equivalents [(A)+(B)+(C)]	**(241)**	**156**
Cash and Cash Equivalents as at April 1, 2019	494	338
Cash and Cash Equivalents as at March 31, 2020	**253**	**494**

Note

1) Reconciliation of cash and cash equivalents as per cash flow statement

(₹ in Lakhs)

Cash and cash equivalents comprise of :	As at March 31, 2020	As at March 31, 2019
Balance with scheduled banks in current accounts	1,069	422
Cash on hand	1	1
Cheques on hand	241	125
Bank overdraft	(1,058)	(54)
Total	**253**	**494**

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

2) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in IND AS - 7 "Statement of Cash Flows".

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

For and on behalf of the Board of Directors
Nelco Limited
CIN: L32200MH1940PLC003164

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Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Nehal Upadhayay
Partner
Membership No. 115872

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : May 16, 2020

Place: Mumbai
Date : May 16, 2020

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

(₹ in Lakhs)

Particulars	Amount
As at April 1, 2018	**2,282**
Changes in equity share capital	-
As at March 31, 2019	**2,282**
Changes in equity share capital	-
As at March 31, 2020	**2,282**

B. Other equity

(₹ in Lakhs)

Particulars	Reserves and surplus		Other reserves	Total
	General reserve	Retained earnings	FVOCI Equity Instruments	
As at April 1, 2018	**250**	**833**	**12**	**1,095**
Profit for the year	-	2,229	-	**2,229**
Other comprehensive income for the year	-	(22)	*	**(22)**
As at March 31, 2019	**250**	**3,040**	**12**	**3,302**
Profit for the year	-	1,438	-	**1,438**
Dividend paid**	-	(343)	-	**(343)**
Dividend distribution tax paid**	-	(60)	-	**(60)**
Other comprehensive income for the year	-	(31)	*	**(31)**
As at March 31, 2020	**250**	**4,045**	**12**	**4,307**

*figures are below rounding off norm adopted by the company.

**For financial year ended March 31, 2019, the Board of Directors had recommended a dividend of 15% which was ₹ 1.50 per equity share of ₹ 10/- each, which is approved by shareholders in the Annual General Meeting of the Company held on July 24, 2019.

The above statement of changes in equity should be read in conjunction with the accompanying notes

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

For and on behalf of the Board of Directors
Nelco Limited
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Membership No. 115872

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : May 16, 2020

Place: Mumbai
Date : May 16, 2020

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 is a subsidiary of The Tata Power Company Limited.

The Company is engaged in business of providing systems and solutions in the areas of VSAT connectivity and Integrated Security & Surveillance. The Company offers a range of innovative and customized solutions for businesses and government institutions under one roof.

The Company's Subsidiary Tatanet Services Limited is in the business of providing domestic satellite communication services to closed user group (CUG) networks via Satellite System on non-exclusive basis within the territorial boundary of India under the VSAT License granted by Department of Telecommunications (D.O.T.).

Equity shares of the Company are listed in India on the Bombay Stock Exchange ("BSE") and The 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 Group. The consolidated financial statements were authorised for issue by the directors on May 16, 2020.

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.

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. New and amended Standards adopted by the Group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019.

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes,
- Plan amendment, curtailment or settlement- Amendment to Ind AS 19, Employee Benefits,
- Amendment to Ind AS 103 , Business Combinations,
- Amendment to Ind AS 12, Income Taxes,
- Amendment to Ind AS 23, Borrowing costs.

The group had to change its accounting policies following the adoption of Ind AS 116. This is disclosed in note 36. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

e. Basis of consolidation

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and associate (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 subsidiaries 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 subsidiaries 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.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the acquisition date.

Changes in the Group’s ownership interests in existing subsidiaries and associates

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.

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
Plant and machinery	Radio frequency (RF) antenna – 9 Years Basic electronics – 6 Years Networking devices - 6 years RF and baseband – 10 to 12 Years VSAT antenna and parts – 15 Years
Office equipments - VSAT	Antenna – 10 Years Electronics - 7.50 Years Basic electronics – 6 Years
Office equipments Computer hardware	 3 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
License fees – ISP : Over the license period of 15 years
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 Investments and other financial assets

a. Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For Investment in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

b. Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity Instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

c. Impairment of financial assets

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

d. Derecognition of financial assets

A financial asset is derecognised only when

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

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

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

e. Income recognition

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the group 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.

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 receivables

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 Financial liabilities

i) Classification

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

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

ii) Measurement

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

iii) Derecognition

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

1.9 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.

1.10 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 group 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 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business, is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately in the statement of profit and loss.

1.13 Revenue recognition

The Group earns revenue from providing Satellite communication connectivity systems and solutions through sale of goods (Including VSAT's), 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.

1.14 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.

1.15 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.

1.16 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.

1.17 Leases

Till March 31, 2019

As a lessee

Leases of property, plant and equipment where the group as lessee has substantially all the risks and rewards of ownership is classified as finance lease. Finance leases are capitalised at the inception of lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged 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 liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the group is a lessor is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

With effect from April 1, 2019

As a lessee

From April 1, 2019, 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

As a lessor

Lease income from operating leases where the group is a lessor is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.18 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 us 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.

1.19 Borrowing Cost

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.

1.20 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 Groups'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.

1.21 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 – 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 profit or loss as past service cost.

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.

1.22 Segment reporting

The board of directors assesses performance of the Group as Chief Operating Decision Maker.

The group has identified following 1 reportable segments, in a manner consistent with internal reporting provided to the chief operating decision maker i.e Network systems comprises sale of Very Small Aperture Terminals ("VSAT") hardware and providing allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers. (Refer note 42 for segment reporting).

1.23 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.

1.24 Earnings per share

(i) Basic earning 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 earning 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.

2.1 Critical estimates and judgments and key sources of estimation uncertainty :-

In the application of the groups's 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 1.13 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 group has defined benefit plans for its employees which are actuarially valued. Such valuation is based on many estimates and other factors, which may have a scope of causing a material adjustment to the carrying amounts of assets and liabilities.

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. (Refer Note 31)

f) **Estimation of Provisions & Contingent Liabilities**

The group exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgment 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 37 and 38)

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 judgment. 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.

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

Note 4(a) : Property, Plant and Equipment, Intangible Assets and Capital Work-in-Progress

(₹ in Lakhs)

Description	Cost					Accumulated depreciation / amortisation					Net block	
	As at April 01, 2019	Adjust-ment for change in accounting policy **	Additions	Disposals	As at March 31, 2020	As at April 01, 2019	Adjust-ment for change in accounting policy **	Depre-ciation / amorti-sation for the year	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
i. Property, plant and equipment												
Leasehold land (finance lease)	26	(26)	-	-	-	1	(1)	-	-	-	-	25
	(26)	-	-	-	*(26)*	*(1)*	-	*	-	*(1)*	*(25)*	*(25)*
Building	139	-	24	-	163	54	-	13	-	67	96	85
	(139)	-	-	-	*(139)*	*(42)*	-	*(12)*	-	*(54)*	*(85)*	*(97)*
Plant and machinery	5,120	-	2,254	-	7,374	2,410	-	724	-	3,134	4,240	2,710
	(4,669)	-	*(470)*	*(19)*	*(5,120)*	*(1,777)*	-	*(633)*	*	*(2,410)*	*(2,710)*	*(2,892)*
Electrical installation	111	-	-	-	111	89	-	12	-	101	10	22
	(106)	-	*(5)*	-	*(111)*	*(76)*	-	*(13)*	-	*(89)*	*(22)*	*(30)*
Furniture and fixture	121	-	4	-	125	121	-	4	-	125	-	-
	(114)	-	*(7)*	-	*(121)*	*(112)*	-	*(9)*	-	*(121)*	-	*(2)*
Office equipment												
(i) Own	357	-	48	-	405	183	-	77	-	260	145	174
	(283)	-	*(76)*	*(2)*	*(357)*	*(128)*	-	*(57)*	*(2)*	*(183)*	*(174)*	*(155)*
(ii) Given on Lease (operating lease)	5,956	-	1,887	-	7,843	899	-	901	-	1,800	6,043	5,057
	(1,723)	-	*(4,938)*	*(705)*	*(5,956)*	*(500)*	-	*(453)*	*(54)*	*(899)*	*(5,057)*	*(1,223)*
(iii) Assets taken on finance lease	443	(443)	-	-	-	94	(94)	-	-	-	-	349
	(443)	-	-	-	(443)	(41)	-	(53)	-	(94)	(349)	(402)
Vehicles	82	-	-	12	70	18	-	9	4	23	47	64
	(69)	-	*(18)*	*(5)*	*(82)*	*(9)*	-	*(10)*	*(1)*	*(18)*	*(64)*	*(60)*
Total - property, plant and equipment (i)	**12,355**	**(469)**	**4,217**	**12**	**16,091**	**3,869**	**(95)**	**1,740**	**4**	**5510**	**10,580**	**8,486**
	(7,572)	-	*(5,514)*	*(731)*	*(12,355)*	*(2,686)*	-	*(1,240)*	*(57)*	*(3,869)*	*(8,486)*	*(4,886)*
ii. Intangible assets												
Goodwill on consolidation *	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Licence fees	23	-	-	-	23	12	-	3	-	15	8	11
	(23)	-	-	-	*(23)*	*(9)*	-	*(3)*	-	*(12)*	*(11)*	*(14)*
Testing software	328	-	75	-	403	157	-	59	-	216	187	171
	(280)	-	(48)	-	(328)	(104)	-	(53)	-	(157)	(171)	(176)
Total - intangible assets (ii)	**351**	**-**	**75**	**-**	**426**	**169**	**-**	**62**	**-**	**231**	**195**	**182**
	(303)	-	*(48)*	-	*(351)*	*(113)*	-	*(56)*	-	*(169)*	*(182)*	*(190)*
Total - property, plant and equipment & intangible assets (i+ii)	**12,706**	**(469)**	**4,292**	**12**	**16,517**	**4,038**	**(95)**	**1,802**	**4**	**5,741**	**10,775**	**8,668**
	(7,875)	-	*(5,562)*	*(731)*	*(12,706)*	*(2,799)*	-	*(1,296)*	*(57)*	*(4,038)*	*(8,668)*	*(5,076)*
iii. Capital work-in-progress											**339**	**1660**
											(1660)	*(468)*
Grand total (i+ii+iii)											**11,114**	**10,328**
											(10,328)	*(5,544)*

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 of Office Equipment's given on lease pending for installation and components related to plant and machinery.
4) * figures below rounding off norm adopted by the group.
(5) ** Adjustment on account of changes in accounting policy, (refer note no 36)

Leased assets

As at 31 st March, 2019, leasehold premises, office equipment included the following amounts where the Company was lessee under finance leases:

(₹ in Lakhs)

Description	As at March 31, 2020			As at March 31, 2019		
	Cost	Accumulated depreciation	Net block	Cost	Accumulated depreciation	Net block
Leasehold premises	-	-	-	26	1	25
Office equipment	-	-	-	443	94	349

Pursuant to adoption of Ind AS 116, leases assets are presented as separate line item in the balance sheet as at 31 March 2020, refer note 4(b). Refer note 36 for details about changes in accounting policy.

Note 4(b) : Right-of-use assets and lease liabilities

4(b).1 Group as lessee

(i) Asset acquired on finance lease represents Leasehold land. The total lease term is 95 years, remaining lease term is 64 years as on March 31, 2020. 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.

(ii) The Group has taken on premises on lease along with certain equipments for term of five years. The group is restricted from assigning and subleasing the leased assets.

(iii) Group has taken Office equipment (VSAT) on lease with lease term of 4-5 years.

a Right of use assets (₹ in Lakhs)

Description	Leasehold premises	Office equipment	Total
Cost			
Balance as on April 1, 2019 due to adoption of Ind AS 116 (refer note 36)	716	-	716
Recognition of assets taken on finance lease as right-of-use	26	443	469
	742	443	1,185
Modification of lease term	(52)	-	(52)
Addition during the year	64	-	64
Balance as at March 31, 2020	**754**	**443**	**1,197**
Accumulated depreciation and impairment			
Balance as on April 1, 2019 due to adoption of Ind AS 116 (refer note 36)	-	-	-
Recognition of assets taken on finance lease as right-of-use asset (refer note 36)	1	94	95
Depreciation for the year	147	53	200
Balance as at March 31, 2020	**148**	**147**	**295**
Net carrying amount As at March 31, 2020	**606**	**296**	**902**

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

b. Lease liability (₹ in Lakhs)

Description	Leasehold premises	Office equipment	Total
Balance as on April 1, 2019 due to adoption of Ind AS 116 (refer note 36)			
Current	117	83	200
Non current	599	219	818
	716	302	1,018
Modification of lease term	(52)	-	(52)
Addition during the year	64	-	64
Accrued finance cost for the year	65	26	91
Payment for the year	(174)	(109)	(283)
Balance as at March 31, 2020	**619**	**219**	**838**
Current	**121**	**91**	**212**
Non current	**498**	**128**	**626**

c. Amount recognised in Statement of profit or loss (₹ in Lakhs)

Amount recognised in Statement of profit or loss	Year ended March 31, 2020
Depreciation of Right-of-use assets	200
Interest on lease liabilities	91
Expenses related to short term leases	60

d. Amount recognised in statement of cash flows: (₹ in Lakhs)

Amount recognised in statement of cash flows	For the year ended March 31, 2020
Total cash outflow of leases	(283)

4(b).2 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 aggregate to ₹ 2,641 Lakhs (Previous Year ₹ 1,325 Lakhs)

Non- Cancellable operating lease receivables

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Not Later than 1 year	1,098	743
Later than 1 year and not longer than 5 years	3,414	2,164
Later than 5 years	288	160
Total	**4,800**	**3,067**

Disaggregation of property, plant and equipment given on operating lease as at March 31, 2020 is as follows:

(₹ in Lakhs)

Class of assets	Operating Lease		
	Gross block	Accumulated Depreciation	Carrying Amount
Office equipment	7,843	1,800	6,043
Total	**7,843**	**1,800**	**6,043**

Note 5 : Investments - Non current

(₹ In Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments (Unquoted, fully paid, at cost)				
Investments in associate				
Nelito Systems Limited (refer note 1,2 and 3 below)	-	-	-	-
Equity investments (Unquoted, fully paid, at FVOCI)				
Technopolis Knowledge Park Limited [(net of impairment of ₹181 Lakhs (March 2018 : ₹ 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)**

Notes:

Group's ownership interest in an Associate

1. The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate of Rs 562 Lakhs (253,665 shares) as at March 31, 2019 has been classified as 'Assets classified as held for sale' in accordance with IND AS 105.

2. Although the group helds less than 20% of the equity shares of Nelito Systems Limited, and it has less than 20% of the voting power at shareholder meetings, the group exercised significant influence by virtue of its contractual right to appoint two out of seven directors to the board of directors of that Company.

3. During the year ended March 31, 2020, the Company sold investments in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year. The resultant gain on sale of investments has been disclosed as an exceptional item in the consolidated financial statements for the year ended March 31, 2020.

Note 6 : Trade receivables - Current

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables from contract with customers	7,168	6,152
Trade receivables from contract with customers- related parties (refer note 44)	12	2
Less : loss allowance	(154)	(157)
Total	**7,026**	**5,997**

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

Break-up of security Details **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good – secured	-	-
Trade receivables considered good – unsecured	7,180	6,154
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
Total	**7,180**	**6,154**
Allowance for Doubtful Debts (expected credit loss allowance)	(154)	(157)
Total Trade receivable	**7,026**	**5,997**

1. Trade receivables are dues in respect of goods sold and services rendered in the normal course of business.
2. The normal credit period allowed by the group ranges from 0 to 60 days.
3. The group 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 group 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.

Note 7 : Loans

(a) Non-current **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	40	24
Loan to employees	1	-
Total	**41**	**24**

Break-up of security details **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Loans considered good - Secured	-	-
Loans considered good - Unsecured	41	24
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**41**	**24**
Less : Loss allowance	-	-
Total	**41**	**24**

(b) Current **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	157	150
Loans to employees	5	7
Less : Loss allowance	(21)	(21)
Total	**141**	**136**

Break-up of security details (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans considered good - Secured	-	-
Loans considered good - Unsecured	162	157
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**162**	**157**
Less : Loss allowance	21	21
Total	**141**	**136**

Note 8 : Other financial assets

(a) Non-current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances held as margin money against bank guarantees	17	16
Finance lease receivable	311	269
Total	**328**	**285**

(b) Current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unbilled revenue	1,167	780
Accrued interest	1	-
Fair value of foreign exchange forward contract	38	-
Finance lease receivable	435	289
Others	63	50
Total	**1,704**	**1,119**

Note 9 : Income tax assets (net) - Non-current

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	2,141	2,208
Add : Tax deducted at source and advance tax	1,377	1,328
[Net of provision for tax of ₹ 1,561 lakhs (2019: ₹ 1,062 lakhs)]		
Less: Income tax refund	(431)	(799)
Less: Current tax payable for the year	(499)	(596)
Closing balance	**2,588**	**2,141**

Note 10 : Other assets

(a) Non current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with government authorities	2	2
Deferred rent expenses	7	7
Prepaid Expenses	36	45
Total	**45**	**54**

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

(b) Current **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	102	115
Advance to suppliers	33	26
Balance with government authorities (refer note 48)	885	811
Deferred rent expenses	4	-
Others	27	10
Total	**1,051**	**962**

Note 11 : Inventories

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Inventories (lower of cost and net realisable value)		
Stock-in-trade	1,051	789
Stock-in-trade in transit	1	-
Total	**1,052**	**789**

Note 12 : Cash and cash equivalents

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Balances with banks :-		
In current accounts	1,069	422
(b) Cheques on hand	241	125
(c) Cash on hand	1	1
Total	**1,311**	**548**

Note 13 : Bank balance other than cash and cash equivalents

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
In earmarked Accounts		
(a) Unpaid dividend accounts	5	3
(b) Balances held as margin money against letter of credit and bank guarantees	27	26
Total	**32**	**29**

Note 14 : Contract liabilities

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances received from customers	1,156	922
Deferred revenue	1,834	1,430
Total contract liabilities	**2,990**	**2,352**

Note:

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.

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue recognised that was included in contract liability balance at the beginning of the period	2,260	-
Revenue recognised from performance obligations satisified in previous periods	-	-

Note 15 : Equity share capital

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised share capital:		
2,50,00,000 (2,50,00,000 as at March 31, 2019) equity shares of ₹ 10/- each	2,500	2,500
Redeemable Preference Shares of ₹ 100/- each	2,500	2,500
	5,000	**5,000**
Issued share capital:		
2,28,18,400 (2,28,18,400 as at March 31, 2019) 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, 2019) 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 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, 2020		As at March 31, 2019	
	Number of shares	Amount (₹ in Lakhs)	Number of shares	Amount (₹ in Lakhs)
The Tata Power Company Limited (48.65%) (Holding Company)	11,099,630	1,110	11,099,630	1,110
Aftaab Investment Company Limited (1.44%) (Subsidiary of Holding Company)	328,310	33	328,310	33

iii) Terms and rights attached to equity shares

The company has issued 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. 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 of dividend and proceeds on liquidation will be in proportion to the number of equity shares held by the shareholders.

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

iv) Details of shareholder holding more than 5% shares in the Company:

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
The Tata Power Company Limited	11,099,630	48.65%	11,099,630	48.65%

(v) 939 shares (March 31,2019 : 939 shares) are kept in abeyance out of the rights issued in the year 1994 pending for final allotment.

vi) 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, 2020.

Note 16 : Reserves and surplus

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
General reserve - Refer (i) below	250	250
Retained earnings - Refer (ii) below	4,045	3,040
Total	**4,295**	**3,290**

(i) General reserve (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	250	250
Addition during the year	-	-
Closing balance	**250**	**250**

(ii) Retained earnings (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	3,040	833
Net Profit for the year	1,438	2,229
Less :- Dividend paid	(343)	-
Less :- Dividend distribution tax paid	(60)	-
Items of other Comprehensive income recognised directly in retained earning		
- Share of other comprehensive income of associate accounted for using the equity method	-	(1)
- Re-measurements of post employment benefit obligations, net of tax	(31)	(21)
Closing balance	**4,045**	**3,040**

Note 16(a) : Other reserves - Reserve for FVOCI equity instruments

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	12	12
Changes in fair value of FVOCI equity instruments	*	*
Closing balance	**12**	**12**

* figures below rounding off norm adopted by the Company.

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.

Note on dividend

For financial year ended March 31,2020, the Board of Directors has recommended a dividend of 12% (₹ 1.20 per equity share of ₹ 10/- each), subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

Note 17 : Borrowings

(a) Non-current **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
(i) Finance lease obligation (refer note (i) below)	-	220
	-	**220**
Secured		
(i) Term loans from banks (refer note i below)	2,948	3,165
	2,948	**3,165**
Total	**2,948**	**3,385**

Notes

i) The terms of repayment of loans are stated below: **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
Finance lease obligation	-	220	Repayable in quarterly equal instalments for five years till December, 2023	9.50%	Unsecured
South Indian Bank Limited	84	186	Repayable in quarterly equal instalments till September, 2022	MCLR + 0.5%	Hypothecation of asset acquired utilizing the loan.
ICICI Bank Ltd	141	282	Repayable in quarterly equal instalments till March, 2022	"I-MCLR 1 year +1.30%"	Exclusive charge over the assets, financed by rupee term loan.
IDFC Bank Ltd	2,723	2,697	Quarterly installment begin from July, 2019, last date of installment April 30, 2023	MCLR + 0. 65%	Exclusive charge on the VSATs. Value of VSATs installed against the loan provided by IDFC bank.
	2,948	**3,385**			

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

(b) Current **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
(i) Term loans from Banks (refer note (i) below)	4,265	3,215
(ii) Inter corporate deposits (refer note (i) below)	600	-
(iii) Buyers credit (refer note (i) below)	765	-
	5,630	**3,215**
Secured		
(i) Term loans from banks (refer note (i) below)	7	137
(ii) Bank overdraft (refer note (i) below)	1,058	54
(iii) Buyers credit (refer note (i) below)	158	
	1,223	191
Total	**6,853**	**3,406**

i) Repayment schedule is as follows: **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
IDFC Bank Ltd	1,665	2,015	Bullet repayment payable on due date	9.15 % to 10.50 %	Unsecured
ICICI Bank Ltd	1,100	1,200	Payable on demand	I-MCLR 1 year +1.30%	Unsecured
Shinhan Bank	1,500	-	Payable on demand	3 Months MCLR +1%	Unsecured
Inter Corporate Deposit	600	-	Payable on demand	9.75%	Unsecured
IDFC Bank Buyers credit-	765	-	Payable on demand	2.40% to 3.20%	Unsecured
The Zoroastrian Co-op Bank Limited	7	137	Payable on demand	3% below bank's MCLR	Hypothecation by way of first charge on the equipment's to be purchased out of the Bank's Term Loan
Bank of India - Bank overdraft	-	54	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
South Indian Bank - bank overdraft	834	-	Payable on demand	1 year MCLR+ 0.5%	Hypothecation by way of first charge on entire current assets of the Company
Axis Bank Limited - Bank overdraft	224	-	Payable on demand	3 Months MCLR +1.70%	1) First charge over current assets of the Group. 2) First charge over fixed assets of the Group (excluding the assets funded by Zoroastrian Bank) and negative lien on commercial VSAT license 3) Corporate Guarantee of Nelco Ltd

Particulars	As at March 31, 2020	As at March 31, 2019	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
Axis Bank Buyers credit-	158	-	6 months	2.75%	1) First charge over current assets of the Group. 2) First charge over fixed assets of the Group (excluding the assets funded by Zoroastrian Bank) and negative lien on commercial VSAT license 3) Corporate Guarantee of Nelco Ltd.
	6,853	**3,406**			

ii) The carrying amount of financial and non-financial assets pledged as security for current and non current borrowings (refer note 34).

Net debt reconciliation **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Cash & cash equivalents	1,311	548
Bank overdraft	(1,058)	(54)
Current borrowings	(5,795)	(3,352)
Lease obligation	(838)	-
Non current borrowings (Including current maturities of long term debt)	(4,411)	(4,834)
Net debts	**(10,791)**	**(7,692)**

(₹ In Lakhs)

Particulars	Other assets	Liabilities from financial activities			Total
	Cash and bank overdraft	Finance lease obligation	Non current borrowings	Current borrowing	
Net debt as at April 1, 2018	338	(376)	(791)	(3,780)	(4,609)
Cash flow	156	75	(3,742)	428	(3,083)
Interest expenses	-	(33)	(191)	(496)	(720)
Interest paid	-	33	191	496	720
Net debt as at March 31, 2019	**494**	**(301)**	**(4,533)**	**(3,352)**	**(7,692)**
Recognised on adoption of Ind AS 116 (refer note 36)	-	(717)	-	-	(717)
Net debt as at April 1, 2019	**494**	**(1,018)**	**(4,533)**	**(3,352)**	**(8,409)**
Cash flow	(241)	140	126	(2,443)	(2,418)
Modification of lease term	-	52	-	-	52
Acquisitions - Finance leases	-	(12)	-	-	(12)
Interest expenses	(126)	(91)	(515)	(439)	(1,171)
Interest paid	126	91	511	439	1,167
Net debt as at March 31, 2020	**253**	**(838)**	**(4,411)**	**(5,795)**	**(10,791)**

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

Note 18 : Other financial liabilities

(a) Non current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Liability towards voluntary retirement scheme	4	7
Total	**4**	**7**

(b) Current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued	52	4
Liability towards voluntary retirement scheme	4	5
Sundry deposits received from customers	24	58
Current maturities of long-term debt	1,459	1,445
Capital creditors	372	2,185
Employee benefits payable	744	656
Fair value of foreign exchange forward contracts	-	37
Other security deposits	34	-
Payable to holding company	*	6
Unclaimed dividend	5	3
Total	**2,694**	**4,399**

* figures below rounding off norm adopted by the group.

Note 19 : Provisions

(a) Non-current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits obligations:		
Compensated absences (refer note 43)	244	202
Gratuity (refer note 43)	336	289
Total	**580**	**491**

(b) Current (₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits obligations:		
Compensated absences (refer note 43)	40	31
Gratuity (refer note 43)	53	27
	93	**58**
Provision - Others:		
Warranty (refer note 38)	58	58
	58	**58**
Provision for disputes (refer note 38)	39	90
Total	**190**	**206**

Note 20 : Other liabilities

(a) Non-current **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred profit on sale of fixed assets on finance lease	11	21
Total	**11**	**21**

b) Current **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	528	241
Deferred profit on sale of fixed assets on finance lease	10	10
Total	**538**	**251**

Note 21 : Trade payables

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 50)	**-**	**-**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	**3,749**	**3,599**
(iii) Trade payable to related parties (refer note 44)	**23**	**34**
Total	**3,772**	**3,633**

Note 22 : Revenue from operations

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customer		
Sale of products	4,432	4,922
Sale of services	17,556	14,178
	21,988	**19,100**
Other operating revenue		
Scrap sales	5	1
	5	**1**
Total	**21,993**	**19,101**

Reconciliation of revenue recognised with contract price:

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract price	21,993	19,101
Adjustments for:		
Contract liabilities	-	-
Total	**21,993**	**19,101**

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

Note 23(a) : Other income

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income		
- On bank deposits	3	22
- On finance lease	65	60
- On income tax refund	39	119
	107	**201**
Other non-operating income		
Insurance claims recovered	7	1
Liabilities/Provisions no longer required, written back	-	69
Rent income	62	73
Provision for foreseeable losses written back (refer note 38)	-	10
Others	77	11
	146	**164**
Other gains		
Profit on sale of property, plant and equipment (net)	3	6
Unwinding of discount on financial asset measured at amortised cost	3	57
	6	**63**
Total	**259**	**428**

Note 23 (b) : Exceptional item

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit on sale of investment in associate (refer note 5)	115	-
Total	**115**	**-**

Note 24 : Changes in inventories of stock-in-trade

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year :		
Stock - in - trade	789	887
Contracts in progress	-	-
	789	**887**
Less : Inventories at the end of the year :		
Stock - in - trade	1,051	789
Stock - in - transit	1	-
	1,052	**789**
Net (increase) / decrease in inventories of stock-in-trade	**(263)**	**98**

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

Note 25 : Employee benefits expense

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	3,012	2,479
Contributions to provident fund (refer note 43)	101	85
Contributions to superannuation and other funds (refer note 43)	24	21
Gratuity (refer note 43)	53	43
Staff welfare expenses	171	151
Total	**3,361**	**2,779**

Note 26 : Finance costs

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense on:		
Borrowings	1,067	621
Leased liabilities	91	-
Trade payables	66	18
Interest on finance lease	-	33
Bank charges	99	66
Total	**1,323**	**738**

Note 27 : Depreciation and amortisation Expense

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On property, plant and equipment (refer note 4(a))	1,740	1,240
On intangible assets (refer note 4(a))	62	56
On right-of-use assets (refer note 4(b))	200	-
Total	**2,002**	**1,296**

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

Note 28 : Other Expenses

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of loose tools	10	12
License fees to Department of Telecommunications	1,403	1,188
Subcontracting expenses	1,691	1,329
Power and fuel	193	209
Rent including lease rentals [refer note 4(b)]	60	74
Repairs and maintenance - Machinery	164	159
Repairs and maintenance - Others	534	432
Insurance	16	8
Rates and taxes	14	13
Travelling and conveyance	208	186
Freight and forwarding	284	275
Legal and professional charges	184	184
Consultancy charges	285	287
Director sitting fees	35	48
Installation expenses	268	268
Bad debts written off	70	72
Less: Provision for doubtful debts made in earlier years written back	(70)	(72)
Provision for doubtful debts	67	40
Provision for warranty (net) (refer note 38)	-	26
Foreign exchange loss (net)	76	141
Miscellaneous expenses	811	980
Other expenses	**6,303**	**5,859**
Transponder charges	4,241	3,469
Total other expenses	**10,544**	**9,328**

Note 29 : Discontinued operation

The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to (i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following : (a) Integrated Security and Surveillance Solution ('ISSS') business and (b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and (ii) the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme). The Proposed Scheme has been approved by National Company Law Tribunal ('NCLT') on November 2, 2018. and approvals from Department of Telecommunications ("DOT") is awaited. As per the NCLT Order, this Scheme is effective only on receiving the written approval from the Department of Telecommunications (DoT) for transfer of licenses. The NCLT Order required the Company to file the Order with the Registrar of Companies (RoC) within 30 days. Upon filing, RoC updated the records to reflect the Scheme as effective and TNSL as "amalgamated" even though DoT approval is yet to be obtained. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the scheme with immediate effect. The decision of NCLT is awaited.

Since, the above reorganisation is between the Company (holding company) and its two wholly owned subsidiaries, this has no implication on consolidated financial statements of the Group.

Note 30 : Fair value measurements

30(a) Financial instrument by category. **(₹ In Lakhs)**

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments	-	16	-	-	16	-
Trade receivable	-	-	7,026	-	-	5,997
Cash and cash equivalent	-	-	1,311	-	-	548
Other bank balances	-	-	32	-	-	29
Loan - Security deposit	-	-	176	-	-	174
Loan - Loans to employees	-	-	6	-	-	7
Fair value of foreign exchange forward contract	38	-	-	-	-	-
Other financial assets	-	-	1,993	-	-	1,404
Total financial assets	**38**	**16**	**10,544**	**-**	**16**	**8,159**
Financial liabilities						
Borrowings	-	-	11,260	-	-	8,236
Trade payables	-	-	3,772	-	-	3,633
Other financial liabilities	-	-	1,239	37	-	2,924
Total financial liabilities	**-**	**-**	**16,271**	**37**	**-**	**14,793**

(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.

(₹ In Lakhs)

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2020	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	**8(b)**	**-**	**38**	**-**	**38**
Total financial assets		**-**	**38**	**16**	**54**

(₹ In Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Other financial assets	8 (a)	-	-	328	328
Loan	7 (a) & 7 (b)	-	-	186	186
Total financial assets		**-**	**-**	**514**	**514**
Financial liabilities					
Borrowings	17 (a), 17 (b) & 18(b)	-	-	11,260	11,260
Other financial liabilities	18 (a) & 18 (b)	-	-	1,239	1,239
Total financial liabilities		**-**	**-**	**12,499**	**12,499**

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

(₹ In Lakhs)

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2019	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**
Financial Liabilities					
Financial instrument at FVPL					
Fair value of foreign exchange forward contract	18 (b)	-	37	-	37
Total Financial Liabilities		**-**	**37**	**-**	**37**

(₹ In Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Other financial assets	8 (a)	-	-	285	285
Loans	7 (a) & 7 (b)	-	-	162	162
Total Financial Assets		**-**	**-**	**447**	**447**
Financial Liabilities					
Borrowings	17 (a), 17 (b) & 18(b)	-	-	8,236	8,236
Other Financial Liabilities	18 (a) & 18 (b)	-	-	2,928	2,928
Total Financial Liabilities		**-**	**-**	**11,164**	**11,164**

Except for those financial assets/liabilities mentioned in the above table, the group considers that the carrying amounts of financial assets / liabilities recognised in the financial statements approximate their fair values due to their short term nature. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

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 instrument.
- 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.

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. **(₹ In Lakhs)**

Particulars	As at March 31,2020		As at March 31,2019	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial Assets				
Other financial assets	328	328	285	285
Loans	182	186	181	162
Total Financial Assets	**510**	**514**	**466**	**447**
Financial Liabilities				
Borrowings	11,260	11,260	8,236	8,236
Other financial liabilities	1,239	1,239	2,924	2,928
Total Financial Liabilities	**12,499**	**12,499**	**11,160**	**11,164**

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.

Note 31 : Financial Risk Management

The Group's activities expose it to the market risk, liquidity risk and credit risk.

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, 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 (₹)	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, 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, 2020 and March 31, 2019 is the carrying value of each class of financial assets as disclosed in the consolidated financial statements.

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 company 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.

Four customers as at March 31, 2020 and Two customers as at March 31, 2019 contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was ₹ 2,117 Lakhs and ₹ 1,188 Lakhs as at March 31, 2020 and as at March 31, 2019 respectively.

The amount of Trade receivable outstanding as at March 31, 2020 and March 31, 2019 is as follows:

(₹ In Lakhs)

Particulars	Not due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2020	3,824	2,143	604	609	**7,180**
As at March 31, 2019	3,212	2,002	389	551	**6,154**

(ii) Reconciliation of loss allowances provision - Trade receivables **(₹ In Lakhs)**

Loss Allowances on April 01, 2018	**188**
Changes in loss allowances	(31)
Loss Allowances on March 31, 2019	**157**
Changes in loss allowances	(3)
Loss Allowances on March 31, 2020	**154**

(B) Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they become due. 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. Also, the group has unutilized credit limits with banks.

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ In Lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Floating Rate		
Expiring within one year (Bank overdraft, Term Loans and other facilities)	2,878	6,164
Total	**2,878**	**6,164**

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 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.

(₹ In Lakhs)

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2020				
Non - Derivative				
Borrowings	8,311	1,434	1,515	11,260
Lease liability	212	240	387	839
Trade payables	3,772	-	-	3,772
Other financial liabilities	1,239	-	-	1,239
Total Non derivative liabilities	**13,534**	**1,674**	**1,902**	**17,110**

(₹ In Lakhs)

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2019				
Non - Derivative				
Borrowings	4,851	1,514	1,871	8,236
Trade payables	3,633	-	-	3,633
Other financial liabilities	2,954	4	4	2,962
Total non derivative liabilities	**11,438**	**1,518**	**1,875**	**14,831**

(C) Market Risk

(i) Foreign currency risk

Group 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 (₹), 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 group's functional currency (₹).

The risk is measured through a forecast of highly probable foreign currency cash flows.

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

(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, 2020		As at March 31, 2019	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial Liabilities					
Trade payables and capex creditors	USD	14	1,024	34	2,362
Buyers credit	USD	13	923	-	-
Derivative Liabilities					
Foreign exchange forward contract					
Buy foreign currency	USD	(19)	(1,491)	(25)	(1,750)
Net Exposure to Foreign Currency Liability	USD	**8**	**456**	**9**	**612**
Financial assets					
Trade receivables	USD	(11)	(870)	(1)	(45)
Net exposure to foreign currency assets	USD	**(11)**	**(870)**	**(1)**	**(45)**

(b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly currency denominated financial instrument. **(₹ In Lakhs)**

Particulars	Impact on profit after tax	
	As at March 31, 2020	As at March 31, 2019
USD sensitivity		
₹/USD - Increase by 5% (March 31, 2019 - 5%)*	15	(20)
₹/USD - Decrease by 5% (March 31, 2019 - 5%)*	(15)	20
* Holding all other variables constant		

(ii) Cash flow and fair value 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. **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	11,260	7,933
Fixed rate borrowings	-	303
Total borrowings	**11,260**	**8,236**

(b) **Sensitivity**

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates. **(₹ In Lakhs)**

Particulars	Impact on profit after tax	
	As at March 31, 2020	As at March 31, 2019
Interest Rate - Increase by 100 basis points*	(80)	(56)
Interest Rate - Decrease by 100 basis points*	80	56
* 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.

1. Standalone net worth to remain positive.
2. Standalone Debt Equity ratio of maximum 4:1.
3. Standalone Fixed asset coverage ratio should be greater than or equal to 1.17.
4. Consolidated net debt to EBIDTA ratio should be less than 4 upto FY 2020 and 3 after FY 2020.
5. Consolidated Debt Service Coverage Ratio (DSCR) should be greater than 1.10.
6. Total Outside Liabilities/ Total Net Worth to be maintained below 3.75.
7. Ratio of Total Outside Liabilities (TOL) to Total Net worth (TNW) should be less than 4 as on March 31, 2020 and March 31, 2019 calculated for Tatanet Services Limited for loan taken by Tatanet Services Limited.

Group has complied with the above covenants througout 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 annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2020

Note 34 : Assets pledge as security

The carrying amounts of assets pledged as security for current and non-current borrowings are: **(₹ In Lakhs)**

Particulars	As at March 31,2020	As at March 31,2019
Current Assets		
Financial Assets		
First Charge		
Trade receivables (Including non-current)	7,026	5,997
Inventories	1,052	789
Cash & cash equivalents	1,311	548
Bank balances other than above	32	29
Loans	141	136
Other financial assets	1,704	1,119
Other current assets	1,051	962
Total Current Assets pledged as Security	**12,317**	**9,580**
Non Current Assets		
First Charge		
(i) Plant and machinery	3,434	2,015
(ii) Office equipment	2	6
(iii) Intangible assets	178	163
(iv) Capital work-in-progress	281	294
(v) Other financial assets	17	-
Total (A)	**3,912**	**2,478**
Second charge		
(i) Building	96	85
(ii) Plant and machinery	982	767
(iii) Office equipment	6,103	5,171
Total (B)	**7,181**	**6,023**
Total non-current assets pledged as security Total (A+B)	**11,093**	**8,501**
Total assets pledged as security	**23,410**	**18,081**

Note 35 : Earnings per share (EPS)

(₹ In Lakhs)

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	Net profit after tax attributable to equity shareholders	1,438	2,229
2	Weighted average number of equity shares	22,817,461	22,817,461
3	EPS (₹) [Basic and diluted] (Face value per share ₹ 10)	6.30	9.77

Note 36 : Changes in accounting policies

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.The Group has applied Ind AS 116 ‘Leases’ (Ind AS 116) with a date of initial application of April 1, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognised as at April 1, 2019.

On adoption of Ind AS 116, the Group has recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of April 1, 2019. The weighted average lessee’s incremental borrowing rate was 9.95%.

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the Right-of-use asset and the lease liability.

i. **Practical expedient applied**

The Group has applied Ind AS 116 only to the contracts that were previously identified as leases. As a practical expedient, contracts previously identified as lease under Ind AS 17 and Appendix C to Ind AS 17, has not been reassessed as to whether a contract is, or contains, a lease under Ind AS 116.

The Group has used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognize right-of-use asset and liabilities for leases with remaining lease term of 12 months or less.
- Excluded initial direct costs from measuring the right-of-use asset at the date of application
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. **Measurement of lease liabilities** **(₹ In Lakhs)**

Particulars	Leasehold premises	Office equipment	Total
Operating lease commitments as at March 31, 2019	31	-	31
Add: Finance lease liabilities recognised as at March 31, 2019	-	302	302
Add: Adjustments as a result of a different treatment of extension option	716	-	716
Less : Short-term leases recognised on a straight -line basis as expenses	(31)	-	(31)
Lease liabilities as at April 1, 2019	**716**	**302**	**1,018**
Current	117	83	200
Non current	599	219	818

iii. **Measurement of right-of-use assets**

The associated right-of-use assets for property leases measured on modified retrospective basis.

iv. **Adjustment recognised in the balance sheet on April 1, 2019**

The change in accounting policy has affected the following items in the balance sheet on April 1, 2019

- Property, plant, equipment - decrease by ₹ 374 lakhs
- Right-of-used assets- increase by ₹ 1,090 lakhs
- Deferred tax assets- increase by ₹ 185 lakhs
- Deferred tax liability- increase by ₹ 185 lakhs
- Borrowing and other financial liabilities - decrease by ₹ 220 lakhs and ₹ 83 lakhs respectively
- Lease liabilities- increase by ₹ 1,018 lakhs

v. **Lessor accounting**

The Group did not make any adjustments to accounting for assets held as lessor under operating leases as results of adoption of Ind AS 116.

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

Note 37 : Contingent liabilities

(₹ In Lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
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	4,099	4,109
b)	Claims from Vendor	168	168
	- Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authorities		
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.	559	559
	Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities		

Note 38 : 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. 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 37).

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.

c) Provision for future losses pertains to certain onerous contracts where the unavoidable costs of meeting the obligations as per the contracts exceed the economic benefits expected to be received from it.

d) The movement and provision during the year are as follows:

(₹ In Lakhs)

Particulars	Provision for disputes		Warranties		Future foreseeable losses on contracts	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	90	73	58	49	-	23
Add: Provision during the year	2	28	-	33	-	-
(Less): Utilisation during the year	(26)	(11)	-	(17)	-	(13)
(Less): Reversal during the year	(27)	-	-	(7)	-	(10)
Add: Effects of unwinding of discounts on provision	-	-	-	-		-
Closing balance	39	90	58	58	-	-
Classified as current (refer note 19(b))	39	90	58	58	-	-

Note 39 : Income Tax

(a) Components and movements of deferred tax asset (net):

(₹ In Lakhs)

Particulars	As at April 1, 2018	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2019	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2020
	(a)	(b)	(c)	(d= a+b+c)	(e)	(f)	(g=d+e+f)
i. Items of deferred tax liabilities:							
Property, plant and equipment and intangible assets	133	(133)	-	-	-	-	-
Assets given on Finance Lease	-	163	-	163	55	-	218
Right-of-use assets	-	-	-	-	241	-	241
Amortisation of Processing charges on borrowing	-	6	-	6	(2)	-	4
Deferred tax on unrealised share of profit of associates	24	12	-	36	(36)	-	-
Total deferred tax liability (i)	157	48	-	205	258	-	463
ii. Items of deferred tax assets:							
Disallowances under Section 43B of the Income Tax Act, 1961, provision for legal dispute and investment impairment	126	98	-	224	26	-	250
Provision for doubtful debts and deposits	18	29	-	47	(5)	-	42
Allowance u/s 35 DDA and 35DD of Income Tax Act	-	48	-	48	(9)	-	39
Credit of Minimum alternate tax u/s 115 JAA of Income Tax Act, 1961	-	498	(116)	382	-	(192)	190
Unabsorbed long term capital loss	-	28	-	28	(28)	-	-
Property, plant and equipment and Intangible assets	44	131	-	175	102	-	277
Lease liability	-	-	-	-	228	-	228
Others	7	39	-	46	47	-	93
Total Deferred Tax Assets (ii)	**195**	**871**	**(116)**	**950**	**361**	**(192)**	**1,119**
Net Deferred Tax Assets (ii-i)	**38**	**823**	**(116)**	**745**	**103**	**(192)**	**656**

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

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Income tax expense		
Current tax		
Current tax on profits for the year	499	596
Total current tax expense	**499**	**596**
Deferred tax		
Decrease / (increase) in deferred tax assets	(169)	(871)
(Decrease) / increase in deferred tax liabilities	258	48
Total deferred tax expenses / (benefit)	**89**	**(823)**
Income tax expense	**588**	**(227)**

Note 39 : (b) Reconciliation of tax expense and accounting profit multiplied by India's tax rates:

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	**1,911**	**2,002**
Profit on sale of investment tax at special rate	**115**	**-**
Statutory tax rate (%)	29.12%	29.12%
Statutory Tax Rate (%)- Long Term Capital Gain	23.30%	-
Tax at Indian tax rate	**583**	**583**
Deferred tax not created on temporary differences in previous year reversed in current year	-	(17)
Deferred tax recognised for the first time		
MAT Credit recognised	-	(499)
Depreciation on property, plant and equipment	-	(94)
Disallowance u/s 43B (provision for Gratuity and leave encashment)	-	(34)
Provision for doubtful debts / assets	-	(39)
Provision for sales tax liability	-	(26)
Disallowance u/s 35DD	-	(28)
Long term capital loss brought forward	-	(28)
Provision on impairment of investment	-	(38)
Impact on account of adoption of Ind AS 116	17	-
Others	-	(47)
Other Items		
Additional Tax Benefit due to indexation benefit for calculation of long term capital gain	(66)	-
Tax on income at different rates	(23)	-
Others	77	40
Total tax expense	**588**	**(227)**

Note 40 : Capital and other Commitments

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)	707	418
Estimated amount of contracts remaining to be executed on other account and not provided for (net of advance paid)	206	13

Note 41 : Information in respect of “Construction Contracts” is as follows

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract revenue recognised during the year	-	150
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) upto year end	-	135
Retention money for contracts in progress as at balance sheet date	-	173
Gross Amount due from Customers for contract work (Assets) as at balance sheet date	45	92
"Gross Amount due to customers for contract work (Liability) as at balance sheet date"	-	-

Note 42 : Segment reporting

Based on evaluation of key financial parameters, the Group believes that it operates in only one reportable segment i.e. Network Systems and accordingly the financial results are reported as single reportable segment from year ended March 31, 2020. Consequently, prior period comparatives have been modified to conform to current period’s presentation.

Note 43 : 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

Groups’s contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in Note 25 under the heading “Contributions to superannuation and other funds” are as under:

(₹ In Lakhs)

Sr. No	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a)	Contribution to employees’ superannuation fund	21	20
b)	Contribution to employees’ state insurance scheme	3	1
	Total	**24**	**21**

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, 2020 and March 31, 2019, respectively.

The details of fund and plan asset position are given below: **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Plan assets at period end, at fair value	2,346	1,965
Present value of benefit obligation at period end	2,346	1,965
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, 2020	As at March 31, 2019
Government of India (GOI) bond yield	6.84%	7.54%
Remaining term to maturity of portfolio	11 years	11 years
Expected guaranteed interest rate	8.65%	8.65%

The Group has contributed ₹ 101 Lakhs and ₹ 85 Lakhs during the year ended March 31, 2020 and March 31, 2019 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 (unfunded)

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 **(₹ In Lakhs)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	29	23
Interest cost (Net)	24	20
Total expense recognised in the statement of profit and loss	**53**	**43**

Amount recognised in other comprehensive income (OCI) **(₹ In Lakhs)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Due to change in demographic assumptions	*	*
Due to change in financial assumptions	16	5
Due to experience	**15**	16
Total remeasurement (gains)/losses recognised in OCI	**31**	**21**

*figures are below rounding off norm adopted by the group.

Change in Defined Obligation (DBO) during the year **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of DBO at the beginning	316	258
Current service cost	29	23
Interest cost (Net)	24	20
Liabilities transferred In/acquisitions	5	(3)
Remeasurement (gain)/loss	31	21
Benefits paid	(16)	(3)
Present value of DBO at the end	**389**	**316**

Principal actuarial assumptions for valuation of gratuity liability **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.84%	7.54%
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.	a. For service 4 years and below - 8.00% p.a.
	b. For service 5 years and above - 5.00% 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.

Sensitivity

Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions (while holding all other assumptions constant) is:

(₹ In Lakhs)

Particulars	Change in assumption	As at March 31, 2020		As at March 31, 2019	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(22)	26	(17)	20
Expected rate of escalation in salary	1%	25	(23)	20	(17)
Rate of employee turnover	1%	*	*	*	*

*figures are below rounding off norm adopted by the group.

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

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 (2019 - 8 years). The expected maturity analysis of undiscounted gratuity is as follows: **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
1st following year	54	27
2nd following year	21	30
3rd following year	71	36
4th following year	35	60
5th following year	47	30
Sum of years 6 to 10	148	148
Sum of years 11 and above	291	231

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 ₹ 73 Lakhs (previous year ₹ 45 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2020 towards Compensated absences.

Provision for compensated absences has been made on the basis of actuarial valuation carried out as at the Balance sheet date.

Principal actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.84%	7.54%
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.	a. For service 4 years and below - 8.00% p.a.
	b. For service 5 years and above - 5.00% 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 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, 2020	As at March 31, 2019
The Tata Power Company Limited	Immediate parent entity	India	48.65%	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. Sowmyan Ramakrishnan (Non Executive Director upto July 20, 2018)

Ms. Hema Hattangady (Independent Director upto January 27, 2020)

Mr. Kailasam Raghuraman (Independent Director upto January 27, 2020)

Mr. Krishnan Ramachandran (Independent Director upto January 27, 2020)

Mr. Rahul Chandrakant Shah (Non Executive Director upto October 24, 2019)

Mr. Anand Agrawal (Non Executive Director w.e.f October 24, 2019)

Mr. Ajay Kumar Pandey (Independent Director w.e.f January 28, 2020)

Dr. Lakshmi Nadkarni (Independent Director w.e.f January 28, 2020)

Mr. K. Narasimha Murthy (Independent Director w.e.f January 28, 2020)

Mr. Sanjay Dube (Non-Executive Director of Tatanet Services Ltd (Material subsidiary) upto July 20, 2018

Mr. Jitendra Vardhaman Patil (Non-Executive Director of Tatanet Services Ltd (Material subsidiary) w.e.f. January 24, 2019)

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Executive Directors		
Short-term employee benefits	261	224
Post-employment benefits	8	7
Long-term employee benefits*	-	-
(ii) Non Executive and Independent Director		
Director sitting fees	35	48
Total compensation	**304**	**279**

*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.

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

(F) Details of transactions between related parties are disclosed below:

(₹ In Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited (Holding Co.)	Tata Sons Limited (Promoter of Holding Co.)	Nelito Systems Limited (Associate)
1)	**Purchase:**			
a)	Service/royalties	-	23	-
		(-)	(37)	(-)
2)	**Sales:**			
a)	Services	11	-	-
		(1)	(-)	(-)
b)	Goods	-	-	-
		(3)	(-)	(-)
3)	**Other income**			
a)	Dividend received	-	-	-
		(-)	(-)	(6)
b)	Rent	1	-	-
		(1)	(-)	(-)
4)	**Balance outstanding as at year end**			
a)	Trade receivables	12	-	-
		(2)	(-)	(-)
b)	Trade payables	-	23	-
		(-)	(34)	(-)
c)	Other payable	*	-	-
		(6)	(-)	(-)

Notes:

i) Figures in brackets pertain to the previous year ended March 31, 2019.

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 (₹ In Lakhs)

Name of the entity in the Group	As at March 31, 2020		As at March 31, 2019	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent				
Nelco Limited	77.95%	5,136	75.25%	4,202
Indian Subsidiaries				
Tatanet Services Limited	31.14%	2,052	26.65%	1,488
Nelco Network Products Limited	(0.10%)	(7)	(0.05%)	(3)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited **	0.00%	-	10.06%	562
Adjustment on consolidation	(8.99%)	(592)	(11.91%)	(665)
Total	**100.00%**	**6,589**	**100.00%**	**5,584**

b. **Share in profit or loss** (₹ In Lakhs)

Name of the entity in the Group	Year ended March 31, 2020		Year ended March 31, 2019	
	As % of consolidated net Profit and Loss	Amount	As % of consolidated net Profit and Loss	Amount
Parent				
Nelco Limited	95.13%	1,368	79.51%	1772
Indian Subsidiaries				
Tatanet Services Limited	39.22%	564	21.00%	468
Nelco Network Products Limited	(0.28%)	(4)	(0.13%)	(3)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited **	(0.00%)	-	0.40%	9
Adjustment on consolidation	(34.08%)	(490)	(0.78%)	(17)
Total	**100.00%**	**1,438**	**100.00%**	**2,229**

c. **Share in Other Comprehensive Income** (₹ In Lakhs)

Name of the entity in the Group	Year ended March 31, 2020		Year ended March 31, 2019	
	As % of consolidated net Other Comprehensive Income	Amount	As % of consolidated net Other Comprehensive Income	Amount
Parent				
Nelco Limited	100.00%	(31)	95.45%	(21)
Indian Subsidiaries				
Tatanet Services Limited	-	*	-	*
Nelco Network Products Limited	-	-	-	-
Indian Associate (Investment as per equity method)				
Nelito Systems Limited **	-	-	4.55%	(1)
Total	**100.00%**	**(31)**	**100.00%**	**(22)**

* figures below rounding off norm adopted by the group.

d. **Share in Total Comprehensive Income** (₹ In Lakhs)

Name of the entity in the Group	Year ended March 31, 2020		Year ended March 31, 2019	
	As % of consolidated net Total Comprehensive Income	Amount	As % of consolidated net Total Comprehensive Income	Amount
Parent				
Nelco Limited	95.02%	1,337	79.35%	1751
Indian Subsidiaries				
Tatanet Services Limited	40.09%	564	21.21%	468
Nelco Network Products Limited	(0.28%)	(4)	(0.14%)	(3)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited **	(0.00%)	0	0.36%	8
Adjustment on consolidation	(34.83%)	(490)	(0.79%)	(17)
Total	**100.00%**	**1,407**	**100.00%**	**2,207**

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

** The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate had been classified as 'Assets classified as held for sale' in accordance with IND AS 105.

During the year ended March 31, 2020, the Company sold investments in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year. The resultant gain on sale of investments has been disclosed as an exceptional item in the standalone financial statements for the year ended March 31, 2020.

Note 46 : Interest In Other Entities

(a) Subsidiaries

The group's subsidiaries at March 31, 2020 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, 2020	As at March 31, 2019	
Tatanet Services Limited	India	100%	100%	Providing Satellite Communication Services
Nelco Network Products Limited	India	100%	100%	Sale of VSAT Equipment's

(b) Interests in associate

Set out below are the associate as at March 31, 2020 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

(₹ In Lakhs)

Name of the entity	Place of business	% of Ownership interest	Relationship	Accounting Method	Quoted Fair Value		Carrying Amount	
					As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Nelito Systems Limited	India	12.30%	Associate	Equity Method	-*	-*	-	562
Total equity accounting investments					**-**	**-**	**-**	**562**

*Unlisted entity - no quoted price

The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate had been classified as 'Assets classified as held for sale' in accordance with IND AS 105.

During the year ended March 31, 2020, the Company sold investments in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year. The resultant gain on sale of investments has been disclosed as an exceptional item in the standalone financial statements for the year ended March 31, 2020. "

(i) Summarised financial information for associate

The tables below provide summarised financial information for the associate that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Nelco Limited's share of those amounts.

(₹ In Lakhs)

Summarised Balance Sheet	Nelito Systems Limited *	
	As at March 31, 2020	As at March 31, 2019
Total current assets	-	5,652
Total non-current assets	-	1,735
Total current liabilities	-	2,438
Total non-current liabilities	-	73
Net assets	-	**4,876**

(₹ In Lakhs)

Reconciliation to carrying amounts	Nelito Systems Limited *	
	As at March 31, 2020	As at March 31, 2019
Opening net assets	4,875	4,550
Profit / (Loss) for the year	-	485
Previous year adjustment	-	(71)
Other comprehensive income	-	(27)
Dividends paid	-	(62)
Closing net assets	-	4,875
Groups' share in %	-	12.30%
Proportion of the groups ownership interest	-	600
Carrying amount	-	562

(₹ In Lakhs)

Summarised statement profit and loss	Nelito Systems Limited *	
	As at March 31, 2020	As at March 31, 2019
Revenue	-	9,947
Profit / (Loss) for the year	-	485
Other comprehensive income	-	(27)
Total comprehensive income	-	458
Groups' share in %	-	12.30%
Groups share of profit/(loss)	-	56
Dividends received	-	6

*The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate has been classified as 'Assets classified as held for sale' in accordance with IND AS 105. Accordingly, investment in the Associate has been accounted using equity method till September 21, 2018. However, for the above disclosure, full year's figure of Nelito Systems limited has been considered.

During the year ended March 31, 2020, the Company sold investments in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year.

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

Note 47 : Non cancellable operating lease payables

The Company has taken on lease 18 Meters satellite antennae and associated RF equipment's and facilities to operate with satellite on KU Band over Indian skies under non-cancellable operating leases expiring within five years. From 1 April 2019, the Company has recognised right-of-use assets for these leases, see note 4(b) and note 36 for further information.

(₹ In Lakhs)

Sr. No	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
a.	Not Later than 1 year	-	31
b.	Later than 1 year but not later than 5 years	-	-
c.	Later than 5 years	-	-
		-	**31**

Note 48 : As a part of transition to Goods Services Tax (GST) in June 2017, the Company and its subsidiary carried forward the Cenvat/Service tax/Sales tax input credit balance for future set-off against GST payable aggregating to ₹ 116 Lakhs. However, due to technical glitch on the GSTN portal, the Company and its subsidiary could not file the Tran 1 Form within the prescribed period including the extended filing period. The Company and its subsidiary filed a writ petition in the Hon'ble High Court of Bombay for allowing the carry forward of the input credit balances. However, vide its order dated March 20,2020, the petition was dismissed and the claim of the Company was disallowed. In view of the multiple judgements by various High Courts in India on this matter which supports the Company's claim and based on the advice received from independent legal counsel, the Company expects to recover this input credit balance. The Company will be filing Special Leave Petition in Hon'ble Supreme Court as soon as the lockdown is over and the Supreme Court commences admitting of the petitions. In view of this, no provision has been made in the books of account against the recoverability of these balances.

Note 49 : The outbreak of Coronavirus (COVID-19) pandemic has profoundly impacted the economies across the Globe including India. In order to contain the spread of COVID-19, the Central Government of India as well as the various State Governments ordered complete lock-down including restrictions on domestic and international travels. During this period the Company and its subsidiaries ("the Group") continued to provide Satellite Communication services and VSAT equipment on lease as it is considered as an essential service being part of "Telecommunication, Internet Services, Broadcasting and cable services", with relevant permissions from the relevant authorities. The Deployment of new VSATs however were minimal due to most of the customers offices being closed and restrictions in movement, which is likely to pick up momentum as the lockdown gets relaxed and the economic activities revive.

The Group continues to monitor the impact of the global pandemic in future and it may be different from the estimates made as on the date of financial statements. Based on the information available on the date of approval of these financial statements, the management has evaluated the impact of the aforesaid situation on the business of the Group, financial risks including credit risks and liquidity risks. Considering that the Group's revenue consists of recurring annual service contracts, sales orders in hand, liquidity position at year end and available approved credit limits, the management is of the opinion that there is no material uncertainty on the Group's ability to do business as a going concern and there are no impairment indicators for any of the asset disclosed in the consolidated financial statements.

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

Note 50 : There are no Micro and Small Enterprises to whom the Group owes dues, which are outstanding as at March 31, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Group.

Signature to Notes forming part of the Consolidated Financial Statements “1” to “50”

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

Nehal Upadhayay
Partner
Membership No. 115872

Place: Mumbai
Date : May 16, 2020

For and on behalf of the Board of Directors
Nelco Limited
CIN: L32200MH1940PLC003164

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary
& Head - Legal

Place: Mumbai
Date : May 16, 2020

Form AOC-1 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries **(₹ in Lakhs)**

Sr. No	1
Name of the Subsidiary Company	Tatanet Services Ltd
Reporting period	1-4-2019 to 31-3-2020
Reporting Currency	₹
Exchange Rate as at 31st March, 2020	1
Share Capital (incl. Pref. Shares)	490
Other Equity	1,562
Total Assets	10,866
Total Liabilities (Excluding Share Capital & Reserves)	8,814
Investments	5
Turnover	11,617
Other Income	45
Total Revenue	11,662
Profit/ (Loss) before Taxation	763
Provision for Taxation (including Deferred Tax)	199
Profit/ (Loss) after Taxation	564
Proposed Dividend on Equity Shares (%)	Nil
Proposed Dividend on Equity Shares	Nil
% of Share- holding	100%

Part "B": Subsidiaries **(₹ in Lakhs)**

Sr. No	2
Name of the Subsidiary Company	Nelco Network Products Ltd.
Reporting period	1-4-2019 to 31-3-2020
Reporting Currency	₹
Exchange Rate as at 31st March, 2020	1
Share Capital (incl. Pref. Shares)	5
Reserves & Surplus	(12)
Total Assets	1
Total Liabilities (Excluding Share Capital & Reserves)	7
Investments	-
Turnover	-
Other Income	-
Total Revenue	-
Profit/ (Loss) before Taxation	(4)
Provision for Taxation (including Deferred Tax)	-
Profit/ (Loss) after Taxation	(4)
Proposed Dividend on Equity Shares (%)	Nil
Proposed Dividend on Equity Shares	Nil
% of Share- holding	100%

NOTES

NOTES

Employee Engagement


Giving back to Society


Nelco Premier League


Navratri Celebration


Founder's Day


Children's Day


Safety Drill

Annual Picnic

ISO 20000-1:2011 | ISO 27001:2013 | TL 9000

Registered Office and Mahape Teleport:
Nelco Limited, EL-6, Electronics Zone, MIDC, Mahape, Navi Mumbai - 400 710, India
Tel.: +91 22 6791 8728, 67399100 || Fax: +91 22 67918787
Web: www.nelco.in || Email: services@nelco.in

Dehradun Teleport:
Tatanet Services Ltd., C/o Tata Communications Ltd., Ahmed Satellite Earth Station,
Lacchiwala, P.O. Doiwala, Dehradun-248140, India
Tel: +91 135 2695101/103

Regional Offices:

Bangalore	: +91 - 080 - 28380170 / 175
Chennai	: +91 - 78258 08260-66
Jamshedpur	: +91 - 0657 - 222 7766
Kolkata	: +91 - 033 - 2225 0834, 2225 1904
New Delhi	: +91 - 011 - 6121 4111, 6121 4112
Secunderabad	: +91 - 040 - 2790 3419

CIN : L32200MHI940PLC003164