nelco

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A TATA Enterprise

78TH ANNUAL REPORT 2020-21

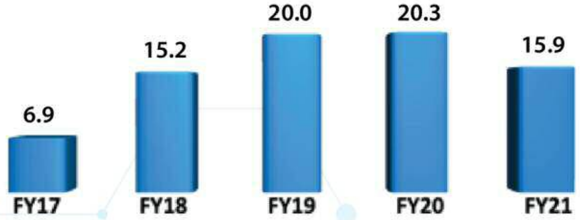
LEADING SATELLITE COMMUNICATION SERVICE PROVIDER

HIGHLIGHTS OF NELCO-CONSOLIDATED

REVENUE (₹ Cr)

EBIDTA (₹ Cr)

PBT (₹ Cr)



PAT (₹ Cr)

EPS (₹)

OUR PURPOSE

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

CORPORATE INFORMATION

(As on 28th April, 2021)

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) C-101, 1st Floor, 247 Park, Vikhroli West, Mumbai 400 083. Tel : 022 66568484, Fax : 022 66568494 Email: csg-unit@tcplindia.co.in Website: www.tcplindia.co.in
Statutory Auditors	S.R. Batliboi & Associates LLP, Chartered Accountants
Bankers	Bank of India Union Bank of India ICICI Bank Ltd. 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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This Annual Report can be viewed under the 'Investor Relations' section on the Company's website: **www.nelco.in**

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78th Annual General Meeting (through Video Conferencing)

Date : Tuesday, 22nd June 2021

Time : 4.30 p.m. (IST)

NOTICE

The SEVENTY EIGHTH ANNUAL GENERAL MEETING of NELCO LIMITED will be held on Tuesday, the 22nd day of June, 2021 at 4.30 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, 2021 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, 2021 together with the Report of the Auditors thereon.

3. To declare a dividend on Equity Shares for the financial year ended 31st March, 2021.

4. To appoint a Director in place of Mr. Anand Agarwal (DIN 06398370) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. Reappointment of Mr. P. J. Nath as Managing Director & CEO

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED that** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the consent of the Company be and is hereby accorded for the re-appointment and terms of remuneration of Mr. P. J. Nath (DIN: 05118177) as the Managing Director & Chief Executive Officer of the Company for the period of 3 years commencing from 13th June 2021 to 12th June 2024, not liable to retire by rotation, upon the terms and conditions including remuneration set out in the Explanatory Statement annexed to the Notice convening this meeting (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his re-appointment), with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and the terms of remuneration in such manner as may be agreed to between the Board of Directors and Mr. Nath.

RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

NOTES:

1. In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" read with General Circular No. 14/ 2020 dated April 8, 2020, the General Circular No. 17/ 2020 dated April 13, 2020, No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" and General Circular No.02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") and SEBI vide its circular dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic" and circular dated January 15, 2021 ("SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM on Tuesday, 22nd June, 2021 at 4.30 p.m. (IST). The deemed venue for the AGM will be EL-6, TTC Industrial Area, Electronics Zone, MIDC, Mahape, Navi Mumbai - 400 710.

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

3. The relative Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item No. 5 of the Notice, is annexed hereto. As per the provisions of Clause 3.A.III. of the General Circular No. 20/ 2020 dated 5th May 2020, the matter of Special Business as appearing at Item No. 5 of the accompanying Notice, is considered to be unavoidable by the Board and hence, forming part of this Notice. The relevant details, pursuant to Regulations 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. Requisite declarations have been received from Director/s for seeking re-appointment.

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

5. Institutional Investors, who are Members of the Company, are encouraged to attend the 78th 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 line with the MCA Circulars dated May 5, 2020 and January 13, 2021 and SEBI Circulars dated May 12, 2020 and January 15, 2021, the Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. The Notice convening the 78th AGM has been uploaded on the website of the Company at www.nelco.in and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also available on the website of NSDL at www.evoting.nsdl.com.

8. **Book Closure and Dividend:**

   i) **The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 9th June 2021 to Monday, 14th June 2021, 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'), wherever applicable, on or after Friday, 25th June, 2021 as under:

   To all the Beneficial Owners as at the end of the day on **Tuesday, 8th June 2021** as per the list of beneficial owners to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and

   To all Members in respect of **shares held in physical form** after giving effect to valid transmission and transposition in respect of valid requests lodged with the Company/Registrar and Share Transfer Agent on or before the close of business hours on **Tuesday, 8th June 2021**.

   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 Wednesday, 2nd June 2021. For the detailed process, please click here https://www.nelco.in/pdf/disclosure-of-events/tax-deduction-20may21.pdf

iii) Further, in order to receive the dividend in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means are requested to mail the following documents to Company's Registrars and Transfer Agents, TSR Darashaw Consultants Private Limited, so that it reaches them latest by Wednesday, 2nd June 2021:

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

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

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

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

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

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

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

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

v) Members are requested to note that, dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/Claimants are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules. For details of unclaimed dividend and shares transferred to IEPF, please refer to Company's website viz. www.nelco.in. Members who have not yet encashed their dividend warrant(s) for the financial year 2018-19 & 2019-20, 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's Registrars and Transfer Agents, TSR Darashaw Consultants Private Limited ("TSRDCPL") at csg-unit@tcplindia.co.in 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@tcplindia.co.in in case the shares are held in physical form, quoting their folio no. Further, Members may note that SEBI has mandated the submission of PAN by every participant in securities market.

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 mailto:csg-unit@tcplindia.co.in 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 19th June, 2021 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 TSRDCPL :** The Company has made special arrangements with TSRDCPL 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 Monday, 7th June 2021.**

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

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

b. Select the Name of the Company from dropdown

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

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

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

f. The system will then confirm the e-mail address for the limited purpose of service of Notice of AGM and Annual Report 2020-21.

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 2020-21 along with the e-Voting user ID and password. In case of any queries, Members may write to csg-unit@tcplindia.co.in 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@tcplindia.co.in. Further, those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated/updated with their DPs/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), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card.
- **In case shares are held in demat form**, please provide DP ID-Client ID (8 digit DP ID + 8 digit Client ID or 16 digit Beneficiary ID), Name, client master or copy of Consolidated Account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card.

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

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 Tuesday, 15th June 2021 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. Tuesday, 15th June 2021, may obtain the User ID and Password by sending a request at evoting@nsdl.co.in.

iii. The remote e-Voting period commences on Saturday, 19th June 2021 at 9.00 a.m. (IST) and ends on Monday, 21st June 2021 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. Tuesday, 15th June 2021.

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 results are declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE").

(v) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of AGM i.e. Tuesday, 22nd June 2021.

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

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

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

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

v. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 78th 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 Saturday, 19th June 2021. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.

vi. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at girish.kirkinde@nelco.in between Thursday, 17th June 2021 (9.00 a.m. IST) and Saturday, 19th June 2021 (5.00 p.m. IST). Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

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

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

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

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

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

Step 1: Access to NSDL e-Voting system

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	1. If you are already registered for **NSDL IDeAS facility**, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "**Beneficial Owner**" icon under "Login" which is available under "**IDeAS**" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "**Access to e-Voting**" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "**Register Online for IDeAS**" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or **e-Voting service provider - NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL.	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository partici-pants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to **e-Voting website of NSDL** for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

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

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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

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

4. Your User ID details are given below:

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

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

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

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

c) How to retrieve your 'initial password'?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Guidelines for Members:

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

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

By Order of the Board of Directors

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

Navi Mumbai, 28th April 2021

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 of the accompanying Notice dated 28th April 2021.

Item No.: 5

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

Mr. P. J. Nath was earlier re-appointed by the Board as Managing Director & CEO of the Company for the period commencing from 13th June 2018 to 12th June 2021. The Members also approved his reappointment by passing special resolution at the 75th AGM held on 20th July 2018.

Based on the recommendation made by the Nomination and Remuneration Committee (NRC), the Board at its meeting held on 28th April 2021, passed a resolution for re-appointment of Mr. Nath as Managing Director & CEO of the Company for a period of 3 years commencing from 13th June 2021 to 12th June 2024, subject to approval of the Members.

Mr. Nath, aged 59 years, joined the Company on 21st February 2011, as Chief Executive Officer. He was appointed as Executive Director & CEO effective from 13th June 2012. He was re-designated as Managing Director & CEO effective from 1st June 2017. Mr. Nath is a professional having a graduate level qualification with expert and specialized knowledge in the field of his profession. He has a Master of Management Studies (MMS) degree from BITS Pilani. He has over 33 years of professional experience in the Enterprise market, during which he worked in reputed IT & Telecom companies. During his career he has worked in many different roles encompassing Sales, Product Management, Customer Support, Project Management, Business Head and CEO. The past 23 years he has been in leadership roles. His varied experience over such long period has resulted into a wide and deep understanding of all the aspects of business. This enables him to drive operational excellence and strategic growth in the organization and deliver effectively across the breadth of responsibilities.

MD & CEO is responsible for managing the day-to-day business affairs of the Company as well as its long-term strategic growth. This includes formulation & implementation of strategic business plans, brand strategy, implementation of organization structure, ramping up visibility of the Company with the external customers and partners, forging alliances with global players, establishing strong business & operational processes and overseeing various compliances.

During the period February 2011 to April 2021 Mr. Nath has successfully led the restructuring of the Company and turned the same into a profitable and healthy Satcom Service Company.

Under the leadership of Mr. Nath, the Company and its wholly owned subsidiary, Tatanet Services Ltd. achieved continuous improvement in operating parameters and registered robust operating performance year-on-year, especially in past 3 years, which has reflected in improved operating profits. His sustained and focused efforts on improving operational performance, building relationships with key stakeholders and improving internal processes have led to achieving of financial performance goals. He has actively led the regulatory and advocacy efforts to ensure smooth working relationships with Government, Regulators, Customers and other key stakeholders to overcome challenges and hurdles. He was actively involved in discussions with the Govt. authorities regarding opening up the In-flight & Maritime Communication (IFMC) services. The Company was one of the first to acquire the IFMC license in the country and was the first to start the commercial services for Maritime Communication and Aero IFC services in the country. Mr. Nath was instrumental in signing up with multiple global players in this space. This has resulted in the Company earning sizeable revenue in FY2019-20 and FY2020-21 and attaining market leadership in the country for these high growth sectors.

The Profit / (Loss) Before Tax has grown from ₹ (16.17) crs in FY 2011 to ₹ 15.88 Cr in FY 2021. The PBDIT without Other income has also grown to ₹ 44.87 Cr . Even in FY 21 when the economy and Satcom industry was suffering due to Covid pandemic related downfall, the Company at a Consolidated basis has successfully been profitable at Operating PBDIT of ₹ 47.71 Cr and PBT of ₹ 15.88 Cr. The Net worth of the Company is also at its highest ever at ₹ 75.78 Cr as on 31st March 2021.

One of the key objectives of reappointing Mr. Nath is to help the Company sustain its market leadership in the key high growth areas and also lead the Company to the next level of growth.

The principal terms and conditions of Mr. Nath's reappointment as Managing Director & Chief Executive Officer (hereinafter referred to as 'Mr. Nath' or the 'Managing Director and CEO') and the main clauses of the agreement to be executed between the Company and Mr. Nath are as follows:

1. Term and Termination:

1.1 From 13th June 2021 to 12th June 2024.

1.2 The Agreement may be terminated earlier, without any cause, by Mr. Nath or the Company by giving six months' notice of such termination to the other party or the Company paying six months' remuneration which shall be limited to provision of Salary, Benefits, Perquisites, Allowances and any pro-rated Incentive Remuneration (paid at the discretion of the Board), in lieu of such notice.

2. Duties and Powers:

2.1 The Managing Director & CEO shall devote his whole time and attention to the business of the Company and perform such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of one or more of its associated companies and/or subsidiaries, including performing duties as assigned to the Managing Director & CEO from time to time by serving on the Boards of such associated companies and/or subsidiaries or any other executive bodies or any committees of such a company.

2.2 The Managing Director & CEO shall not exceed the powers so delegated by the Board pursuant to clause 2.1 above.

2.3 The Managing Director & CEO undertakes to employ the best of his skill and ability and to make his utmost endeavours to promote the interests and welfare of the Company and to conform to and comply with the policies and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

2.4 Mr. Nath shall undertake his duties from such location as may be directed by the Board.

3. Remuneration:

3.1 So long as the Managing Director & CEO performs his duties and conforms to the terms and conditions contained in the Agreement, he shall, subject to such approvals as may be required, be entitled to the following remuneration subject to deduction at source of all applicable taxes in accordance with the laws for the time being in force.

a) Salary: Basic Salary ₹ 5,67,000/- per month upto a maximum of ₹ 10,00,000/- per month, with authority to the Board to fix his salary within the said maximum amount from time to time. The annual increments which will be effective 1st April each year, will be decided by the Board based on recommendation of the NRC and will be merit-based and taking into account the Company's performance as well.

b) Benefits, Perquisites, Allowances:

In addition to the Salary referred to in (a) above, Managing Director & CEO shall be entitled to:

(i) House Rent, House Maintenance and Utility Allowances aggregating 85% of basic Salary per annum.

(ii) Hospitalization, Telecommunication & other facilities:

- Reimbursement of hospitalization and major medical expenses incurred as per Company Rules including Mediclaim insurance premium for insurance coverage upto ₹ 25 lakhs (floater coverage).
- Telecommunication facilities including broadband, internet and mobile as per the Rules of the Company.

(iii) a car along with driver for official and personal uses with reimbursement of fuel charges and maintenance costs at actual. The value of the car to be provided shall not exceed ₹ 20.00 lakhs (ex-showroom)

or

In case he opts to use his own car, he will be entitled for fixed allowance of ₹ 41,720/- and ₹ 45,000/- (for fuel and maintenance). The driver will be provided by the Company.

The Board may revise the said fixed car allowances as per the base cost calculation, as and when necessary.

(iv) Other perquisites and allowances given below subject to a maximum of 55% of basic Salary per annum. This includes:

a. Medical allowance – 8.33%
b. Leave Travel Concession/Allowance - 8.33%
c. Meal vouchers and Other Allowances - 33.34%
d. Personal Accident Insurance Premium } @ actual subject
e. Annual club membership fees } to a cap of 5%

(v) Contribution to Provident Fund and Gratuity as per the Rules of the Company.

(vi) The MD & CEO shall be entitled to privilege, sick and casual leave in accordance with the Rules of the Company. The carry forward and encashment of leave earned but not availed by MD & CEO would be in accordance with the Rules of the Company.

(vii) The MD & CEO will also enjoy all benefits of continuity of service with regard to Gratuity and other benefits for the purposes of which the date of joining shall be the date on which he joined as Chief Executive Officer of the Company.

(viii) It is clarified that the details mentioned under Car, Hospitalization, Telecommunication and other facilities, shall not be included in computation of Annual Fixed Compensation.

c) Performance Linked Payment (PLP):

In addition to the Basic Salary, Benefits, Perquisites & Allowances, Mr. Nath will be paid annually such remuneration by way of performance linked payment subject to a maximum of 78% of Annual Fixed Compensation based on certain performance criteria and such other parameters as may be considered appropriate by the Board from time to time.

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.

Commission: In addition to Salary, Benefits, Perquisites, Allowances the Managing Director & CEO would be paid such remuneration by way of Commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the Managing Director & CEO will be based on his performance as evaluated by the Board or the NRC and approved by the Board and will be payable annually after the annual accounts have been approved by the Board.

The aforesaid Performance Linked Payment would be payable only when the Company will not be paying the commission.

3.2 Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director & CEO, the Company has no profits, or its profits are inadequate, the Company will pay to the Managing Director & CEO remuneration by way of Salary, Benefits, Perquisites and Allowances and performance linked payment as specified above.

3.3 Insurance: The Company will take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. It is intended to maintain such insurance cover for the entire Term, subject to the terms of such policy in force from time to time.

4. The terms and conditions of the re-appointment of the Managing Director & CEO and/or the Agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Managing Director & CEO, subject to such approvals as may be required.

5. The Managing Director & CEO, so long as he functions as such, undertakes not to become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.

6. All Personnel Policies of the Company and the related Rules which are applicable to other employees of the Company shall also be applicable to the Managing Director & CEO, unless specifically provided otherwise.

7. The employment of the Managing Director and CEO may be terminated by the Company without notice or payment in lieu of notice:

   a. if the Managing Director and CEO is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which he is required by the Agreement to render services; or

   b. in the event of any serious or repeated or continuing breach (after warning) or non-observance by the Managing Director & CEO of any of the stipulations contained in the Agreement; or

   c. in the event the Board expresses its loss of confidence in the Managing Director & CEO.

8. In the event the Managing Director & CEO is not able to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.

9. Upon the termination by whatever means of his employment under the Agreement:

   a. the Managing Director & CEO shall immediately cease to hold offices held by him in any holding company, subsidiaries or associate companies without claim for compensation for loss of office by virtue of Section 167(1)(h) of the Act and shall resign as trustee of any trusts connected with the Company;

   b. the Managing Director & CEO shall not without the consent of the Board at any time thereafter represent himself as connected with the Company or any of its subsidiaries and associated companies.

10. If and when the Agreement expires or is terminated for any reason whatsoever, Mr. Nath will cease to be the Managing Director & CEO and cease to be a Director of the Company. If at any time, the Managing Director & CEO ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Managing Director & CEO and the Agreement shall forthwith terminate. If at any time, the Managing Director & CEO ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and Managing Director & CEO of the Company.

11. The terms and conditions of the reappointment of the Managing Director & CEO also include clauses pertaining to adherence with the Tata Code of Conduct, Intellectual Property, maintenance of confidentiality, non-competition and non-solicitation.

The remuneration paid/payable to the Managing Director & CEO for FY 2021-22 is commensurate with industry standards and Board level positions held in similar sized companies, taking into consideration the individual responsibilities shouldered by them.

The Directors are of the view that the reappointment of Mr. Nath as Managing Director & CEO will be beneficial to the functioning and future growth opportunities of the Company. The remuneration payable to him is commensurate with his abilities and experience and accordingly, the Board commend the Special Resolution at Item No. 5 of the accompanying Notice for approval by the Members of the Company.

The Managing Director & CEO satisfies all the conditions set out in Part –I of Schedule V to the Act as also conditions set out under Section 196(3) of the Act for being eligible for reappointment. He is not disqualified from being a Director in terms of Section 164 of the Act.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act read with Schedule V to the Act, the terms of reappointment and remuneration of Mr. P.J.Nath as specified above are now placed before the Members for their approval.

Other than Mr. Nath and his relatives, none of the other 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. Mr. Nath is not related to any other Director or KMP of the Company.

Information pursuant to Schedule V of the Act

I. General Information:

1. Nature of Industry: Electronics and Telecommunications activities

2. Date of /expected date of commencement of commercial production:

   The Company was incorporated on 31st August 1940 and started commercial production immediately.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institution appearing in the prospectus: Not applicable.

4. Financial performance based on given indicators:

(₹ in lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Consolidated Revenue from Operations (Gross)	22,896	22,242
Standalone Revenue from Operations (Gross)**	3,959	4,064
Consolidated Profit for the period	1,236	1,438
Standalone Profit for the period	718	1,368
Profit/(Loss) pursuant to Section 198 of the Companies Act, 2013	(7,253)	(8,595)

**Continuing operations.

The Company earned profits during FY 2019-20 and FY 2020-21 as well as consistently in all the preceding eight quarters, as shown below:

(₹ in lakhs)

Profit After Tax (PAT)	Quarter Ended Jun'19	Quarter Ended Sep'19	Quarter Ended Dec'19	Quarter Ended Mar'20	Quarter Ended Jun '20	Quarter Ended Sep'20	Quarter Ended Dec'20	Quarter Ended Mar'21
Standalone	686	308	205	169	29	162	331	196
Consolidated	338	153	365	582	222	184	382	448

5. Foreign investments or collaborations, if any:

   The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company. Foreign investors mainly comprise of investors in the Company because of past issuances of shares and secondary market purchase.

II. Information about the Appointee:

1. Background details

   Mr. Nath, aged 59 years, joined the Company on 21st February 2011 as Chief Executive Officer. He was appointed as Executive Director & CEO effective from 13th June 2012 and subsequently as Managing Director & CEO effective 1st June 2017. Mr. Nath is a professional having a graduate level qualification with expert and specialized knowledge in the field of his profession. He has a Master of Management Studies (MMS) degree from BITS Pilani. He has over 33 years of professional experience in the Enterprise market, during which he worked in reputed IT & Telecom companies. During his career he has worked in many different roles encompassing Sales, Product Management, Customer Support, Project Management, Business Head and CEO. The past 23 years have been in leadership roles in the various companies that he has worked for. This varied experience over such long period has resulted into a wide and deep understanding of the levers of business. This enables him to drive operational excellence across the breadth of responsibilities.

2. Past Remuneration

(₹ in lakhs)

Particulars	FY 2020-21	FY 2019-20
Basic Salary	63.00	63.00
Perquisites & Allowance (plus Car allowances)	98.10	98.10
One-time lump sum payment	9.30	-
Retirals (PF + Gratuity)	10.59	10.59
Performance Linked Payment	113.40	103.11
Total	294.39	274.80

Contribution to Provident Fund, Gratuity as per the Rules of the Company.

Leave and encashment of un-availed leave as per the Rules of the Company.

3. Recognition and Awards

In his previous organizations, Mr. Nath, on multiple occasions has received many recognitions and appreciations for building up new businesses as well as turning around existing businesses. His contribution has also been recognized in the turning around of the Company and putting it in the path of profitable growth by focusing on the Satellite communication services business and taking leadership position in some of the important markets.

4. Job Profile and his suitability

Taking into consideration the size of the Company, the complex nature of its operations, the strategic and operational restructuring and transformation required and Mr. Nath's broad functional and general management skills, his rich experience of over 33 years in growing organizations and developing new markets, the Board reappointed Mr. Nath effective from 13th June 2021. Also, as a Director, he is nominated on the Board of Company's wholly owned Subsidiaries.

5. Remuneration proposed

Please refer to the principal terms of remuneration as mentioned herein above of this Notice. In monetary terms the proposed remuneration for tenure from 13th June 2021 to 12th June 2024 is given hereunder:

Particulars	13th June 2021 to 12th June 2022 (₹)	13th June 2022 to 12th June 2023 (₹)	13th June 2023 to 12th June 2024 (₹)
Basic Salary	68.04	5,67,000 (per month) + Increment*	
Perquisites & Allowance including car	105.66	140% of Basic Salary + Car Allowance	
Retirals (PF + Gratuity)	11.44	16.81% of Basic Salary	
Performance Linked Payment	136.29	Upto 78% of Fixed CTC #	
Total	321.43		

#Assumed at maximum level of 78% of Fixed CTC.

Fixed CTC is sum of Basic + Perquisites & Allowance (excluding car allowance) + Retirals.

*Actual Basic salary would be decided by the Board subject to performance and within the said maximum Basic salary of Rs. 10,00,000/- per month. The remaining salary components are a function of the Basic salary & Fixed CTC as given above. The Company's annual increment cycle is currently applicable from 1st April to 31st March.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Considering the industry in which the Company operates, the size of the business as well as the profile of Mr. Nath and the responsibilities shouldered by him, the remuneration proposed is commensurate with the remuneration packages paid to similar senior level appointees in other companies in the industry.

7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel or other directors, if any:

   Mr. Nath has joined the Company in a professional capacity and meets the criteria of a professional director with appropriate qualifications, does not hold any securities of the Company and is not related to the promoters or any director of the Company. Besides the remuneration paid/payable to Mr. Nath, he does not have any other pecuniary relationship with the Company or with the managerial personnel or other directors of the Company.

III. Other information

1. Reasons for inadequate profits in earlier years:

   The Company has been making profits since Financial Year 2013-14 and the profits have been growing year on year. During the pandemic hit Financial Year 2020-21 also the Company made healthy profits, though in absolute terms the same was lower than the previous year.

   The reason for inadequate profits under Section 197 is due to the accumulated losses of the past periods. The Company suffered losses in the past, mainly from some of the businesses which were not able to generate profits due to the market conditions. The Company has divested these loss-making businesses and is now making profits consistently year on year. However, it will take some more time to wipe out the old accumulated losses.

2. Steps taken by the Company to improve performance:

   The Company has divested all its loss-making businesses except one, which is being run on a maintenance mode to honour the warranty and annual maintenance commitments as per the contract. The Company has been focusing only on the profitable business of Satellite communication services, which has large growth prospects globally and in India.

   Under the leadership of Mr. Nath, the Company has transformed itself to become a major Satellite communication service provider, also called as VSAT service provider in the country. The Company focuses on the Enterprise segment and has attained leadership position in some of the important market segments. The Company was also the first to start the In-flight and Maritime Communication (IFMC) services after these services were allowed by Govt. of India. The Company offers communication services in Maritime vessels as well as Aircrafts flying over Indian airspace. The Company has already established itself as the market leader in the country for IFMC services, which have the fastest growth in the Satellite industry globally.

   The Company is concentrating in building very robust infrastructure to be able to serve the various markets most cost-effectively. The Company has also built strong partnerships and alliances with global satellite players to enhance its capabilities and market coverage. The Company has taken lead in adopting newer technologies and working with global satellite operators to bring the latest technologies like Low Earth Orbit (LEO) satellites in the country as soon as these become commercially viable. With all these initiatives the Company will be able to have even faster growth and further strengthen its position in the market.

   Mr. Nath has also been playing an active role in discussions with the Govt. and telecom regulators to bring about progressive regulatory regime in the country to facilitate faster growth in the Space sector. He is actively involved in the important industry bodies associated with the Satellite industry. He has been spearheading the initiatives of building stronger relationships with the important Govt. departments, which has resulted in better visibility of the Company with the Govt.

   Mr. Nath, alongwith the senior management team has been focusing in improving the operational efficiency of the Company and its financial health. There has been a lot of focus around improving cost efficiency, people productivity, quality of service and customer satisfaction, which are helping the Company in having sustainable and profitable long-term growth. The Company has been growing its revenue steadily and made very healthy profits from financial year 2017-18 to 2020-21. Based on all the strategies deployed and the various initiatives taken, the Company is poised to grow at a fast pace in the short to medium term.

3. Expected increase in productivity and profits in measurable terms:

   With expanded business lines including IFMC, augmented infrastructure, changing regulatory framework in the country, future expansion to markets beyond India and the various initiatives being taken up, the Company expects to significantly step up its operating and financial performance in the coming years. The Company also has a very ambitious growth plan for the next 5 years. It is difficult to predict the increase in revenue and profit of the Company for future years, as there are external dependencies on regulatory changes by the Govt., which are difficult to predict accurately in terms of timelines.

The NRC currently comprising of three independent directors [viz. Dr. Lakshmi Nadkarni (as Chairperson of the Committee), Mr. K.N.Murthy, and Mr. Ajay Kumar Pandey], Mr. R.R.Bhinge (Non-Executive Chairman of the Board) and Mr. Anand Agarwal (Non-Executive-Non-Independent Director) reviews and recommends the revision in the remuneration on a yearly basis. This review is based on the Balance Score Card that includes the performance of the Company and the individual director on certain defined qualitative and quantitative parameters such as volumes, revenue, EBITDA, cash flows, customer satisfaction, cost reduction initiatives, safety, strategic initiatives and special projects as decided by the Board vis-a-vis targets set in the beginning of the year. This review also takes into consideration the benchmark study undertaken by reputed independent HR agencies on comparative industry remuneration and practices. The decisions taken at the NRC and the Board are within the broad framework of remuneration as approved by the Members.

The Company remains committed to pursue the long-term interest of all stakeholders, including the Company's Members and employees. To be able to achieve these objectives it is necessary to recruit and retain proven high calibre management team on a sustainable basis. This requires that the Company's leadership and talent base are appropriately remunerated, notwithstanding cyclical phases. This is particularly important when the Company has ongoing significant turnaround and growth strategies under execution.

The Board commends the Special Resolution set out in Item No. 5 of the accompanying Notice for approval of the Members. This item being special business, is unavoidable in nature. Except Mr. Nath, none of the Directors or Key Managerial Personnel (KMP) of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice. Mr. Nath 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, 28th April 2021

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. Anand Agarwal (Non Executive Non- Independent)	Mr. P.J.Nath (Managing Director & CEO)
DIN	06398370	05118177
Date of Birth (Age)	10th December 1973 (47 years)	1st February 1962 (59 years)
Date of Appointment	24th October 2019	13th June 2012
Expertise in Specific Functional Area	Finance and Accounts	He has over 33 years of professional experience in the Enterprise market, during which he worked in reputed IT & Telecom companies. During his career he has worked in many different roles encompassing Sales, Product Management, Customer Support, Project Management, Business Head and CEO. The past 23 years he has been in leadership roles. His varied experience over such long period has resulted into a wide and deep understanding of all the aspects of business. This enables him to drive operational excellence and strategic growth in the organization and deliver effectively across the breadth of responsibilities.
Qualifications	CA, CS, CFA, ICWA	Graduate from BITS Pilani in Master of Management Studies (MMS)
Terms and conditions of appointment or re-appointment	N.A.	As mentioned in the Explanatory statement attached to the notice of AGM dated 28th April 2021
Relationship between Directors inter se	Mr. Agarwal is not related to any other Directors of the Company.	Mr. Nath is not related to any other Directors of the Company.
Directorship held in other Companies (excluding Foreign Companies)	• Tata Power Solar Systems Ltd. • Renascent Power Ventures Pvt. Ltd.	• Tatanet Services Ltd. • Nelco Network Products Ltd. • Technopolis Knowledge Park Ltd.
Committee positions held in other Companies	**Audit Committee** Chairman: Tata Power Solar Systems Ltd. **Corporate Social Responsibility Committee** Member: Tata Power Solar Systems Ltd.	Nil
Remuneration	No remuneration is paid.	As mentioned in the Explanatory Statement to the Notice dated 28th April 2021 and also in Report on Corporate Governance.
No. of meetings of Board attended during the year	8	9
No. of shares held (a) Own (b) For other persons on a beneficial basis	 NIL NIL	 NIL NIL

DIRECTORS' REPORT

To

The Members,

The Directors have pleasure in presenting Seventy Eighth Annual Report of Nelco Limited (Company or Nelco) alongwith the Audited Statement of Accounts for the year ended 31st March 2021.

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.

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

1. Financial Results

Pending the DoT approval as aforesaid, the Scheme has not been given effect to in the financial results for the year ended 31st March 2021.

(₹ in lakhs)

Sr. No.	Particulars	Standalone		Consolidated	
		FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
A	**Continuing Operations**				
a	Net Sales / Income from Other Operations	3,842	3,833	22,612	21,993
b	Operating Expenditure	3,076	2,947	18,125	17,016
c	Operating Profit	766	886	4,487	4,977
d	Add:- Other Income	117	231	284	249
e	Less: - Finance Cost	277	508	953	1,313
f	Profit before Depreciation and Tax	606	609	3,818	3,913
g	Less: - Depreciation/Amortization/Impairment	52	72	2,230	2,002
h	Less: - Minority Interest	-	-	-	-
i	Add: - Share of Profit of Associates	-	-	-	-
j	Net Profit/(Loss) after Minority interest and Share of Profit of Associates	554	537	1,588	1,911
k	Exceptional items	-	564	-	115
l	Current/Deferred Tax Expenses	139	284	352	588
m	Net Profit/(Loss) after Tax, Minority interest and Share of Profit of Associates from Continuing Operations	415	817	1,236	1,438
B	**Discontinuing Operations* (being transferred to Wholly Owned Subsidiary)**				
n	Profit from Discontinuing operations (before exceptional item and tax)	330	692	-	-
o	Add: -Exceptional Profit	-	-	-	-
p	Tax Expenses	27	141	-	-
q	Profit after Tax from Discontinuing operations	303	551	-	-
C	**Profit after tax from Total Operations**	718	1,368	1,236	1,438
r	Add: Other comprehensive Income/(expenses)	28	(31)	28	(31)
s	Total Comprehensive Income	746	1,337	1,264	1,407

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

2. Dividend

In view of the ongoing Covid-19 pandemic, it is necessary for the Company to conserve resources to meet unexpected operational requirements as also to invest in newer business opportunities. Considering this, the Board of Directors has recommended for FY 2020-21, a dividend of ₹ 1.20/- per share i.e. 12% (previous year ₹ 1.20 per share i.e. 12%) on the Equity Shares of the Company. If declared by the Members at the ensuing Annual General Meeting ('AGM'), the total dividend outgo for FY 2020-21 would amount to ₹ 274 lakhs (previous year ₹ 274 lakhs).

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

3.1 Standalone

On a Standalone basis, your Company achieved revenue of ₹ 3,842 Lakhs in FY 2020-21 from Continuing Operations as against ₹ 3,833 Lakhs in FY 2019-20. On a total operation basis, your Company achieved revenue of ₹ 13,355 Lakhs in FY 2020-21 as against ₹ 15,073 Lakhs in FY 2019-20.

In FY 2020-21 the Company earned a net profit after tax of ₹ 718 Lakhs from total operations as against profit of ₹ 1,368 Lakhs in FY 2019-20. This was due to reduction in sales volume in the first half of the year as a result of nationwide lockdown and also in the previous year there was gain on sale of investment in associate Company.

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 ₹ 22,612 Lakhs in FY 2020-21 as against ₹ 21,993 Lakhs in FY 2019-20 i.e. increase by 3% over previous year.

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

Based on evaluation of key financial parameters, the Company believes that it operates in only one reportable segment i.e. Network Systems and accordingly the financial results are reported as single reportable segment from the year ended 31st March, 2021.

The Company earned a net profit after tax of ₹ 1,236 Lakhs from total operations as against profit of ₹ 1,438 Lakhs in FY 2019-20. 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 Covid-19 pandemic

The Covid-19 pandemic is redefining global health crisis in recent times and has spread 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 improved progressively as the Government has taken measures leading to relaxation on movement and easing of supply and service constraints.

4. Reserves

The Board of Directors has decided to retain the entire amount of profit for Financial Year 2020-21 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) license issued by Department of Telecommunication, Government of India (DOT) vide its notification dated 14th December 2018. TNSL has taken the lead to provide IFMC services immediately after obtaining the license from DOT. During the year the Company has already started providing maritime and in-flight connectivity services. The Revenue of TNSL for FY 2020-21 was ₹ 13,113 Lakhs against ₹ 11,617 Lakhs in the previous year. The Profit after tax was ₹ 506 Lakhs against ₹ 564 Lakhs in the previous year.

NNPL has also obtained the IFMC license issued by DOT and commenced its business operations in the last quarter of FY 2020-21. The revenue of NNPL for FY 2020-21 was ₹ 4 Lakhs and profit after tax was ₹ 1 Lakh and the accumulated loss since incorporation was ₹ 12 Lakhs.

5.2 The organizational 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 hardware business vesting in NNPL. This would result in the recurring revenue from VSAT communication services being in the Company and the revenue from sale of hardware including VSAT equipment being in NNPL. The IFMC license would remain with Nelco as well as NNPL and both the companies would offer these services to appropriate customer segments. 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 were, 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 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

<u>Re-appointment</u>

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

<u>Independent Directors</u>

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

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

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

Additional information and brief profile as stipulated under Listing Regulations and Secretarial Standards-2 on General Meetings with respect to Mr. Anand Agarwal and Mr. P.J.Nath being the Directors seeking re-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 2021 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, Nine 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 cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director's term, retirement age and Committees of the Board. It also includes aspects relating to nomination, appointment, induction and development of Directors, Director Remuneration, subsidiary oversight, Code of Conduct, Board Effectiveness Review and mandates of Board Committees.

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

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

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

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

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

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

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

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

7.1 Committees of the Board

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

- Audit Committee 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-fy2020-21.pdf

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

https://www.nelco.in/investor-relation/corporate-governance.php.

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

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

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

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

Salient Features of this policy are as under:-

- The philosophy for remuneration of Directors, Key Managerial Personnel ("KMP") and all other employees of Nelco Ltd. ("company") is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.
- Independent Directors ("ID") and non-independent non-executive directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
- Overall remuneration should be reflective of size of the company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.
- The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
- The extent of overall remuneration to Managing Director ("MD")/ Executive Directors("ED")/ KMP/ rest of the employees should be sufficient to attract and retain talented and qualified individuals suitable for every role.
- The remuneration mix for the MD/EDs is as per the contract approved by the shareholders.

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

7.3 Particulars of Employees and Remuneration

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

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

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

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 Rs. 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 Rs. 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. The CIT(Appeals) rejected the claims of the Company and confirmed the 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 Rs. 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. During the year Company has filed Special Leave Petition before Hon'ble Supreme Court and hearing in this matter is awaited. Considering strong legal position 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 Rs. 38.36 Crores. The Company filed writ petition in the Hon'ble Bombay High Court for the financial year 2008-09. The said Writ Petition was disposed by the Hon'ble 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 the Hon'ble 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 TDSAT hearing is awaited. 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 ₹ 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 36) 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. Hearing is going on before Hon'ble High Court of Bombay. 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. Considering strong legal position 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 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 continued the project where VSATs were installed in 4 Institutes run by Tata Power Skill Development Institute in remote areas. These VSATs are used for downloading educational contents. The Company has formulated the policy on CSR which is available on Company's websites: https://www.nelco.in/pdf/Policies/CSR%20Policy.pdf. The Company motivates employees to take up Voluntary activities which benefit the society through participation in Tata ProEngage & Tata Volunteering week.

10.2 Safety, Health and Environment

The Company places utmost importance to the Safety agenda. At premises, 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 in emergency situation and on usage of the fire saving equipment. 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.

While VSAT services qualified under the 'essential services' category, Safety and Health of the employees, especially those who were into customer services roles and employees who were visiting offices under special circumstances, were taken on priority. Arrangement of essential services authorization letters were made making their travel easier. As travel became difficult during peak pandemic, the Company arranged accommodation in hotels near office to avoid daily travel. When the nearby hotels were shut down, stay arrangements were made in office premises by converting a part of the office premises as staying area. Regular deep cleaning of the office premises and checks including thermal screening, oximeter check, footwear disinfectant and vehicle sanitization were done to ensure safety of the employees. Arrangement of a medical practitioner was made to visit the Company office. Employees were made aware about the symptoms of the infection and any person displaying such symptoms was advised to work from home. Wellness sessions were also organized for employees to participate along with families from the comfort of their homes.

11. Human Resources

As on 31st March 2021, the Company had employee strength of 166. During the year under review, 7 employees were recruited and 16 employees were separated.

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

- During ongoing Pandemic and lockdown, Health and wellbeing of the employees had become a major priority for the Company. Innovative and effective means were developed to engage with the employees during these tough times. Health and wellness awareness sessions were conducted for employees and their family members on virtual platforms. The connect meetings gave opportunities to employees to express themselves and get solutions to their work matters. The Company endeavoured to establish family-connects to reassure the families on safety of their members working for the Company. Counselling sessions were arranged for people to manage anxieties and fear. Pulse connect meetings were organized to keep the morale and enthusiasm of employees high and encourage them to give their best every day. The Managing Director connected with employees during the crisis by addressing them at regular intervals to give updates on the situation, to encourage their contribution during this difficult period and to reassure them. It also motivated people to stay committed toward the organization's goals and values.
- Every year Employee Engagement Surveys are conducted to enable people to voice out their concerns and suggestions for making the workplace better for everyone. The company utilises multiple platforms that encourage open communication amongst 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 the Company, it has drafted a strong Reward & Recognition (R&R) policy. R&R functions are organised throughout the year. Programmes like Appreciation Week, R&R module during department meeting with HR, Quarterly R&R modules during Open house for recognizing exceptional performances (both team and Individual level) and Nelco Innovista awards for rewarding creative and innovative minds are significant platforms in the company. Head of Departments (HoDs) Spot awards, safety and bravery awards are a few more R&R activities. During the pandemic, employees have been recognised through virtual platforms. The committee meetings were held on the virtual platform and the rewards were given in the form of e-gift vouchers for their exemplary performance and contribution.
- 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. Competency gaps are assessed through comprehensive exercise and plans made for bridging the identified skill gaps through relevant training programs. Training needs are primarily sourced through

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

- Performance & Talent Management: Employee performance is monitored and managed through rigorous processes of Performance Appraisal. This is done based on achievement against pre-defined Key Result Areas (KRAs) for each individual, which are agreed at the beginning of the year. Continuous dialogue is encouraged between managers and their teams with focus on guiding and training first time managers through performance coaching. Talent management framework is rolled out for High-Potential employees which help them grow in the system faster.
- Succession Planning: Successors have been identified for critical positions (for N & N-1 level) in the Company to ensure business continuity. Based on the outcome of this process, decisions to hire capable person for specific positions have also been recommended.
- 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 in the Company 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 CRISIL has assigned ratings for long term and short-term bank facilities of the Company to CRISIL A Stable and CRISIL A1 respectively.

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

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

14. Foreign Exchange – Earnings and Outgo.

(₹ in lakhs)

Particulars – Standalone	Year ended 31st March 2021	Year ended 31st March 2020
Foreign Exchange Earnings	38	33
Foreign Exchange Outflow	2,472	3,981

15. Auditors

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

16. Auditors' Report

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

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

17. 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 2020-21. The report of the Secretarial Auditors for FY 2020-21 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 FY21 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 Annual Return for the year ended 31st March 2021 can be accessed on the Company's website at the following link:

https://www.nelco.in/pdf/disclosure-of-events/annual-return-2020-21-nelc.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 2021 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 2021 and of the profit of the Company for that period;

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

d) they have prepared the accounts for the period under review on a going concern basis.

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

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

24. Acknowledgment

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

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

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

On behalf of the Board of Directors,

R.R. Bhinge
Chairman

Mumbai, 28th April 2021

Annexure – I : Board Diversity Policy

(Ref: Board's Report, Section 7.2)

1. PURPOSE

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

2. SCOPE

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

3. POLICY STATEMENT

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

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

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

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

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

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

Accordingly, the Committee shall:

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

The Board shall have an optimum combination of executive, non-executive and independent directors in accordance with requirements of the Article of Association of Nelco, the Companies Act, 2013, Listing 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	1.3
Mr. K.N. Murthy	1.2
Dr. Lakshmi Nadkarni	1.3
Mr. Ajay Kumar Pandey	1.2
Mr. Anand Agarwal	Nil
Executive Director	
Mr. P. J. Nath, Managing Director & CEO	32.3

Note: Remuneration includes sitting fees and Performance Linked Payment (PLP) wherever applicable. The PLP for FY 2020-21 will be paid during FY 2021-22.

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

Name of the Director and Key Managerial Personnel	Percentage increase in remuneration in the financial year
Non-Executive Directors	
Mr. R. R. Bhinge	1.35%
Mr. K, N. Murthy	22.50%
Dr. Lakshmi Nadkarni	24%
Mr. Ajay Kumar Pandey	22%
Mr. Anand Agarwal	Nil
Mr. P. J. Nath, Managing Director & CEO	1.10%
Mr. Uday Banerjee, Chief Financial Officer	1.08%
Mr. Girish V. Kirkinde, Company Secretary & Head – Legal	1.09%

There was no increment given in the year FY21. However, the increase in remuneration has been on account of one-time lump sum payment and payment of leave encashment made to all employees of the Company including KMPs during FY21.

(c) Percentage increase in the median remuneration of employees in the Financial year 2020-21: 4.89%

(d) Number of permanent employees on the rolls of Company as on 31st March 2021: 166.

(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)	0% (on CTC)
Average increase in remuneration of managerial personnel	0% (on CTC)

*No CTC increments in FY20-21

(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	2020-21	P.H. Financial and Investment Consultants Private Limited	15.00	Guarantee given in respect of intercorporate deposit taken by Nelco Network Products Limited (Wholly Owned Subsidiary) from P.H. Financial and Investment Consultants Private Limited.

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

Annexure – 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, 2021 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, 2021 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.

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 ('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
Firm Registration No: P1981MH043700

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
Mumbai| April 28, 2021
ICSI UDIN: F000761C000194999

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

'Annexure A'

To
The Members,
NELCO LIMITED
CIN: L32200MH1940PLC003164

Our Secretarial Audit Report for the Financial Year ended on March 31, 2021 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 are the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
Mumbai| April 28, 2021
ICSI UDIN: F000761C000194999

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 too low to utilize alternate sources of energy at the current juncture.

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

B. Technology Absorption

(i) Efforts made towards Technology Absorption:

The major thrust of technology absorption has been in the areas of VSAT services. The company is technology agnostic and always endeavours to deploy latest technologies available globally. Proof of Concept (POC) is being carried out for new breed of baseband technologies. The Company's wholly owned subsidiary, 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.

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

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

(ii) Benefits derived:

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

(iii) Expenditure incurred on Research and Development

Revenue and recurring expenditure: Nil

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

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

b. Year of Import: NA

c. Has technology been fully absorbed: NA

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

C. Foreign Exchange earnings and outgo (Standalone)

	₹ In Lakhs
Total foreign exchange earned:	38
Total foreign exchange used:	2,472

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC SITUATION

The Indian economy was negatively impacted by the unprecedented Covid-19 pandemic in 2020-21 with infections spreading across the country. The Government took several measures like nationwide and regional lockdowns, restrictions on international travel, quarantine rules and social distancing norms to contain the pandemic. These measures adversely impacted business across most sectors.

As per the National Statistical Office (NSO), real GDP in India is estimated to contract by 7.7 percent in 2020-21, as compared to a growth of 4.2 percent in 2019-20. The economic indicators in recent months point towards a revival of economic activity. The launch of the Covid-19 vaccination programme in the country is expected to further aid economic recovery.

The impact of the pandemic and lockdowns was disproportionately felt across industries. Some sectors like entertainment, hospitality, aviation and tourism came to a standstill. The impact on sectors like financial services and manufacturing had a lag. Social distancing norms and mobility restrictions led to fewer travel and leisure activities. These sectors' revival will not only depend on domestic mobility but also on easing of restrictions across international borders.

Technology and telecom played a very important role in responding to the challenges posed by the pandemic. Sectors such as e-commerce, food delivery and online healthcare & education helped the country to deal with lockdowns and social distancing. After the lockdown restrictions were removed, the economic rebound was fuelled by pent-up demand and the revival of several projects by the Government.

The New Education Policy (NEP) released in 2020 is likely to bring major transformational reforms. It replaced the thirty-four-year-old National Policy on Education (NPE) 1986.

Rising demand for digitalization, automation, virtual communication, remote management applications, reliable internet services and increasing need for cybersecurity across sectors is likely to result in the robust growth of SatCom based digital solutions in remote parts of the country. Various sectors adapted to the new normal and showed resilience through innovative ways during the pandemic. These changes are likely to launch the economy on a sustainable recovery path in the future.

COMPANY STRATEGY AND DIRECTIONS:

BUSINESS STRATEGY:

The focus of the Company is to have sustainable profitable growth in its Satellite Communication (Satcom or VSAT) 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 in India is best suited to provide reliable data connectivity solutions across the country and particularly in its very remote areas and difficult terrains. The size of the industry is currently pegged at ₹ 800 Cr p.a. The SatCom industry in India has been highly regulated so far and there are currently four main VSAT license holders in the country with diverse backgrounds.

The Government has identified the Indian Space industry as an important growth sector and is trying to bring about enabling regulatory changes. A new Spacecom policy is under preparation by Department of Space (DoS). It is strongly believed that the new policy will enhance the private sector's participation in the Space sector, thereby giving a boost to the industry.

The global satellite industry has evolved faster in the last 2 – 3 years than in the previous 25 years, with large investments in innovations and technology advancements. Globally there are major developments taking place in Low Earth Orbit (LEO) satellite technology, which has the potential to revolutionize the SatCom industry by significantly increasing its addressable market. Ecosystem collaborations and newer business models are emerging. India's space sector also has the intent and potential to catch up with the global industry in the coming years. With the right regulatory changes and technology advancements, SatCom will enable penetration of digital services across various sectors in the remotest corners of the country.

The Government permitted use of SatCom for In-flight and Maritime Communication services (IFMC) in India from Dec 2018. IFMC is a high growth opportunity for SatCom services in India, in line with the trend in the rest of the world. IFMC services are global in nature as these cater to international vessels – aircrafts and ships in the Indian region, as well as domestic aircrafts and ships operating in the Indian region as well as when they go to other parts of the world.

The SatCom industry in India has the potential for multi-fold growth in the coming years due to market expansion and the impact of newer satellite technologies like High Throughput Satellites (HTS) and LEO.

Market opportunities:

The Covid-19 pandemic has disrupted economic activity in India. The mid to long term fundamentals however seem to be intact for all the sectors which use SatCom services.

SatCom continues to be best suited to provide data connectivity in remote and rural locations due to its ability of rapid deployment, reliability, consistency, flexibility and scalability of services across all regions and terrains. Some sectors in the country which use SatCom services for providing effective data communication solutions are outlined below.

- **Banks:** They 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 ATMs and for connecting newer branches in remote locations.
- **Oil & Gas exploration:** These activities are likely to remain steady owing to the Government's drive to reduce import of crude oil, further reforms and private sector participation.
- **Government:** 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 and public distribution system especially in rural and remote locations.
- **Education:** With NEP 2020, World Bank and ADB funded projects and a specific focus on digital applications, rural education programs operating on a remote digital model are likely to give a boost to satellite communication in India.
- **Renewable Energy:** Remotely located renewable energy sites and the transmission-distribution network need reliable connectivity for improving operational efficiency and for real-time transmission of power data. SatCom services are used in such areas as well.
- **IFMC Services:** 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. However, both these sectors have been adversely affected due to the pandemic. The Maritime communication segment has suffered a setback of more than a year. Recovery in the Aero IFC sector is likely to be delayed as many airlines have deferred delivery of new aircrafts, apart from the fall in overall air traffic. However, long term growth fundamentals are intact. The Company believes that the IFMC services will eventually give a boost to the growth of the Indian SatCom services sector in the next 4 – 5 years' time.
- **Other sectors:** There is a need for reliable connectivity at remote sites in sectors like eCommerce, logistics, mining and construction. All these sectors will positively impact the SatCom services business in the future.

LEO satellites are likely to be available in India for commercial use in the coming years, which will make many more applications viable due to the availability of large capacity low-latency satellite bandwidth at attractive prices.

Growing new markets and Launching services

Nelco has signed a cooperation agreement with Telesat, one of the major global satellite players launching LEO satellites. The LEO satellites can act as 'fibre-in-the-sky', providing an alternative solution to terrestrial networks. This will enable the Company to serve high bandwidth segments like cellular backhaul, village connectivity, telecom networks etc., particularly in remote locations and difficult terrains. Overall, LEO satellites are a potential disruptor for the industry and once available in India, offer the opportunity for high growth for SatCom services.

The Company has established itself as a leading player in both Aero IFC and Maritime communication services in India. The Company has partnered with multiple global players to enhance its offerings and reach. The Company believes that both these sectors – Aero & Maritime have high growth potential in India, though currently subdued due to the impact of the pandemic. 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 developing newer verticals in the Enterprise market.

Investing in augmenting infrastructure

The Company has been making continuous investment in augmenting its infrastructure for providing reliable and high quality SatCom services. The Company has a technology agnostic approach and adopts the technology best suited for serving its customers' requirements. The Company currently has deployed latest technologies for its multiple satellite gateways in Mahape and Dehradun. The Company is also planning to deploy HTS capacities in the near future, which will help in expanding its market opportunities.

Navigating the pandemic

The Company was faced with overwhelming challenges and had to navigate unchartered waters during the pandemic as the circumstances kept changing. The Company had a significant growth momentum before the pandemic with its leadership position in multiple segments of Enterprise market and having got off the ground in the high-growth IFMC sector. The pandemic temporarily impacted the business of many of its customers, which had a cascading impact on SatCom service revenue. Moreover, the nation-wide lockdown led to further slowing down of business momentum. The immediate priority for the Company was to ensure uninterrupted service to all VSAT installations as well as to ascertain the safety of the people.

The Company had 76,000+ VSATs installed pan India, including in rugged terrains and the remotest corners of the country. More than 45,000 of the installations were ATMs, which were part of essential services and could have a serious impact for their users in case of any disruption. To ensure uninterrupted service for the VSAT installations, the Company fortified the VSAT hub operations and 24x7 Network Operations Centre (NOC). The Company also ensured uninterrupted pan-India field support by reaching customer premises right through the pandemic period.

While the Company focused on serving existing installations, there was a pause in fresh demand due to lockdowns in most sectors. This resulted in subdued revenue growth in FY21. To offset its impact, the Company took up multiple initiatives to reduce the overall operational costs. The Company also managed to reduce borrowing and debt-equity levels by having effective cash flow management and streamlined processes. Further, the Company accelerated its digital journey towards more agile and flexible operations.

PERFORMANCE:

The Company operates in only one reportable segment which is Network Systems consisting of SatCom Services (including equipment sale, maintenance and other allied services). The Company has two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) for delivering SatCom services and Nelco Network Products Ltd. (NNPL) which has commenced its business operations in the last quarter of FY 2020-21 by providing Inflight and Maritime Connectivity services.

The current period of review for the Company is 1st April 2020 to 31st March 2021.

During the period under review, the revenue of the Company on consolidated basis was ₹ 22,612 Lakhs as against ₹ 21,993 Lakhs in the previous year. On a standalone basis the revenue for the business was ₹ 13,355 Lakhs as against ₹ 15,073 Lakhs in the previous year.

The Company has approximately 26% share of the total installed base of VSATs in the industry.

The Company has strengthened its overall position in the market.

While some sectors like ATMs had a quick recovery post lifting of the lockdown restrictions, sectors like Education and Oil & Gas exploration are still on the road to recovery. Some of the segments like Aero and Cruise (Maritime) will take a much longer period to recover to pre-Covid levels. There is however a higher level of digitalization and remote management applications in many of the sectors, which is likely to increase the overall bandwidth offtake.

OUTLOOK

Businesses are more resilient after a year of the pandemic, but they are likely to be tested again as India battles the second wave of Covid-19. As per RBI estimates in the beginning of April 2021, the second wave of Covid is not likely to impact the economy as much as the first one. As per IMF estimates, India is still expected to register reasonable growth in FY22. However, looking at the severity of the second wave, which has impacted India the most and some delays in the vaccination drive, the growth forecast needs to be considered with caution. Many new business models and collaborations are emerging, which provide new opportunities for the SatCom industry. Some of the next-gen technologies are also likely to move into the mainstream.

The fundamentals of most of the end user sectors seem to be intact. The Company believes that the SatCom deployment in ATMs and bank branches will see a spurt in FY22 due to pent-up demand from FY21, as the expansion of banking infrastructure resumes.

Many rural education projects which are in the pipeline, are likely to be rolled out during FY22. The outlook for some of the other enterprise segments like renewable energy and eCommerce looks positive due to an increasing need for reliable pan-India data communication.

The Aviation sector has been severely impacted globally due to the pandemic and recovery will take much more than a year. Maritime communication services are likely to recover faster than the Aviation sector and there should be traction towards the end of FY22. However, newer segments of domestic Maritime sector are likely to take longer to get off the ground.

In-line with the global trend, the availability of HTS in the country is also likely to give a boost to the growth of the SatCom industry by increasing its ability to address newer markets and applications.

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

At Consolidated level	At Standalone level
Increase in Interest coverage ratio to 2.72 times from 2.61 times.	Decrease in Interest coverage ratio to 2.12 times from 2.67 times.
Decrease in debt equity ratio to 1.18 times from 1.84 times	Decrease in debt equity ratio to 1.49 from 2.06 times
Decrease in net profit margin to 5% from 7% mainly due to reduction in profitability as one time rate relief given to customers considering Covid situation. In the previous year there was effect of gain on sale of investment in associate.	Decrease in net profit margin to 5% from 9% mainly due to one-time rate relief given to customers considering Covid situation. In the previous year there was effect of gain on sale of investment in associate.
Decrease in return on net worth to 16% from 22% mainly due to effect of gain on sale of investment in associate in the previous year.	Decrease in return on net worth to 13% from 27% mainly due to effect of gain on sale of investment in associate 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 Indian economy is currently facing the second wave of the Covid-19 pandemic, which has the potential to impact the economic recovery and financial markets. Some of the sectors like Aviation are likely to take longer to return to normalcy, while sectors like Banking and Education are on the road to recovery and growth. 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 a forex exposure, even though the transponder space is provided by Antrix.

- **Volatility of demand and impact of second wave of pandemic**

  The health and vagaries of the end user segments impact the demand for SatCom services. Since the Company has a high dependence on several market segments for its revenue and profitability in the coming year, volatility, downturn, or financial distress due to the second wave of the pandemic may impact the 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 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 and additional cost, impacting profitability in the short term.

- **Threat from alternate technology**: The expansion and spread of terrestrial telecom infrastructure to remote areas to offer MPLS services can shrink the addressable market for SatCom services. In future, 4G and 5G telecom services could also pose a threat if they are offered in remote locations with Enterprise class service levels. This may however not be very pronounced for the next 3 – 4 years considering the current telecom industry dynamics.

Environment Risks

- **Infrastructure**: The Company's infrastructure is vulnerable to interruptions caused by earthquakes, floods, heavy rainfall, catastrophes, power outages, fire and other similar events. Information technology system failures, security breaches or human errors can affect the quality of services and impact customer satisfaction. In addition, any major satellite failure can impact the entire network running on that satellite, till an alternate allocation is made available by the satellite operator.

- **Regulatory Environment**: Since the SatCom sector is regulated by Department of Telecom and Department of Space, any major unfavorable changes in the regulations could impact multiple areas like addressable market, profitability, etc. This also includes the IFMC related regulations. Considering that the satellite capacity has to be bought only through Antrix/NSIL, 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 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 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:

- The Company is continuously evaluating options for improving profitability of various segments as well as unearthing new segments and applications to cushion itself against the impact of market uncertainties.

- Foreign currency exposures are closely monitored by the Company in consultation with its advisors. Net exposures, including those from derivative instruments are kept at acceptable levels and within overall limits approved by the Board, which are subject to regular reviews.

- The Company constantly reviews and implements various security measures at all locations of its operations to counter the security risk.

INTERNAL CONTROL ON FINANCIAL RECORDS

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

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

The focus 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

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

The Statutory Auditors, S.R. Batliboi & Associates LLP have opined in their report included in the Annual Report that the Company has adequate internal controls over financial reporting.

KEY DEVELOPMENTS IN HUMAN RESOURCES

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

As on 31st March 2021, the Company had an employee strength of 166. During the year 7 employees were recruited and 16 employees were separated. On the industrial relations front, the Company maintained cordial relations with its employees during the period.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

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

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

The Company has adopted Governance Guidelines to help fulfil its corporate responsibility towards its stakeholders.

The Governance Guidelines cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, director's term, retirement age and committees of the Board. It also covers aspects relating to nomination, appointment, induction of directors, director's remuneration, subsidiary oversight, Board effectiveness review.

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

2. Board of Directors Composition

As on 31st March 2021, the Company's Board of Directors comprises 6 members, out of whom 1 is Managing Director & Chief Executive Officer and 5 are Non-Executive Directors (NEDs). Out of these 5 NEDs, 3 are Independent Directors. The composition of the Board is in compliance with the requirements of the Companies Act, 2013 (Act) and Regulation 17 of the Listing Regulations. The profile of the Directors can be accessed on the Company's website at https://www.nelco.in/about-us/leadership.php.

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

The names and categories of the Directors on the Board, the number of Directorships and Committee positions heldby them in other companies as on 31st March 2021 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	Non-Executive (Non-Independent)	1	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	Non-Executive (Independent)	6	3	2
Dr. Lakshmi Nadkarni DIN 07076164		-	-	-
Mr. Ajay Kumar Pandey DIN 00065622		1	-	-

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

The Names and category of Directorship in other listed entities as on 31st March 2021:

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

There were no changes in Board composition during FY21 and upto the date of this report.

Term of Board membership

The Nomination and Remuneration Committee (NRC) determines the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. Board members are expected to possess the required qualifications, integrity, expertise and experience for the position. They also possess expertise and insights in sectors/ areas relevant to the Company and have ability to contribute to the Company's growth. As per the 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 46 years of professional experience in strategy, finance, marketing, operations, joint venture planning and profit centre management.
Mr. P.J. Nath	Over 36 years of professional experience in the Enterprise market, sales, product management, customer support and project management.
Mr. Anand Agarwal	Over 24 years of professional experience in treasury, financial accounting, investor relations and business Finance.
Mr. Narasimha Murthy Kummamuri	Over 41 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 29 years of professional experience in human resources, strategy, industrial sociology, governance and Corporate Social Responsibility.
Mr. Ajay Kumar Pandey	Over 36 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.

Nine 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 2nd May 2020, 16th May 2020, 16th July 2020, 31st July 2020, 4th November 2020, 23rd November 2020, 28th January 2021, 2nd March 2021 and 25th March 2021. 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 2020-21	Whether attended last AGM held on 13th August 2020
Mr. R. R. Bhinge Chairman	Non-Executive (Non-Independent)	9	Yes
Mr. P. J. Nath	Managing Director & CEO	9	Yes
Mr. Anand Agarwal	Non-Executive (Non-Independent)	8	Yes
Mr. K. Narasimha Murthy	Non-Executive (Independent)	9	Yes
Dr.Lakshmi Nadkarni		9	Yes
Mr. Ajay Kumar Pandey		9	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 25th March 2021, 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 2nd March 2021. 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 23rd November 2020 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-fy2020-21.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 2021. A certificate by the Managing Director&Chief Executive Officer on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management is reproduced at the end of this Report and marked as **Annexure I**.

4. Committees of the Board

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

There are five Board Committees as on 31st March 2021, 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. Narasimha Murthy, Chairman	Non-Executive (Independent)	6
Mr. R.R.Bhinge	Non-Executive (Non-Independent)	6
Dr. Lakshmi Nadkarni	Non-Executive (Independent)	6
Mr. Ajay Kumar Pandey		6

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

Six Audit Committee Meetings were held during the year under review on 16th May 2020, 16th July 2020, 31st July 2020, 4th November 2020, 28th January 2021 and 25th March 2021. The necessary quorum was present for all the meetings.

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

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

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

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

- Oversight of the Company's Financial Reporting Processes and Financial Statements of the Company and it's material subsidiary.
- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and terms of appointment.
- Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the internal auditor and the fixation of audit fees and terms of appointment.

- Appointment of Cost Auditor.
- Evaluate on a regular basis the adequacy of risk management systems.
- Review with the management, external and internal auditors and outsourced internal audit firms, the quality,adequacy and effectiveness of internal control systems and any significant deficiencies or material weakness in the internal controls.
- Review the effectiveness of the system for monitoring compliance with applicable laws and regulations.
- To review the functioning of the Whistle Blower mechanism.
- To approve all related party transactions in accordance with the Act.
- Subsidiary company oversight.

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

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

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

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

Internal Controls and Risk Management

The Company has robust systems for internal audit and corporate risk assessment and mitigation. The risk-based audit plan 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 ongoing 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. Anand Agarwal, Chairman#	Non-Executive (Non-Independent)	1
Mr. K. Narasimha Murthy#	Non-Executive (Independent)	1
Mr. P. J. Nath	Managing Director & CEO	1

Mr. K. Narasimha Murthy Ceased to be Chairman of the Committee effective from 31st July 2020 but continue as a Member of the Committee. Mr. Anand Agarwal appointed as Chairman of the Committee effective from 31st July 2020.

One SRC meeting was held during the year under review on 31st December 2020. 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 Board has approved the Charter of the Committee defining its composition, powers, responsibilities, etc. The responsibilities of SRC inter alia include review of statutory compliance, resolving the grievances of all security holders of the Company, overseeing and reviewing of all matters related to the transfer of securities and movement in shareholding and ownership of the Company.

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

Sl. No.	Description	Total		
A.	**Letters received from Statutory Bodies**	Received	Replied	Pending
	Securities and Exchange Board of India (SEBI) (SCORES), Stock Exchange, NSDL, CDSL and Ministry of Corporate Affairs	2	2	0
B.	**Letters received from Shareholders**			
	Non Receipt of Annual Report	0	0	0

There were no pending transfers/transmission as on 31st March 2021.

There was 1 case for Demat pending as on 31st March 2021, which was subsequently processed.

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

6. Nominations, HR and Remuneration Committee

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

Name of the Director	Category of Directorship	No. of meetings attended
Dr. Lakshmi Nadkarni, Chairperson	Non-Executive Independent	6
Mr. R.R.Bhinge	Non-Executive Non-Independent	6
Mr. Anand Agarwal		5
Mr. K. Narasimha Murthy	Non-Executive Independent	6
Mr. Ajay Kumar Pandey		6

Six NRC Meetings were held during the year under review on 2nd May 2020, 27th May 2020, 24th August 2020, 25th November 2020, 28th January 2021 and 25th March 2021. The necessary quorum was present for all the meetings.

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

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

Board Evaluation

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

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

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

The details of remuneration and perquisites paid and/or value calculated as per the Income Tax Act, 1961 to the Managing Director and Chief Executive Officer for the financial year 2020-2021 are as under:-

(Amount in ₹)

Salary & Allowances	Perquisites & Benefits	Retirement Benefits	Performance Linked Payment (PLP)	Total
1,69,70,438	5,24,796	7,56,000	1,13,40,000	2,95,91,234

* PLP relates to the financial year ended 31st March 2020, which was approved by the Board on 31st July 2020 paid during FY2020-21.

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

Period of Appointment/Contract	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.

Remuneration to Non-Executive Directors (NEDs)

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 2020-21 are as under-

Name of the Directors	Sitting fees (₹)
Mr. R.R.Bhinge	11,50,000/-
Mr. Anand Agarwal#	Nil
Mr. K. Narasimha Murthy	11,25,000/-
Dr. Lakshmi Nadkarni	12,00,000/-
Mr. Ajay Kumar Pandey	11,00,000/-

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)	2
Dr. Lakshmi Nadkarni, Member	Non-Executive (Independent)	2
Mr. P. J. Nath, Member	Managing Director & CEO	2

Two CSR Meetings were held during the year under review on 24th August 2020 and 25th November 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. P. J. Nath, Mr. Anand Agarwal and Mr. Ajay Kumar Pandey. This Committee reviews the following matters before being presented to the full Board:

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

9. Material Subsidiary Company

As defined under Regulation 16 (1) (c) of Listing Regulations, the Company has one "Material Subsidiary" during the financial year 2020-21 viz. Tatanet Services Ltd. The Audit Committee reviews the financial statements of material subsidiary of the Company. It also reviews the investments made by such subsidiary, the statement of all significant transactions and arrangements entered into by the subsidiary, if any, and the compliances of material subsidiary on a periodic basis. The minutes of board meetings of all the unlisted subsidiary companies are placed before the Board. Composition of the Board of material subsidiary is in accordance with the Regulation 24(1) of the Listing Regulations.

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 2018 (FY 2017-18)	Friday, 20th July 2018 at 3.30 p.m.	Ebony, Hotel Regenza By Tunga, Ground floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703	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
31st March 2020 (FY 2019-20)	Thursday, 13th August 2020 At 3.30 p.m.	Two-way Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") from Company's Registered Office at EL-6, TTC Industrial Area, MIDC Electronics Zone, Mahape, Navi Mumbai - 400 710	Nil

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

b) Postal Ballot

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

(ii) Details of Voting Pattern: Not Applicable

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

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

(v) Procedure for Postal Ballot:

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

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

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/Nelco_Whistle%20Blower%20Vigil%20Mechanism%20Policy%209.11.2020.pdf.

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

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

- The Company posts the quarterly, half yearly and annual financial results on its website www.nelco.in
- 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	14.00	8.25	22.25
Other services	19.00	6.75	25.75
Out-of-pocket expenses	0.43	0.13	0.56
Total	33.43	15.13	48.56

*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 Secretarial 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, Financial Express (English) and Sakal (Marathi) newspapers, submitted to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) as well as uploaded on the Company's website. The Company also issues press releases from time to time which are submitted NSE & BSE and uploaded on Company's website.

ii) **Annual Reports**: The Annual Reports are emailed/posted to Members and others entitled to receive them. The Annual Reports are also available on the Company's website at https://www.nelco.in/investor-relation/financial.php in a user-friendly download able form. The Company also provides live webcast facility of its AGM in co-ordination with NSDL. In line with the MCA Circular dated 5th May 2020 read with circular dated 13th January 2021 and SEBI Circular dated 12th May 2020 read with circular dated 15th January 2021, the Notice of the AGM along with the Annual Report 2020- 21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories.

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

iv) **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 Tuesday, 22nd June 2021 at 4.30 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

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

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

ii) Financial Year: 1st April 2020 to 31st March 2021.

iii) Dividend payment date: on and from 25th June 2021.

iv) Book Closure / Record date: Wednesday, 9th June 2021 to Monday, 14th June 2021 (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

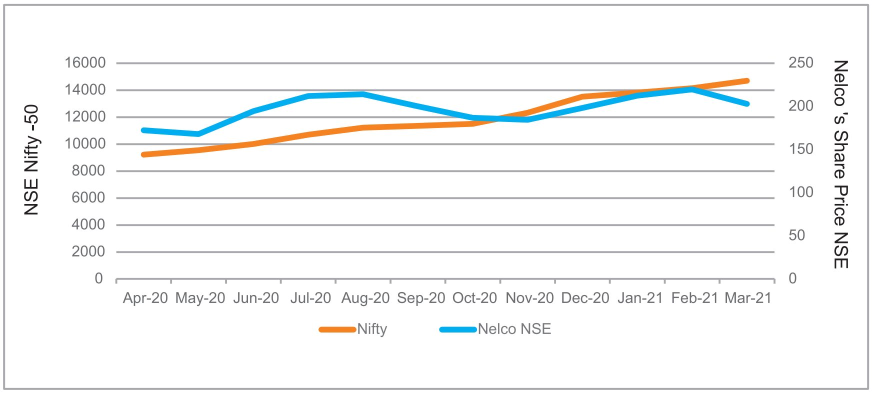
CIN allotted to the Company by the Ministry of Corporate Affairs, Govt. of India is L32200MH1940PLC003164.

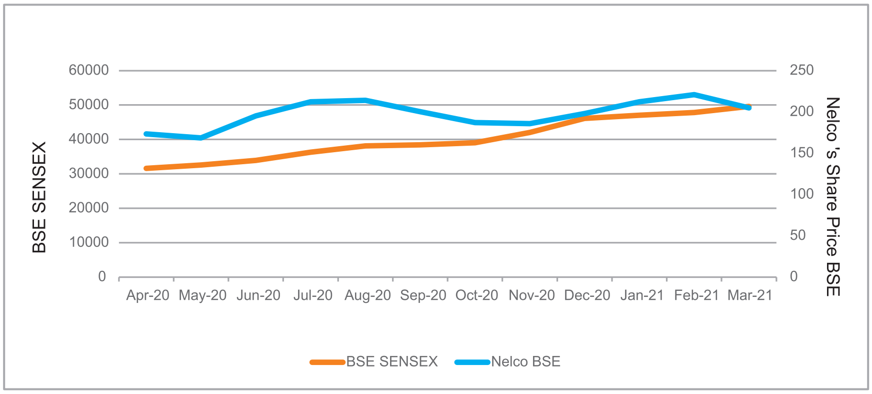
vii) **Market Information**:

a) Market Price Data: High, Low during each month and trading volumes of the Company's Equity Shares during the period 1st April 2020 to 31st March 2021 at the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) are given below:-

Stock Exchange	BSE			NSE		
Month	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April 2020	215	132	12,855	215	130	26,91,001
May 2020	182	155	1,524	182	154	2,91,001
June 2020	215	176	10,279	214	175	18,50,859
July 2020	231	194	21,508	231	193	51,12,371
August 2020	227	201	16,395	227	201	31,58,846
September 2020	217	184	9,731	217	184	22,74,612
October 2020	200	174	7,226	201	173	9,29,930
November 2020	194	177	6,470	194	175	9,09,575
December 2020	216	180	19,527	216	180	35,29,753
January 2021	234	191	26,911	234	191	61,12,554
February 2021	240	202	10,745	239	200	36,79,372
March 2021	228	181	9,197	224	181	28,41,692

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

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

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

Branches of TSRDCL

1. C/o. Mr. D. Nagendra Rao,
"Vaghdevi" 543/A, 7th Main,
3rd Cross, Hanumanth nagar,
Bengaluru - 560019.
Tel: +91-80-26509004
E-mail: tsrdlbang@tcplindia.co.in

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

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

4. Bungalow No. 1, 'E' Road,
Northern Town Bistupur,
Jamshedpur - 831001
Tel: +91-657-2426937
E-mail: tsrdljsr@tcplindia.co.in

5. C/o Link India Intime Private Limited
Amarnath Business Centre-1 (ABC-1)
Beside Gala Business Centre
Nr. St. Xavier's College Corner
Off. C.G. Road, Ellisbridge
Ahmedabad – 380006
Tel: +91-79-26465179
Email : csg-unit@tcplindia.co.in

ix) **Share Transfer System:**

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

x) **Distribution of Shares as on 31st March 2021.**

No. of shares held (Range)	Shareholding	% of total Shareholding	No. of Shareholders	% of total Shareholders
1-5000	67,74,963	29.69	31,136	99.38
5001 to 10000	9,36,263	4.10	125	0.40
10001 to 20000	5,83,942	2.56	42	0.13
20001 to 30000	2,88,012	1.26	12	0.04
30001 to 40000	40,000	0.18	1	0.00
40001 to 50000	90,500	0.40	2	0.01
50001 and above	1,41,04,720	61.81	12	0.04
Total	**2,28,18,400**	**100.00**	**31,330**	**100.00**

xi) **Dematerialization of Shares as on 31st March 2021 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 94.76%of the Company's equity share capital are dematerialized as on 31st March 2021. 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)	1,78,27,302	78.13	14,532	46.38
CDSL (B)	38,48,940	16.87	15,617	49.85
Sub-total (A+B)	**2,16,76,242**	**94.76**	**30,149**	**96.23**
Physical form (C)	11,42,158	5.24	1,181	3.77
Total (A+B+C)	**2,28,18,400**	**100.00**	**31,330**	**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 2021**

Sr. No.	Category	No. of shares	Percentage
1	Tata Companies	1,14,28,940	50.09
2	Financial Institutions/ Banks	11,660	0.05
3	State Government / Government Companies / Central Government / IEPF a/c	3,13,539	1.37
4	Bodies Corporate / Trusts / BC-NBFC	4,85,830	2.13
5	Individuals	90,69,437	39.75
6	FIIs/NRI/Foreign Corporate Bodies/Foreign National-DR	15,08,994	6.61
	Total	**2,28,18,400**	**100.00**

xiv) **Top 10 Shareholders of the Company as on 31st March 2021:**

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	4,91,400	2.15
4	Massachusetts Institute of Technology 2	4,00,000	1.75
5	Af-Taab Investment Company Ltd.	3,18,460	1.40
6	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	2,57,467	1.13
7	Parul Prasoon Bhatt	2,28,600	1.00
8	Roopa Corporate Services Pvt. Ltd.	1.25,523	0.55
9	Tarbir Shahpuri	1,25,000	0.55
10	Reita Gertrude Gomes	80,000	0.35
	Total	**1,39,92,540**	**61.32**

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 CRISIL Ratings has assigned ratings for long term and short-term bank facilities of the Company to CRISIL A Stable and CRISIL A1 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 2020-21. The Secretarial Audit Report is provided as Annexure IV 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 members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov. in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members/ Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

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

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

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 2021.

For NELCO Limited

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

Navi Mumbai, 28th April 2021.

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 2021

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 2021 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 2021 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: 28th April, 2021

Annexure III

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 ("the Company") for the year ended on 31st March, 2021, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

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

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

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

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

S. N. Bhandari
Partner
FCS No: 761; C P No.: 366
Mumbai | April 28, 2021
UDIN: F000761C000195021

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: EI-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 2020 – 31st March 2021
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	13,355	22,612
3.	Total profit after taxes	718	1,236
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	N.A.	0.93%.
5.	List of activities in which expenditure in 4 above has been incurred: As per Schedule VII of the Companies Act, 2013		
	Amount spent by Wholly Owned Subsidiary towards healthcare program related to cancer patients through Tata Education and Development Trust		

Section C: Other Details

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

   Nelco Ltd. has 2 Wholly Owned subsidiaries as on 31st March 2021.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

   Our policies also extend to our subsidiaries and they participate in our BR initiatives wherever applicable in line with our policies.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

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

During our Ethics week 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

<table>
<tr><th>Questions</th><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr>
<tr><td>Do you have policy/policies for....#</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>Has the policy being formulated in Consultation with the relevant stakeholders?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td rowspan="2">Does the policy conform to any national/international standards? If yes, specify?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td colspan="9">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.</td></tr>
<tr><td>Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?</td><td colspan="9">Policies as required by the applicable statutes are approved by the Board/ Committees, and other internal policies are approved by the Managing Director.</td></tr>
</table>

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

Section E: Principle-wise performance

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

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

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

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

Stakeholders Complaint Received	2
Stakeholders Complaint Resolved	2
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 2020-21, there has been no TCoC complaints received.

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

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

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

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

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

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

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

   Some reduction of power consumption has been achieved since last year since more than 50% employees continued working from home resulting in limited use of air-conditioning and corresponding power saving.

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

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

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

   The Company procures about 25% – 30% of the components for the VSAT systems from local sources e.g. the Antenna and Cables. The Company is regularly interacting with 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 166 as on 31st March 2021
2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis	The total number of contract employees were 97 as on 31st March 2021
3. Please indicate the Number of permanent women employees	Total number of permanent women employees were 18 as on 31st March 2021
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 2021
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. Fire Drills and awareness on usage of Fire equipment are regularly conducted in the office. The safety induction programme is also a compulsory requirement for contract workforce before they are inducted into the system. The Company has a structured safety training agenda on an on-going basis to build a culture of safety across its workforce. During the Safety week special awareness sessions are organized to impart knowledge amongst all people including contractual staff and vendors.

   The Company believes in continuous 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. Extensive use of eLearning platform is also promoted with a culture of self-registration for courses & modules other than company assigned trainings.

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, project undertaken to provide VSAT connectivity to vocational training schools run by Tata Power at four locations across the country for under privileged youths was continued in the FY2020-21. Through volunteering programs, our employees were engaged in various projects aligned with NGOs to improve their system or process and enhance NGOs performance to benefit social endeavors. Projects like 'mentoring of disadvantaged youths' to upskill their morale and guidance to career was also taken up.

   Through its subsidiary company, a medical grant of ₹ 11,50,000/- was made to Tata Education and Development Trusts which benefitted 8 cancer patients.

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. The company has also taken up the Leadership Ethics Survey through third party which covered Employees, Contract resources and suppliers. The survey was conducted to gauge awareness, commitment and effectiveness of actions that support Business Ethics.

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

   The Company did not receive any complaint with respect to human rights violation during the year 2020-21.

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

1. Does the policy relate 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 minimizing risk to Health and Safety of Employee & Environment. In the current year, due to pandemic all necessary guidelines as required were followed in the office premises, though maximum employees operated from home.

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

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

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

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

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

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

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 2020-21. However, the Company follows the compliance as per Maharashtra Pollution Control Board (MPCB) for emission / wastage for our DG sets and are compliant.

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

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

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

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

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

   There are no pending or unresolved show cause/legal notices received by the Company from CPCB/SPCB as on end of Financial Year 2020-21.

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 of 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 continues to undertake below projects , however due to pandemic project 2 could not be planned:

   i. Enabling and supporting the CSR activity of other Tata Group companies in the field of education through providing digital connectivity solutions. Continued the maintenance of the installed VSATs in four locations and providing free bandwidth for these institutes which focussed on imparting trainings to underprivileged youths through online modes and for uploading / downloading of curriculum materials.

   ii. 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. However due to pandemic this year this project was stalled, while Company has made soft versions of the study modules for enabling these trainings as eLearning modules for use in future.

   iii. Volunteering initiatives : Various volunteering projects taken up along with NGOs and through Group company enabled the recipients to build their efficiency and for the youths in their career aspirations and self-development.

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

   The programs undertaken in FY2020-21 were in collaboration with Tata Group CSR body and by our own in-house teams.

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

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

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

   The Company is not mandatorily required to spend on CSR activities. However, Company's wholly owned Subsidiary, made a medical grant of ₹ 11,50,000/- for 8 Cancer patients through Tata Education and Development Trusts.

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 skill institutes. It also ensures that if there are any problems, those are sorted out immediately.

   The aforesaid medical grant of Rs. 11,50,000/- has been successfully utilized for 8 Cancer patients.

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 2021, less than 0.1% of the customer complaints/ consumer cases beyond turnaround time were pending.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)

   Yes, the Company follows all applicable local regulations and requirements with respect to product labelling.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

   There are no cases against the Company with regard to unfair trade practices, irresponsible advertising and/or anticompetitive behaviour as on 31st March 2021.

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 2020-21 has substantially improved over that of the previous year.

Standalone Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the audit of the Standalone Ind AS financial statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Nelco Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

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

Emphasis of matter

We draw your attention to the following:

a. Note 29 to the standalone Ind AS financial statements regarding composite scheme of arrangement between the Company, Tatanet Services Limited ("TNSL") and Nelco Network Products Limited ("NNPL") 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 obtained by the Company, 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 results on receipt of all necessary approvals.

b. Note 43 to the standalone Ind AS 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 filed by the Company with the Hon'ble Supreme Court of India against the order passed by the Hon'ble High Court of Bombay disallowing the Company's claim to carry forward these balances on transition to Goods and Services Tax (GST) for future set-off against GST payable

   Our opinion is not modified in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Emphasis of matters' section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition related to multiple element arrangements (as described in notes 1.13 and 2.1(a) of the standalone Ind AS financial statements). The contracts with customers include multiple elements including sale of products and ancillary services like installation, commissioning, annual maintenance etc. and rental income for equipments given on lease. In certain cases, the contracts also involve multiple entities in the Group. The identification of performance obligations under the contracts with customers, allocation of consideration to the performance obligations identified and determination of the timing of revenue recognition in accordance with Ind AS 115 requires exercise of judgement by the 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 included the following:** • We obtained an understanding and evaluated the design and tested the operating effectiveness of key controls over revenue recognition; • We assessed the appropriateness of the accounting policies applied by the Company in line with the applicable accounting standards. • We tested contracts with customers on a sample basis to assess the contractual terms which impacted identification and timing of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of timing of recognition for each of these revenue components; • We performed tests related to non-standard manual journal entries related to revenue
Assessment of contingent liabilities, provision for litigations (as described in Note 1.20 and 2.1(f) to the standalone Ind AS financial statements) As at March 31, 2021, the Company held provisions of ₹ 67 lakhs and disclosed contingent liabilities (to the extent not provided for) of ₹ 795 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 legal opinions from independent tax consultants and legal experts obtained by the management. We considered this to be a key audit matter as the outcome of the litigations/ inquiries is uncertain, including ensuring compliances with the various regulations and the positions taken by the management are based on the application of material judgement, advice from tax consultants and legal experts, and interpretation of law. The ultimate outcome of the litigations/inqury could be different from the conclusion reached by the management and may significantly impact the Company's financial position. The Company's disclosures are included in Note 1.20, 2.1(f) and Note 37 and 40 to the financial statements, which outlines the accounting policy for contingent liabilities and details of pending direct and indirect tax litigation disclosed as contingent liabilities	**Our audit procedures included the following:** • We obtained an understanding and evaluated processes and controls designed and implemented by the management for assessment of litigations; • We obtained the list of taxation and regulatory litigation matters, communications with the regulatory authorities, inspecting the supporting evidence and critically assessing management's evaluation through discussions and inquiries made with the management on both the probability of outcome and the magnitude of potential outflow of economic resources; • Where relevant, we read and relied upon the most recent legal opinion obtained by management from independent tax consultants and external legal experts to assess development in all pending cases against the Company; • We read recent orders received from the tax and regulatory authorities and the Company's responses to such communications and assessed the current status of the litigations against the Company; • We obtained direct confirmations from tax consultants, where considered relevant; • For tax matters, we involved our tax specialists to assess management's application and interpretation of tax legislation affecting the Company, and to consider the quantification of exposures and settlements arising from the disputes with the tax authorities in the various tax jurisdictions.

Other Information

The Company's Board of Directors are responsible for the other information. The other information comprises the Performance Highlights, Corporate Governance Report, Directors' Report, Management Discussion and Analysis Report and Business Responsibility Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Performance Highlights, Corporate Governance Report, Directors' Report, Management Discussion and Analysis Report and Business Responsibility Report is expected to be made available to us after that date of this auditor's report.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 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.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2020, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 16, 2020

Report on Other Legal and Regulatory Requirements

1. 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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019;
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 37 and 40 to the standalone Ind AS financial statements;

ii. The Company did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 21212230AAAABE2779
Place of Signature: Mumbai
Date: April 28, 2021

Annexure 1 referred to in clause 1 of paragraph on the report on 'Other Legal and Regulatory Requirements' of our report of even date

Re: Nelco Limited (the "Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) All property, plant and equipment except for equipment's given on lease, installed at the customer premises were physically verified by the management of the Company in the previous year in accordance with a planned programme of verifying them once in a year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. The existence of equipment on lease lying at customer premises is verified by management on the basis of 'active customer status'.

(c) According to the information and explanations given to us by the management of the Company the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified by the management of the Company during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loans to a company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(b) The Company has granted loans to a firm covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment are regular.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained to us by the management, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) The Company has generally been regular in depositing with appropriate authorities. Undisputed statutory dues including provident fund, employees' state insurance, goods and service tax, income-tax, duty of custom, cess and other material statutory dues are applicable to it. The provisions relating to sales tax, service tax, value added tax and duty of excise are not applicable to the Company.

(b) According to the information and explanations given to us by the management of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income- tax, duty of custom, goods and service tax, cess and other material statutory dues were outstanding, as at March 31, 2021, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (Rs in lacs)	Amount paid under protest / Adjusted against refund (Rs in lacs)	Forum where the dispute is pending
The Central Sales Tax Act, 1958	Sales Tax including Interest	FY 2012-2013	62	15	Joint Commissioner of Sales Tax (Appeals)
The Maharashtra Value Added Tax Act, 2002	Value Added tax	FY 2009-10	65	9	Joint Commissioner of Sales Tax (Appeals)
The Income Tax Act, 1961	Income Tax	FY 2010-11	559	528	Income Tax Appellate Trbunal
The Finance Act, 1994	Service Tax	March 2001 – March 2005	192	-	Central Excise and Service Tax Appellate Tribunal

(viii) In our opinion and according to the information and explanations given to us by the management of the Company, the Company has not defaulted in repayment of dues to financial institutions, banks or government or dues to debenture holders.

(ix) According to the information and explanations given to us by the management of the Company, term loans were applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer or debt instruments.

(x) Based upon the audit procedures performed, for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management of the Company, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management of the Company, we report that during the current year, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 21212230AAAABE2779
Place of Signature: Mumbai
Date: April 28, 2021

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Nelco Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Nelco Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to Standalone Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 21212230AAAABE2779
Place of Signature: Mumbai
Date: April 28, 2021

Standalone Balance Sheet as at March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	**3(a)**	197	214
(b) Right-of-use assets	**3(b)**	24	24
(c) Other intangible assets	**3(a)**	3	5
(d) Financial assets			
(i) Investments	**4**	507	507
(ii) Loans	**5 (a)**	1	1
(e) Deferred tax assets (net)	**28**	247	570
(f) Non-current tax assets (net)	**6**	475	1,398
(g) Other non-current assets	**7 (a)**	612	470
Total non-current assets		**2,066**	**3,189**
Current assets			
(a) Financial assets			
(i) Trade receivables	**8**	2,525	1,543
(ii) Cash and cash equivalents	**9 (a)**	670	561
(iii) Bank balances other than (ii) above	**9 (b)**	35	32
(iv) Loans	**5 (b)**	165	625
(v) Other financial assets	**10**	-	63
(b) Other current assets	**7 (b)**	96	113
Total current assets		**3,491**	**2,937**
Assets classified as held for sale	**18**	**13,168**	**14,747**
TOTAL ASSETS		**18,725**	**20,873**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	**11**	2,282	2,282
(b) Other equity			
Reserve and surplus	**12**	3,317	2,845
Other reserves	**12 (a)**	9	9
Total equity		**5,608**	**5,136**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	**13 (a)**	-	4
(b) Provisions	**14 (a)**	159	178
Total non-current liabilities		**159**	**182**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	**15**	1,726	3,734
(ii) Trade payables	**16**		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		342	194
(iii) Other financial liabilities	**13 (b)**	503	482
(b) Provisions	**14 (b)**	175	218
(c) Other current liabilities	**17**	158	109
Total Current liabilities		**2,904**	**4,737**
Liabilities directly associated with assets classified as held for sale	**18**	**10,054**	**10,818**
Total liabilities		**13,117**	**15,737**
TOTAL EQUITY AND LIABILITIES		**18,725**	**20,873**
Summary of significant accounting policies.	**1**		

The accompanying notes are an integral part of the standalone financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 28, 2021

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 : April 28, 2021

Standalone Statement of Profit and Loss for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Continuing operations			
Revenue from operations	19	3,842	3,833
Other income	20	117	231
Total income		**3,959**	**4,064**
Expenses			
(a) Employee benefits expense	22	1,899	1,748
(b) Finance costs	23	277	508
(c) Depreciation and amortisation expense	24	52	72
(d) Sub contracting expenses	25	129	107
(e) Other expenses	25	1,048	1,092
Total expenses		**3,405**	**3,527**
Profit before exceptional item and tax from continuing operations		**554**	**537**
Exceptional item	21	-	564
Profit before tax from continuing operations		**554**	**1,101**
Tax expense			
- Current tax	26(a)	143	144
- Deferred tax credit	26(a)	(4)	140
Total tax expenses		**139**	**284**
Profit from continuing operations (I)		**415**	**817**
Discontinued operations			
Profit before tax for the year from discontinued operations		330	692
Tax expense			
- Current tax	26(a)	251	141
- Deferred tax credit	26(a)	(224)	-
Total tax expense		**27**	**141**
Profit for the year from discontinued operations (II)		**303**	**551**
Profit for the year (I+II)		**718**	**1,368**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Continuing operations			
- Remeasurement of post employment benefit obligations	27	13	(22)
Discontinued operations			
- Remeasurement of post employment benefit obligations	27	15	(9)
Total other comprehensive income for the year, net of income tax		**28**	**(31)**
Total comprehensive income for the year		**746**	**1,337**
- Continuing operations		428	795
- Discontinuing operations		318	542
Total comprehensive income for the year, net of income tax		**746**	**1,337**
Earnings per share (Face value of ₹ 10/- per share): (Basic and diluted)	39		
Continuing operations		1.82	3.58
Discontinued operations		1.33	2.42
Total operations		3.15	6.00
Summary of significant accounting policies.	1		

The accompanying notes are an integral part of the standalone financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

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

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

Vineet Kedia
Partner
Membership No. 212230

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 28, 2021

Place: Mumbai
Date : April 28, 2021

Standalone Statement of Cash Flows for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from		
Continuing operations	554	1,101
Discontinued operations	330	692
Profit before tax	**884**	**1,793**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	1,485	1,407
Finance costs	792	1,075
Interest income	(140)	(156)
Profit on sale of property, plant & equipment	(28)	(3)
Profit on sale of investment in associate	-	(564)
Unwinding of discount on financial asset measured at amortised cost	(14)	(3)
Impairment allowance (allowance for bad and doubtful debts)	123	16
Amortisation of processing fees	6	8
Unrealised mark to market (gain) / loss on forward contracts	63	(67)
Unrealised foreign exchange (gain) / loss (net)	(126)	153
Operating profit before working capital changes	**3,045**	**3,659**
Movement in working capital		
- (Increase) / decrease in inventories	(86)	(263)
- (Increase) / decrease in trade receivables	29	(1,480)
- (Increase) / decrease in financial assets - current -Loans	-	18
- (Increase) / decrease in financial assets - non-current - Loans	-	(17)
- (Increase) / decrease in other financial assets - current	147	(422)
- (Increase) / decrease in other financial assets - Non Current	(9)	(39)
- (Increase) / decrease in other current assets	57	102
- (Increase) / decrease in other non current assets	(123)	18
- (Decrease) / increase in trade payables	(93)	(43)
- (Decrease) / increase in other financial liabilities - non current	(4)	(3)
- (Decrease) / increase in other liabilities - non current	(3)	(10)
- (Decrease) / increase in provisions - non current	(29)	89
- (Decrease) / increase in other financial liabilities - current	36	80
- (Decrease) / increase in contract liabilities	(122)	(163)
- (Decrease) / increase in other current liabilities	49	(31)
- (Decrease) / increase in provisions - current	(137)	(47)
Cash generated from operations	**2,757**	**1,448**
- Direct taxes paid (net of refunds)	759	(359)
Net cash flow generated from operating activities (A)	**3,516**	**1,089**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment / intangible assets	(370)	(2,781)
Proceeds from sale of property, plant and equipment / intangible assets	37	11
Interest received	140	156
Proceeds from sale of investment in associate	-	677
Bank Balance not considered as cash and cash equivalents- deposits placed	(3)	(1)
Loans given to related parties	(294)	(1,485)
Repayment of loans by related parties	744	1,382
Net cash flow generated from / (used in) investing activities (B)	**254**	**(2,041)**

Standalone Statement of Cash Flows for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	7,807	17,061
Repayment of borrowings	(11,469)	(15,014)
Proceeds from sales and lease back	1,280	-
Payment of principal portion of lease liabilities	(104)	(101)
Payment of interest portion of lease liabilities	(87)	(36)
Finance costs paid	(708)	(1,039)
Dividend paid (including dividend distribution tax)	(272)	(403)
Net cash flow generated from / (used in) financing activities (C)	**(3,553)**	**468**
Net (decrease)/increase in cash & cash equivalents [(A)+(B)+(C)]	**217**	**(484)**
Cash and cash equivalents at the beginning of the year	**(273)**	**211**
Cash and cash equivalents at the end of the year	**(56)**	**(273)**

Reconciliation of cash and cash equivalents as per cash flow statement

Cash and cash equivalents comprise of	As at March 31, 2021	As at March 31, 2020
a) Balance with scheduled banks in current accounts	300	389
b) Cash on hand	1	1
c) Cheques on hand	369	171
d) Bank overdraft	(726)	(834)
Total	**(56)**	**(273)**

Summary of significant accounting policies. 1

The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 28, 2021

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 : April 28, 2021

Standalone Statement of Changes in Equity for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

A. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid.

Particulars	Amount
As at March 31, 2019	**2,282**
Changes in equity share capital	-
As at March 31, 2020	**2,282**
Changes in equity share capital	-
As at March 31, 2021	**2,282**

B. Other Equity

Attributable to equity shareholders

Particulars	Reserves and Surplus		Other Reserves	Total
	General Reserve	Retained Earnings	FVOCI Equity instrument	
As at March 31, 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 (net of tax)	-	(31)	-	(31)
As at March 31, 2020	**250**	**2,595**	**9**	**2,854**
Profit for the year	-	718	-	718
Dividend paid*	-	(274)	-	(274)
Other comprehensive income for the year (net of tax)	-	28	-	28
As at March 31, 2021	**250**	**3,067**	**9**	**3,326**

*For financial year ended March 31, 2020, the Board of Directors had recommended a dividend of 12% (2019: 15%) which was ₹ 1.20/- (2019: ₹ 1.50/-) per equity share of ₹ 10/- each, which was approved by shareholders in the Annual General Meeting of the Company held on August 13, 2020.

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the standalone financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

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

R.R. Bhinge
Chairman
(DIN: 00036557)

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

Vineet Kedia
Partner
Membership No. 212230

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 28, 2021

Place: Mumbai
Date : April 28, 2021

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2021

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 April 28, 2021.

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 as amended from time to time.

b. Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- defined benefit and other long-term employee benefits;
- asset held for sale - measured at fair value less cost to sell

c. Current - non current classifications

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

d. New and amended Standards adopted by the Company

During the year no new accounting standards have been adopted by the Company

During the previous year, 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.

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2021

The Company had to change its accounting policies following the adoption of Ind AS 116. 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.

1.2 Property, plant and equipment

All items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the assets. Subsequent costs are added to existing item's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

a. Capital work-in-progress

Projects under which Property, Plant and equipment which are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses net of accumulated impairment loss, if any.

b. Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate cost, net of their estimated residual value, over their estimated useful lives.

The useful lives and residual values are as prescribed under schedule II to Companies Act, 2013 except for the following type of assets where useful life is considered as per management estimate, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, replacements generally required from the point of view of operational effectiveness.

Type of Assets	Useful Life
Building	30 Years
Plant and machinery (Triple shift)	Radio frequency antenna (RF) – 9 Years Basic electronics – 6 Years
Electrical installation	10 Years
Furniture and fixture	10 Years
Office equipment (VSAT)	Antenna – 10 Years Electronics - 7.50 Years Basic electronics – 6 Years
Office equipment's (Computer hardware)	3 Years
Vehicles	8 Years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other Income / other expenses.

1.3 Intangible 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 Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

a. Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 1.13 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

c. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  i. the Company has transferred substantially all the risks and rewards of the asset, or

  ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – see Note 31
- Investment at fair value through OCI – see Note 4
- Trade receivables and contract assets – see Note 8

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Also, the Company recognises allowances for any expected losses on account of non-recovery from customers on specific cases based on management estimates.

e. Income recognition

Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend

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

B. Financial liabilities

a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

b. Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 15.

c. Derecognition

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

1.6 Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised at cost as per Ind AS 27 "Separate Financial Statements" in these standalone financial statements.

1.7 Cash and cash equivalents

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

1.8 Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.9 Trade and other payables

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

1.10 Offsetting financial instruments

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

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and includes all other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method and is net of provision for obsolescence and other anticipated losses, wherever considered necessary. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.12 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 Company) 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 Company), 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 Company) is recognised at the date of de-recognition.

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

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2021

1.13 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.

1.14 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.

1.15 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.

1.16 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 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.

1.17 Leases

Till March 31, 2019

<u>As a lessee</u>

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

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. Finance leases receivables are recocgnised at the inception of lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments receivable. Each lease payment received is allocated between the finance lease receivable and finance income. The finance income is recognised to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the finance lease receivable for each period.

Lease income from operating leases where the Company is a lessor is recognised on a straight-line basis over the term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in balance sheet based on their nature. The company did not make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

1.18 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 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.

1.19 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.

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2021

1.20 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.

1.21 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 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.

1.22 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.

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2021

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 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.

1.25 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.

2.1 Critical estimates and judgments and key sources of estimation uncertainty

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

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

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

a) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple goods and services to a customer. The Company assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Each revenue component is recognised based on the policy noted in Note no 1.13 above.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered.
- Contract fulfilment costs are expensed as incurred.

b) Estimation of defined benefit obligation

The 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 32)

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 to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 3(a) : Property, plant and equipment, intangible assets and capital work-in-progress - Continuing Operations (refer note 29)

Description	Cost					Accumulated Depreciation / Amortisation					Net Block	
	As at April 1, 2020	Adjust-ment for change in accounting policy	Additions	Disposals	As at March 31,2021	As at April 1, 2020	Adjust-ment for change in accounting policy	Deprecia-tion/ amortisa-tion for the year	Disposals	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
i. Property, plant and equipment												
Leasehold land (finance lease)	-	-	-	-	-	-	-	-	-	-	-	-
	(26)	(26)	-	-	-	(1)	(1)	*	-	-	-	(25)
Building	163	-	-	-	163	67	-	13	-	80	83	96
	(139)	-	(24)	-	(163)	(54)	-	(13)	-	(67)	(96)	(85)
Plant and machinery	277	-	-	-	277	235	-	-	-	235	42	42
	(275)	-	(2)	-	(277)	(222)	-	(13)	-	(235)	(42)	(53)
Electrical installation	95	-	1	2	94	85	-	5	2	88	6	10
	(95)	-	-	-	(95)	(74)	-	(11)	-	(85)	(10)	(21)
Furniture and fixture	44	-	2	-	46	44	-	2	*	46	-	-
	(40)	-	(4)	-	(44)	(40)	-	(4)	-	(44)	-	*
Office equipment										-	-	
i) Owned	103	-	35	3	135	84	-	22	3	103	32	19
	(75)	-	(28)	-	(103)	(64)	-	(20)	-	(84)	(19)	(11)
ii) Given on lease (operating lease)	11	-	-	-	11	11	-	-	-	11	-	-
	(11)	-	-	-	(11)	(11)	-	-	-	(11)	-	-
Vehicles	70	-	-	8	62	23	-	8	3	28	34	47
	(82)	-	-	(12)	(70)	(18)	-	(9)	(4)	(23)	(47)	(64)
Total Property, plant and equipment (i)	**763**	**-**	**38**	**13**	**788**	**549**	**-**	**50**	**8**	**591**	**197**	**214**
	(743)	**(26)**	**(58)**	**(12)**	**(763)**	**(484)**	**(1)**	**(70)**	**(4)**	**(549)**	**(214)**	**(259)**
ii. Other intangible assets												
Testing software	18	-	-	-	18	13	-	2	-	15	3	5
	(14)	-	(4)	-	(18)	(11)	-	(2)	-	(13)	(5)	(3)
Total Other intangible assets (ii)	18	-	-	-	18	13	-	2	-	15	3	5
	(14)	-	(4)	-	(18)	(11)	-	(2)	-	(13)	(5)	(3)
Total Property, plant and equipment and intangible assets (i+ii)	**781**	**-**	**38**	**13**	**806**	**562**	**-**	**52**	**8**	**606**	*200*	*219*
	(757)	**(26)**	**(62)**	**(12)**	**(781)**	**(495)**	**(1)**	**(72)**	**(4)**	**(562)**	**(219)**	**(262)**
iii. Capital work-in-progress (iii)											**-**	**-**
											-	(22)
Grand total (i+ii+iii)											**200**	**219**
											(219)	(284)

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

Note:-
1) Property, plant and equipment pledged as security by the Company (refer note 35).
2) Contractual obligations in respect of capital commitment for acquisition of property, plant and equipment (refer note 42).
3) * figures below rounding off norm adopted by the Company.
4) Depreciation and amortisation expenses relating to assets classified as held for sale [refer note 3(a)(i)].

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 3(a)(i) Assets classified as held for sale - Property, plant and equipment, intangible assets and capital work-in-progress (refer Note 29)

Description	Cost					Accumulated Depreciation / Amortisation					Net Block	
	As at April 1, 2020	Adjust-ment for change in accounting policy	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	Adjust-ment for change in accounting policy	Deprecia-tion/ amortisa-tion for the year	Disposals	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
i. Property, plant and equipment												
Plant and machinery	1,974	-	254	475	1,753	1,065	-	230	92	1,203	550	909
	(1,481)	-	*(493)*	-	*(1,974)*	*(767)*	-	*(298)*	-	*(1,065)*	*(909)*	*(714)*
Electrical installation	16	-	-	-	16	16	-	-	-	16	-	-
	(16)	-	-	-	*(16)*	*(15)*	-	*(1)*	-	*(16)*	-	*(1)*
Furniture and fixture	81	-	-	5	76	77	-	*	2	75	1	4
	(81)	-	-	-	*(81)*	*(76)*	-	*(1)*	-	*(77)*	*(4)*	*(5)*
Office equipment												
i) Owned	233	-	5	-	238	162	-	43	-	205	33	71
	(204)	-	*(29)*	-	*(233)*	*(112)*	-	*(50)*	-	*(162)*	*(71)*	*(92)*
ii) Given on lease (operating lease)	7,832	-	13	1,166	6,679	1,789	-	858	139	2,508	4,171	6,043
	(5,954)	-	*(1,878)*	-	*(7,832)*	*(886)*	-	*(903)*	-	*(1,789)*	*(6,043)*	*(5,068)*
iii) Assets taken on finance lease	-	-	-	-	-	-	-	-	-	-	-	-
	(443)	*(443)*	-	-	-	*(94)*	*(94)*	-	-	-	-	*(349)*
Total property, plant and equipment (i)	**10,136**	**-**	**272**	**1,646**	**8,762**	**3,109**	**-**	**1,131**	**233**	**4,007**	**4,755**	**7,027**
	(8,179)	***(443)***	***(2,400)***	**-**	***(10,136)***	***(1,950)***	***(94)***	***(1,253)***	**-**	***(3,109)***	***(7,027)***	***(6,229)***
ii. Other intangible assets												
Testing software	51	-	-	-	51	39	-	4	-	43	8	12
	(51)	-	-	-	*(51)*	*(35)*	-	*(4)*	-	*(39)*	*(12)*	*(16)*
Total other intangible assets (ii)	**51**	**-**	**-**	**-**	**51**	**39**	**-**	**4**	**-**	**43**	**8**	**12**
	(51)	**-**	**-**	**-**	***(51)***	***(35)***	**-**	***(4)***	**-**	***(39)***	***(12)***	***(16)***
iii. Capital work-in-progress											**44**	**58**
											(58)	***(1,344)***
Grand total (i+ii+iii)											**4,807**	**7,097**
											(7,097)	***(7,589)***

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

Note :-

1) Property, plant and equipment pledged as security by the Company (refer note 35).

2) Capital work in progress mainly comprises of Office Equipment's given on lease pending for installation.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

3(b)(i) The Company as lessee

(i) Asset acquired on finance lease represents Leasehold land. The total lease term is 95 years, remaining lease term is 63 years as on March 31, 2021. 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 6-7 years.

a. Right of use asset

Description	Cost							Amortisation					Net Block	
	As at April 01, 2020	Adjustment for change in accounting policy	Reconition of assets taken on finance lease as right of use assets	Additions	Adjustment on modification of leases during the year	Disposals	As at March 30, 2021	As at April 01, 2020	Reconition of assets taken on finance lease as right of use assets	Amortisation for the year	Disposals	As at March 30, 2021	As at March 30, 2021	As at March 31, 2020
Leasehold premises	113	-	-	34	-	-	147	26	-	53	-	79	68	87
	-	*(132)*	*(26)*	*(7)*	-	*(52)*	*(113)*	-	*(1)*	*(25)*	-	*(26)*	*(87)*	-
Office equipment	*443*	-	-	*1,718*	*30*	-	*2,191*	*147*	-	*245*	-	*392*	*1,799*	*296*
	-	-	*(443)*	-	-	-	*(443)*	-	*(94)*	*(53)*		*(147)*	*(296)*	-
Total	**556**	**-**	**-**	**1,752**	**30**	**-**	**2,338**	**173**	**-**	**298**	**-**	**471**	**1,867**	**383**
	-	***(132)***	***(469)***	***(7)***		***(52)***	***(556)***	**-**	***(95)***	***(78)***	**-**	***(173)***	***(383)***	**-**
Continuing operations	**26**						**37**	**2**				**13**	**24**	**24**
	-						*(26)*	-				*(2)*	*(24)*	-
Assets classified as held for sale (refer note 29)	***530***						***2,301***	***171***				***458***	***1,843***	***359***
	-						***(530)***	**-**				***(171)***	***(359)***	**-**

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

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

3(b) (ii).Lease liability

Description	As at April 1, 2020	During the year					As at March 30, 2021
		Adjustment for change in accounting policy	Additions	Adjustment on modification of leases during the year	Accrued finance cost	Payments	
Leasehold premises	68	-	28	-	8	28	76
	-	(133)	(7)	(54)	(10)	(28)	(68)
Office equipment	219	-	1,588	36	79	163	1,759
	-	(302)	-	-	(26)	(109)	(219)
Total	**287**	**-**	**1,616**	**36**	**87**	**191**	**1,835**
	-	**(435)**	**(7)**	**(54)**	**(36)**	**(137)**	**(287)**
Current	107	-					297
	-	(99)					(107)
Non Current	180	-					1,538
	-	(336)					(180)
Total	**287**	**-**	**-**	**-**	**-**	**-**	**1,835**
	-	**(435)**	**-**		**-**	**-**	**(287)**
Continuing operations	**-**						**-**
Liabilities directly associated with assets classified as held for sale (refer note 29)	**287**						**1,835**

c. Amount recognised in Statement of profit or loss

Amount recognised in Statement of profit or loss	Year ended March 31, 2021			Year ended March 31, 2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Depreciation of right-of-use assets	-	298	298	-	78	78
Interest on lease liabilities	-	87	87	-	36	36
Expenses related to short term leases	-	49	49	-	53	53

d. Amount recognised in statement of cash flows

Amount recognised in statement of cash flows	For the year ended March 31, 2021	For the year ended March 31, 2020
Total cash outflow of leases	(191)	(137)

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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 discontinued operations (refer note 29) aggregate to ₹ 2,743 Lakhs (Previous Year ₹ 2,641 Lakhs)

Non- Cancellable operating lease receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Not Later than 1 year	1,127	1,098
Later than 1 year and not longer than 5 years	2,679	3,414
Later than 5 years	-	288
Total	**3,806**	**4,800**

*Notes related to assets classified as held for sale.

Disaggregation of property, plant and equipment given on operating lease as at March 31, 2021 is as follows:

Class of assets	Operating Lease		
	Gross block	Accumulated Depreciation	Carrying Amount
Office equipment			
Continuing operations	11	11	-
	(11)	(11)	-
assets classified as held for sale	6,679	2,508	4,171
	(7,832)	(1,789)	(6,043)

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

Note 4 : Investments - Non current

Particulars	As at March 31, 2021		As at March 31, 2020	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments (Unquoted, fully paid, at cost)				
Investments in subsidiaries				
Tatanet Services Limited	49,00,000	490	49,00,000	490
Nelco Network Products Limited	50,000	5	50,000	5
Investments in associate				
Nelito Systems Limited (Refer note 1 below)	-		-	-
Investments at fair value through OCI (Unquoted, fully paid)				
Technopolis Knowledge Park Limited [(net of impairment of ₹181 Lakhs (March 2020 : ₹ 181 Lakhs)]	18,10,000	-	18,10,000	-
Zoroastrian co-operative Bank Limited	4,000	12	4,000	12
Total equity instruments		**507**		**507**
Total investments		**507**		**507**
Aggregate value of unquoted investments		**507**		**507**
Aggregate amount of impairment in the value of investments		**(181)**		**(181)**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Notes:-

Company's ownership interest in an associate

1) 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 (refer note 21).

Note 5 (a) : Loans- Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Loans to employees	1	1
Total	**1**	**1**

Break-up of security details

Particulars	As at March 31, 2021	As at March 31, 2020
Loans considered good - Secured	-	-
Loans considered good - Unsecured	1	1
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**1**	**1**
Less : Loss allowance	-	-
Total	**1**	**1**

Note 5 (b) : Loans- current

Particulars	As at March 31, 2021	As at March 31, 2020
(Unsecured considered good, unless otherwise stated)		
Security deposits	16	25
Loans to subsidiary	148	599
Loans to employees	1	1
Total	**165**	**625**

Break-up of security details

Particulars	As at March 31, 2021	As at March 31, 2020
Loans considered good - Secured	-	-
Loans considered good - Unsecured	165	625
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**165**	**625**
Less : Loss allowance	-	-
Total	**165**	**625**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 6 : Non-current tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	1,398	1,324
Add : Tax deducted at source and advance tax	355	790
[Net of provision for tax of ₹ 1,255 lakhs, (2020: ₹ 861 lakhs)]		
Add :- Mat credit utilised during the year	164	-
Less: Income tax refund	(1,048)	(431)
Less: Current tax payable for the year	(394)	(285)
Closing balance	**475**	**1,398**

Note 7 : Other assets

(a) Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with government authorities	31	33
Payment under protest	581	436
Prepaid expenses	-	1
Total	**612**	**470**

(b) Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	36	25
Advance to suppliers	4	1
Balance with government authorities (refer note 42)	56	77
Others	-	10
Total	**96**	**113**

Note 8 : Trade receivables- Current

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables from contract with customers- related parties (refer note 38)	2,525	1543
Less : Impairment allowance (allowance for bad and doubtful debts)	-	-
Total	**2,525**	**1,543**

Break-up of security details

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good – secured		-
Trade receivables considered good – unsecured	2,525	1,543
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
Total	**2,525**	**1,543**
Impairment allowance (allowance for bad and doubtful debts)	-	-
Total	**2,525**	**1,543**

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

2. Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

3. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables.

4. There are no dues by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director is a member.

Note 9 (a) : Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
A. Cash and cash equivalents		
(a) Balances with banks		
In current accounts	300	389
(b) Cheques on hand	369	171
(c) Cash on hand	1	1
Cash and cash equivalents in the balance sheet and statement of cash flows	**670**	**561**

Note 9 (b) : Bank balance other than cash and cash equivalent

Particulars	As at March 31, 2021	As at March 31, 2020
In earmarked accounts		
(a) Unpaid dividend accounts		
Unpaid Matured deposit	7	5
(b) Balances held as margin money against letter of credit and bank guarantees	28	27
Total	**35**	**32**

Note 10 : Other financial assets - Current

Particulars	As at March 31, 2021	As at March 31, 2020
Other receivables	-	63
Total	**-**	**63**

Note 11 : Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised share capital:		
2,50,00,000 (2,50,00,000 as at March 31, 2020) equity shares of ₹10/- each	2,500	2,500
Redeemable preference shares of ₹ 100/- each	2,500	2,500
	5,000	**5,000**
Issued equity share capital:		
2,28,18,400 (2,28,18,400 as at March 31, 2020) 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, 2020) equity shares of ₹ 10/- each	2,282	2,282
Total	**2,282**	**2,282**

Notes:

(i) Movement in equity share capital

There has been no movement in issued, subscribed and paid up share capital of the company, during the last five years.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(ii) Shares held by holding company, the ultimate holding company, their subsidiaries and associates

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited (48.65%) (Holding Company)	1,10,99,630	1,110	1,10,99,630	1,110
Aftaab Investment Company Limited (1.44%) (Subsidiary of Holding Company)	3,28,310	33	3,28,310	33

(iii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

The Board of directors have recommended dividend of ₹ 1.20/- per equity share for the year ended March 31, 2021. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) Details of shareholder holding more than 5% of the shares in the Company as at March 31, 2021 and March 31, 2020:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited	1,10,99,630	48.65%	1,10,99,630	48.65%

As per records of the Company and other declarations received from shareholders, the above shareholding represents both legal and beneficial ownerships of shares.

(v) 939 shares (March 31, 2020 : 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, 2021.

Note 12 : Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
General reserve - Refer (i) below	250	250
Retained earnings - Refer (ii) below	3,067	2,595
Total	**3,317**	**2,845**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(i) General reserve

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	250	250
Addition during the year	-	-
Closing balance	**250**	**250**

(ii) Retained earnings

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	2,595	1,661
Net Profit for the year	718	1,368
Less :- Dividend paid	(274)	(343)
Less :- Dividend distribution tax paid	-	(60)
Other comprehensive income/(loss) (net of tax)	28	(31)
Closing balance	**3,067**	**2,595**

Note 12 (a) : Other Reserve - Reserve for FVOCI Equity instrument

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	9	9
Changes in fair value of FVOCI equity instruments	-	-
Closing balance	**9**	**9**

General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to the statement of profit and loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

Retained earnings

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

Reserve for FVOCI equity instruments

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earning when those assets have been disposed off.

Note on dividend:-

For financial year ended March 31,2021, the Board of Directors 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 to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 13 : Other financial liabilities

(a) Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Liability towards voluntary retirement scheme	-	4
Total	**-**	**4**

(b) Current

Particulars	As at March 31, 2021	As at March 31, 2020
Liability towards voluntary retirement scheme	4	4
Other security deposits	-	34
Employee related payables	492	439
Unclaimed dividend	7	5
Total	**503**	**482**

Note 14 : Provisions

a) Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (refer note 36)	159	178
Total	**159**	**178**

b) Current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Compensated absences (refer note 36)	72	151
Gratuity (refer note 36)	36	28
	108	179
Provision for disputes (refer note 37)	67	39
Total	**175**	**218**

Note 15 : Borrowings- Current

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured		
Bank overdrafts		
(i) Term loans from banks (refer note (ii) below)	1,000	2,300
(ii) Inter corporate deposits (refer note (ii) below)	-	600
	1,000	**2,900**
Secured		
(i) Bank overdraft (refer note (ii) below)	726	834
Total	**1,726**	**3,734**

Notes:

(i) The carrying amount of financial and non-financial assets pledged as security for current borrowings (refer note 35).

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(ii) Repayment schedule is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020	Terms of repayment	Rate of interest (p.a)	Nature of security
Shinhan Bank	1,000	1,500	Payable on demand	3 months MCLR+ 1%	Unsecured
Inter Corporate Deposit	-	600	Payable on demand	9.75%	Unsecured
ICICI Bank Ltd	-	800	Payable on demand	I MCLR 1 year+ 1.3%	Unsecured
South Indian Bank - bank overdraft	726	834	Payable on demand	I MCLR 1 year+ 0.5%	Unsecured
Total	**1,726**	**3,734**			

Loan covenants

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The Company has also satisfied all other debt covenants prescribed in the terms of bank loan.

Net debt reconciliation

Particulars	As at March 31, 2021	As at March 31, 2020
Cash & cash equivalents	670	561
Bank overdraft	(726)	(834)
Current borrowings	(1,000)	(2,900)
Net debts	**(1,056)**	**(3,173)**

Particulars	Other Assets	Liabilities from financial activities			Total
		Lease obligation	Non current borrowings	Current borrowings	
Net debt as at April 1, 2019	**211**	**(434)**	**(4,109)**	**(3,301)**	**(7,633)**
Cash Flow	(484)	112	(12)	(2,036)	(2,420)
Modification of lease term	-	52	-	-	52
Acquistion -leases	-	(7)	-	-	(7)
Interest expenses	(91)	(36)	(478)	(406)	(1,011)
Interest paid	91	25	474	406	996
Net debt as at March 31, 2020	**(273)**	**(288)**	**(4,125)**	**(5,337)**	**(10,023)**
Cash Flow	217	104	1,317	2,345	3,983
Modification of lease term	-	(35)	-	-	(35)
Acquistion -leases	-	(1,616)	-	-	(1,616)
Interest expenses	(67)	(87)	(98)	(513)	(765)
Interest paid	67	87	98	513	765
Net debt as at March 31, 2021	**(56)**	**(1,835)**	**(2,808)**	**(2,992)**	**(7,691)**

Net debt as at March 31, 2021 includes ₹ 6,635 Lakhs (FY 2020 : ₹ 6,850 Lakhs) in respect of liabilities directly associated with assets classified as held for sale.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 16 : Trade payables current

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 45 for details of dues to micro and small enterprises)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	323	171
(iii) Trade payable to related parties (refer note 38)	19	23
Total	**342**	**194**

Note 17 : Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	158	109
Total	**158**	**109**

Note 18 : Assets classified as held for sale and liabilities directly associated with assets classified as held for sale

Particulars	As at March 31, 2021	As at March 31, 2020
Assets (refer note No 29)	13,168	14,747
Liabilities (refer note No 29)	10,054	10,818

Note 19 : Revenue from operations

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations (net)		
Revenue from contracts with customers		
Sale of services	3,842	3,833
Total	**3,842**	**3,833**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue as per contracted price	3,842	3,833
Adjustments for:		
Contract liabilities	-	-
Refund liabilities	-	-
Total	**3,842**	**3,833**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 20 : Other income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Income:		
On bank deposits	2	2
On income tax refund	49	39
On loan to subsidiary	23	50
	74	**91**
Other non-operating income		
Guarantee Commission from subsidiary	13	15
Liabilities/Provisions no longer required, written back	7	-
Rent income	21	62
Others	2	67
	43	**144**
Other gains / (losses)		
Loss on sale of property, plant and equipment (net)	-	(4)
	-	**(4)**
Total	**117**	**231**

Note 21 : Exceptional item

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on sale of investment in associate (refer note 4)	-	564
Total	**-**	**564**

Note 22 : Employee benefits expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	1,728	1,561
Contributions to provident fund (refer note 36)	53	49
Contributions to superannuation and other funds (refer note 36)	10	18
Gratuity (refer note 36)	35	27
Staff welfare expenses	73	93
Total	**1,899**	**1,748**

Note 23 : Finance costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on		
Borrowings	247	449
Bank charges	30	59
Total	**277**	**508**

Note 24 : Depreciation and amortisation expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On property, plant and equipment (refer note 3(a))	50	70
On intangible assets (refer note 3(a))	2	2
Total	**52**	**72**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 25 : Other expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of loose tools	2	4
Power and fuel	150	142
Repairs and maintenance - others	185	202
Insurance	1	-
Rates and taxes	8	9
Travelling and conveyance	27	135
Legal and professional charges	187	155
Consultancy charges	123	155
Auditors remuneration (refer note below)	22	39
Information technology expenses	72	46
Vehicle charges	48	39
Telephone charges	26	27
Directors sitting fees	46	32
Miscellaneous expenses	151	107
Other expenses	**1,048**	**1,092**
Subcontracting expenses	129	107
Total other expenses	**1,177**	**1,199**

Note: Auditors remuneration (excluding Goods and Service Tax)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Payments to the auditors comprises		
Audit fee	14	28
Tax Audit fee	1	1
Other services	7	8
Reimbursement of expenses	-	2
Total	**22**	**39**

Note 26 : Current and deferred tax

26 (a) Statement of profit and loss:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Income tax expense		
Current tax		
Current tax on profits for the year	394	285
Total current tax expense	**394**	**285**
Deferred tax		
Decrease / (Increase) in deferred tax assets	(587)	(25)
(Decrease) / Increase in deferred tax liabilities	359	165
Total deferred tax benefit*	**(228)**	**140**
Income tax expense attributable to :-	**166**	**425**
Continuing operation	139	284
Discontinued operation	27	141

*Deferred tax credit related to continuing operations of ₹ 126 lakhs recognised for the year ended March 31, 2021 includes deferred tax credit of ₹ 94 lakhs pertains to earlier periods. This has been reclassified from continued operations to discontinued operations during the year ended March 31, 2021. With effect from year ended March 31, 2021, deferred tax pertaining to discontinued operations has been recognised under tax expense of discontinued operations.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

26 (b) Reconciliation of tax expense and accounting profit multiplied by India's tax rates:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit from continuing operation before Income tax expenses	554	537
Profit from discontinued operation before Income tax expenses	330	692
Profit on sale of investment taxed at special rate	-	564
Total Profit for the year	**884**	**1,793**
Statutory Tax Rate (%) - Long Term Capital Gain	23.30%	23.30%
Statutory Tax Rate (%)	29.12%	29.12%
Tax at the Indian Statutory Tax Rate	257	489
Deferred tax recognised for the first time		
Impact on account of adoption of Ind AS 116	-	17
Deferred tax recognised for earlier years		
WDV of property, plant and equipment*	(94)	-
Other Items		
Additional Tax Benefit due to indexation benefit for calculation of long term capital gain	-	(66)
Others	3	(15)
Total tax expense	**166**	**425**

*Deferred tax credit related to continuing operations of ₹ 94 lakhs pertains to earlier periods related WDV of property, plant and equipment recognised for the year ended March 31, 2021.

Note 27 : Other Comprehensive Income - Items that will not be reclassified to profit or loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Continued operations		
Remeasurement of post employment benefit obligations (refer note 36)	13	(22)
Discontinued operations		
Remeasurement of post employment benefit obligations (refer note 36)	15	(9)
Total other comprehensive income	**28**	**(31)**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 28 : Income tax

a. Components and movements of deferred tax assets / (liability) (net):

Particulars	As at April 1, 2019	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2020	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2021
	(a)	(b)	(c)	(d=a+b+c)	(e)	(f)	(g=d+e+f)
i. Items of deferred tax liabilities:							
Assets given on finance lease	163	55	-	218	(71)	-	147
Right-of-use assets	-	112	-	112	432	-	544
Amortisation of processing charges on borrowing	6	(2)	-	4	(2)	-	2
Total deferred tax liability (i)	**169**	**165**	**-**	**334**	**359**	**-**	**693**
ii. Items of deferred tax assets:							
Property, plant and equipment and intangible assets	124	125	-	249	124	-	373
Lease liability	-	90		90	450		540
Disallowances under Section 43B of the Income Tax Act, 1961, provision for legal dispute and investment impairment	224	26	-	250	(36)	-	214
Allowance for doubtful trade receivables and deposits	40	(14)	-	26	31	-	57
Allowance u/s 35 DDA and 35DD of Income Tax Act, 1961	47	(9)	-	38	(6)	-	32
Credit of Minimum Alternate Tax u/s 115 JAA of Income Tax Act, 1961	382	-	(192)	190		(164)	26
Unabsorbed long term capital loss	28	(28)	-	-	-	-	-
Others	34	27	-	61	24	-	85
Total deferred tax assets (ii)	**879**	**217**	**(192)**	**904**	**587**	**(164)**	**1,327**
Net deferred tax assets (ii-i)	**710**	**52**	**(192)**	**570**	**228**	**(164)**	**634**
Continuing operations	**710**	**-**	**-**	**570**	**-**	**-**	**247**
Assets classified as held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**387**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 29 : 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, 2021.

The financial parameters in respect of the activities attributable to the business referred to in (i) above are as follows :

b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended March 31, 2021 and the year ended March 31, 2020.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue	9,657	11,322
Expenses*	9,327	10,630
Profit before income tax	**330**	**692**
Income tax expense	27	141
Profit after income tax from discontinued operation	**303**	**551**
Items that will not be reclassified to profit or loss - remeasurement of post employment benefit obligation	15	(9)
Other comprehensive income from discontinued operations	**15**	**(9)**
Net cash inflow from operating activities	2,475	840
Net cash (outflow) from investing activities	(239)	(2,551)
Net cash inflow / (outflow) from financing activities	(1,096)	1,703
Net increase in cash generated from discontinued operation	**1,140**	**(8)**

* Expense includes depreciation on asset held for sale, considering the asset are planned to be transferred to wholly owned Subsidiary, hence, have been continued to be utilised and depreciated.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Assets classified as held for sale		
Property, plant and equipment and intangible assets [refer note 3(a)(i)]	4,763	7,039
Capital work-in-progress [refer note 3(a)(i)]	44	58
Right-of-use assets [refer note 3(b)(i)]	1,843	359
Trade receivables	3,329	4,463
Loans	181	79
Inventories	1,138	1,052
Other financial assets	1,415	1,569
Deferred tax assets (net) [refer note 26(a)]	387	-
Other current and non current assets	68	128
Total assets held for sale	**13,168**	**14,747**
Liabilities directly associated with assets classified as held for sale		
Borrowings	3,506	5,244
Provisions	298	374
Contract liabilities	200	322
Lease Liabilties [refer note 3(b)(ii)]	1,835	287
Other current liabilities	10	10
Other non current liabilities	8	11
Trade payables - current and non current	2,376	2,729
Other financial liabilities	1,821	1,841
Total liabilities of disposal group held for sale	**10,054**	**10,818**

Note 30: Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in the financial statements.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 31 : Fair value of financial assets and financial liabilities

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair value. The following tables presents the carrying value and fair value of each category of financial assets and liabilities.

The Company's assets and liabilities which are measured at amortised cost for which fair values are disclosed:

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments	-	12	-	-	12	-
Trade receivable	-	-	2,525	-	-	1,543
Cash and cash equivalent	-	-	670	-	-	561
Other bank balances	-	-	35	-	-	32
Security deposit	-	-	16	-	-	25
Loans to subsidiaries	-	-	148	-	-	599
Loans to employees	-	-	2	-	-	2
Other financial assets	-	-	-	-	-	63
Total financial assets	**-**	**12**	**3,396**	**-**	**12**	**2,825**
Financial liabilities						
Borrowings	-	-	1,726	-	-	3,734
Trade payables	-	-	342	-	-	194
Other financial liabilities	-	-	503	-	-	486
Total financial liabilities	**-**	**-**	**2,571**	**-**	**-**	**4,414**

(i) Fair value hierarchy

Valuation technique and significant unobservable inputs:

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

Financial assets and liabilities measured at fair value- recurring fair value measurement at March 31, 2021	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**

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**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Other financial liabilities	15 (a) and 15 (b)	-	-	503	**503**
Total financial liabilities		**-**	**-**	**503**	**503**

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**

During the year there have been no transfer between level 1 and level 2.

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(iii) Valuation processes

The finance department of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO, Audit Committee and the finance team at least once every three months, in line with Company's quarterly reporting periods.

(iv) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Other financial liabilities	503	503	486	486
Total financial liabilities	**503**	**503**	**486**	**486**

The carrying amounts of cash and cash equivalent, other bank balances, other financial assets, trade payables are considered to be the same as their fair values, due to their short-term nature.

The Fair value of Loans, Trade Receivables, Borrowings and Other financial liabilities were calculated based on cash flows discounted using a current deposit rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) and (iii) above.

Note 32 :Financial Risk Management

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

"The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, foreign currency risk, liquidity risk and credit risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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.

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.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss within other expenses.

Specific allowance for loss has also been provided by the management based on expected recovery on individual customers.

One customer as at March 31, 2021 and as at March 31, 2020 individually contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was ₹ 2,525 Lakhs and ₹ 1,543 Lakhs as at March 31, 2021 and March 31, 2020 respectively.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

The amount of trade receivable outstanding as at March 31, 2021 and March 31, 2020 is as follows:

Particulars	Not due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2021	948	1,450	127	-	**2,525**
As at March 31, 2020	1,092	339	112	-	**1,543**

During the period, the company made no loss allowance provision on Trade receivable, since trade receivable balance is receivable from Tatanet Services Ltd. (Subsidiary of the Company) which is considered good and recoverable.

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

Loss allowances on March 31, 2019 *	**133**
Changes in loss allowances	(45)
Loss allowances on March 31, 2020 *	**88**
Changes in loss allowances	109
Loss allowances on March 31, 2021 *	**197**

* Loss allowance provision on trade receivable as at March 31, 2021 and March 31, 2020 pertains to discontinued operations.

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

Other than trade receivables and financial assets.

Management believes that the parties from which the receivables are due have strong capacity to meet the obligations and risk of default is negligible or nil and accordingly no significant provision for expected credit loss has been recorded.

Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy.

(B) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due through rolling cash flow forecast. Also, the Company has unutilized credit limits with banks.

(i) Financing arrangements

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

Particulars	As at March 31, 2021	As at March 31, 2020
Floating rate		
Expiring within one year (bank overdraft, term Loans and other facilities)	3,587	1,866
Total	**3,587**	**1,866**

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021
(Amount ₹ in Lakhs, unless otherwise mentioned)

(ii) Maturities of financial liabilities

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

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

Contractual maturities of financial liabilities	Less than 1 year	1 - 2 years	2 year and above	Total
March 31, 2021				
Non - derivative				
Borrowings	1,726	-	-	**1,726**
Trade payables	342	-	-	**342**
Other financial liabilities	503	-	-	**503**
Total Non derivative liabilities	**2,571**	**-**	**-**	**2,571**

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**

(C) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade payables, deposits, investments, trade receivables, other financial assets and derivative financial instruments.

(i) Foreign currency risk

Company is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (INR), primarily with respect to the US Dollar (USD). Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹).

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

During the FY 2021 and FY 2020, continue operations of the Company doesn't have any transactions in foreign currency. Foreign currency exposure of discontinued operations are given below:

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(a) Foreign currency risk exposure:

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

Particulars	Foreign currency	As at March 31,2021		As at March 31,2020	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial Liabilities					
Trade payables	USD	16	1,161	10	746
Borrowing	USD	13	986	-	-
Derivative Liabilities					
Foreign exchange forward contract					
Buy foreign currency	USD	(11)	(822)	(17)	(1,322)
Net Exposure to Foreign Currency Liability	**USD**	**18**	**1,325**	**(7)**	**(576)**
Financial Assets					
Trade receivables	USD	*	(36)	*	(10)
Net Exposure to foreign currency Assets	**USD**	*****	**(36)**	*****	**(10)**

* figures below rounding off norm adopted by the Company.

(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, 2021	As at March 31, 2020
USD sensitivity		
INR/USD - Increase by 5% (March 31, 2020 - 5%)*	(46)	21
INR/USD - Decrease by 5% (March 31, 2020 - 5%)*	**46**	**(21)**
* 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 33 : Capital Management

Risk Management

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 34 : Offsetting financial assets and financial liabilities

There are no financial assets and liabilities which are eligible for offset under any arrangement.

Collateral against borrowings

Current Assets and Fixed Assets of the Company are pledged as security against debt facilities from the lender i.e. land and building, plant and machinery situated at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai . For carrying amount of assets pledged as security refer note 3.

The Company has pledged financial instruments as collateral against a number of its borrowings. Refer to note no. 35 for further information on financial and non-financial collateral pledged as security against borrowings.

Note 35 : Assets pledge as security

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

Particulars	As at March 31, 2021	As at March 31, 2020
Current Assets		
Financial Assets		
First charge		
Inventory	1,138	1,052
Trade receivables- Current	5,854	6,006
Cash & cash equivalents	670	561
Bank balances other than above	35	32
Loans	197	664
Other financial assets	1,190	1,321
Other current assets	155	213
Total current assets pledged as security	**9,239**	**9,849**
Non current assets		
Second charge		
Fixed assets		
(i) Building	82	96
(ii) Plant & machinery	591	982
(iii) Office equipment	4,239	6,103
Total non-current assets pledged as security	**4,912**	**7,181**
Total assets pledged as security	**14,151**	**17,030**

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

b. Long-term employee benefits

i) Defined Contribution Plans

Company's contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in note 22 under the heading "Contributions to superannuation and other funds" are as under:

Sr. No	Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
		Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
a)	Contribution to employees superannuation fund	11	9	15	6
b)	Contribution to employees state insurance scheme	1	*	3	*
	Total	**12**	**9**	**18**	**6**

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, 2021 and March 31, 2020, respectively.

The details of fund and plan asset position are given below:

Particulars	As at March 31, 2021	As at March 31, 2020
Plan assets at period end, at fair value	2,516	2,346
Present value of benefit obligation at period end	2,516	2,346
Asset recognised in Balance Sheet	**-**	**-**

The Plan assets have been primarily invested in government securities.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Government of India (GOI) bond yield	6.86%	6.84%
Remaining term to maturity of portfolio	11 years	11 years
Expected guaranteed interest rate	8.50%	8.65%

The company contributed ₹ 98 Lakhs and ₹ 101 Lakhs during the year ended March 31, 2021 and March 31, 2020 respectively and the same has been recognized in the Statement of Profit and Loss. The amount relating to continuing operations ₹ 45 Lakhs for year ended March 31, 2021 and ₹ 53 Lakhs for year ended March 31, 2020 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)

Gratuity is payable to all eligible employees of the Company as per the provisions of the Payment of Gratuity Act, 1972 or as per the Company's scheme, whichever is higher. The plan is unfunded.

Under the Act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity scheme provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit.

The following table sets out the status of the defined benefit scheme and the amount recognised in the standalone financial statements:

Amount recognised in the statement of profit and loss:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	36	29
Interest cost (Net)	27	24
Total expense recognised in the statement of profit and loss	**63**	**53**

Expenses recognised in statement of Profit and loss includes ₹ 28 Lakhs (FY 2020 : ₹ 20 Lakhs) in respect of discontinued operations.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Amount recognised in Other Comprehensive Income (OCI):

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Due to change in demographic assumptions	-	*
Due to change in financial assumptions	(1)	16
Due to experience	(27)	15
Total remeasurement (gains)/losses recognised in OCI	**(28)**	**31**

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

Total remeasurement (gain)/losses recognised in OCI includes ₹ (15) Lakhs (FY 2020 : ₹ 9 Lakhs) in respect of discontinued operations.

Changes in Defined Benefit Obligation (DBO) during the year

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of DBO at the beginning	389	316
Current service cost	36	29
Interest cost (Net)	27	24
Liabilities transferred In/acquisitions	-	5
Remeasurement (gain)/loss	(28)	31
Benefits paid	(47)	(16)
Present value of DBO at the end	**377**	**389**

Net liability recognised in the Balance Sheet as at March 31, 2021 includes ₹ 182 Lakhs (FY 2020 : ₹ 183 Lakhs) in respect of discontinued operations.

Principal Actuarial assumptions for valuation of gratuity liability:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.86%	6.84%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

This plan typically exposes the Company to actuarial risks such as:

a) **Interest rate risk -** A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk -** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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:

Particulars	Change in assumption	As at March 31, 2021		As at March 31, 2020	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(22)	26	(22)	26
Expected rate of escalation in salary	1%	25	(23)	25	(23)
Rate of employee turnover	1%	(1)	1	*	*

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

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Defined benefit liability and employers contributions

The weighted average duration of the projected benefit obligation is 8 years (2020- 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
1st following year	70	54
2nd following year	23	21
3rd following year	36	71
4th following year	41	35
5th following year	42	47
Sum of years 6 to 10	135	148
Sum of years 11 and above	309	291

iii) Other long-term employee benefits

Compensated absences which are accumulated and not expected to be availed within twelve months after the end of the reporting period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Compensated absences is recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date.

a) An amount of ₹ 52 Lakhs (FY 2020: ₹ 73 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2021 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

c) Expenses recognised in statement of Profit and loss includes ₹ 8 Lakhs (FY 2020 : ₹ 22 Lakhs) in respect of discontinued operations.

d) Net liability recognised in the Balance Sheet as at March 31, 2021 includes ₹ 68 Lakhs (FY 2020 : ₹ 133 Lakhs) in respect of discontinued operations.

Principal actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.86%	6.84%
Expected rate of escalation in salary	7.50%	7.50%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Note 37 : Disclosure as required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets" as at year end are as follows

a) Provision for disputes represents estimates made for probable liabilities arising out of pending assessment proceedings with various Government Authorities. 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:

Particulars	Provision for disputes		Warranties*	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	39	90	58	58
Add: Provision during the year	28	2	-	-
(Less): Utilisation during the year		(26)	-	-
(Less): Reversal during the year		(27)	-	-
Add: Effects of unwinding of discount on provision	-	-	-	-
Closing balance	**67**	**39**	**58**	**58**
Classified as current (refer note 16 (b))	67	39	58	58
Non-current (refer note 16 (a))	-	-	-	-

* Provision for warranties recognised in the balance sheet as at March 31, 2021 of ₹ 58 Lakhs (FY 2020 : ₹ 58 Lakhs) in respect of discontinued operations.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 38 : Related party disclosure

(a) Promoter of holding Company

Tata Sons Private Limited

(b) Parent Company / Holding Company

The company is controlled by the following entity

Name	Type	Place of incorporation	Ownership Interest	
			As at March 31, 2021	As at March 31, 2020
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, 2021	As at March 31, 2020
Tatanet Services Limited	Subsidiary	India	100%	100%
Nelco Network Products Limited	Subsidiary	India	100%	100%

(d) 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)

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 upto w.e.f January 28, 2020)

Dr. Lakshmi Nadkarni (Independent Director upto w.e.f January 28, 2020)

Mr. K. Narasimha Murthy (Independent Director upto w.e.f January 28, 2020)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) Executive directors		
Short-term employee benefits	296	261
Post-employment benefits	8	8
Long-term employee benefits*	-	-
(ii) Non executive and independent director		
Directors sitting fees	46	32
Total compensation	**350**	**301**

*The Company provides long term benefits in the form of gratuity to key managerial person along with all employees, cost of the same in not identifiable separately and hence not disclosed.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(f) Details of transactions between the Company and other related parties are disclosed below:

Sr. no.	Particulars	The Tata Power Company Limited	Tata Sons Private Limited	Tatanet Services Limited	Nelco Network Products Limited
		(Holding Co.)	(Promoter of Holding Co.)	(Subsidiary)	(Subsidiary)
1)	**Purchase :**				
a)	Services	-	20	-	-
		(-)	(23)	(-)	(-)
2)	**Sales :**				
a)	Services	1	-	3,842	-
		(10)	(-)	(3,852)	(-)
b)	Goods	-	-	12	7
		-	(-)	(845)	(-)
3)	**Other income**				
a)	Dividend received	-	-	-	-
		(-)	(-)	(-)	(-)
b)	Interest received	-	-	23	-
		(-)	(-)	(50)	(-)
c)	Guarantee commission	-	-	13	-
		(-)	(-)	(15)	(-)
d)	Rent	-	-	-	-
		(1)	(-)	(-)	(-)
4)	**Other transactions :**				
a)	Guarantees and collaterals given (net)	-	-	-	15
		(-)	(-)	(-)	(-)
b)	Guarantees and collaterals received back (net)	-	-	-	-
		(-)	(-)	(800)	(-)
c)	Loans and advances repayment received during the year (net)	-	-	738	23
		-	-	-	-
d)	Loans and advances given during the year (net)	-	-	293	17
		-	-	(93)	(4)
e)	Reimbursements made to parties	-	-	113	-
		(-)	(-)	(144)	(-)
	Dividend paid	133	-	-	-
		(166)	(-)	(-)	(-)
5)	**Balance outstanding at year end**				
a)	Trade receivables	-	-	2,525	-
		(-)	(-)	(2,540)	(-)
b)	Trade payables	-	19	-	-
		(-)	(23)	(-)	(-)
c)	Loans and advances given	-	-	148	-
		(-)	(-)	(593)	(6)
d)	Guarantees and collaterals	-	-	5,950	15
		(-)	(-)	(5,950)	(-)
e)	Other Payable	-	-	-	-
		-	(-)	(-)	(-)

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

Note:

(i) Figures in brackets pertain to the previous year ended March 31, 2020.
(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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 39 : Earnings per share (EPS)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1. Net profit after tax attributable to equity shareholders (₹ in Lakhs)		
(a) Continuing operations	415	817
(b) Discontinued operations	303	551
(c) Total operations	718	1,368
2. Weighted average number of equity shares	2,28,17,461	2,28,17,461
3. EPS (₹) [Basic and Diluted] (Face value per share ₹ 10)		
(a) Continuing operations (1(a) / 2)	1.82	3.58
(b) Discontinued operations (1(b) / 2)	1.33	2.41
(c) Total operations (1(c) / 2)	3.15	6.00

Note 40 : Contingent liabilities

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
a)	Guarantees issued by the company on behalf of its subsidiary (Tatanet Services Limited)	5,965	5,950
	[(Amount of loan outstanding against this guarantee is ₹ 663 Lakhs (As at March 31, 2020 - ₹ 474 Lakhs)]		
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	236	263
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.

The above figures for contingent liabilities do not include amounts towards certain additional penalties/interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified. Unless otherwise stated below, the management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable, further outflow of resources is not probable in either cases.

The Company does not have any contingent assets at the balance sheet date.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. the Company does not expect any material impact of the same.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 41 : 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 statements are reported as single reportable segment from year ended March 31, 2020.

Note 42 : Capital and other Commitments

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)*	211	40

*Figures includes both for continuing operations and discontinued operations.

Note 43 : As a part of transition to Goods Services Tax (GST) in June 2017, the Company carried forward the Cenvat/ Service tax/Sales tax input credit balance of ₹ 31 Lakhs as on March 31, 2021 for future setoff 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 has filed Special Leave Petition in Hon'ble Supreme Court and which is admitted by Supreme Court. In view of this, no provision has been made in the books of account against the recoverability of these balances.

Note 44 : The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements. The Company continued to provide VSAT related services. However, the deployment of new VSATs was lower than previous year due to slower economic revival across various sectors and restrictions in movement during the financial year. Considering the revival of economic activity, improvement in customer order flow and based on the information available, the management has evaluated and considered the possible impact of the aforesaid situation on the business of the Company, including adjustment to the financial results. Considering the above and Company's current financial position, 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 assets of the company. The Company continues to monitor any material changes to future economic conditions and they may be different from the estimates made as on the date of the financial results.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 45 : There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding as at March 31, 2021. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the company.

Note 46 : The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 47: The audit of standalone financial statements of the Company for the previous year was carried out by a firm of Chartered Accountants other than S.R. Batliboi and Associates LLP.

Note 48: Previous year's figures have been regrouped/reclassified , wherever necessary, to conform to the current year's classification.

Signature to Notes forming part of Standalone Financial Statements "1" to "48"

for S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountant

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 28, 2021

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 : April 28, 2021

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Nelco Limited (hereinafter referred to as ("the Holding Company"), its subsidiaries (which comprise the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

We draw your attention to the following:

a. Note 29 to the consolidated Ind AS financial statements regarding composite scheme of arrangement between the Holding Company, Tatanet Services Limited ("TNSL") and Nelco Network Products Limited ("NNPL") 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 Holding 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 however, updated to reflect the Scheme as effective and TNSL as "amalgamated" with the holding 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 results on receipt of all necessary approvals.

b. Note 48 to the consolidated Ind AS 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 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Emphasis of matters' section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements

Key audit matter	How our audit addressed the key audit matter
Revenue recognition related to multiple element arrangements (as described in notes 1.12 and 2.1(a) of the consolidated Ind AS financial statements). The contracts with customers include multiple elements including sale of products and ancillary services like installation, commissioning, annual maintenance etc. and rental income for equipments given on lease. In certain cases, the contracts also involve multiple entities in the Group. The identification of performance obligations under the contracts with customers, allocation of consideration to the performance obligations identified and determination of the timing of revenue recognition in accordance with Ind AS 115 requires exercise of judgement by the Group's management. We considered this to be a Key Audit Matter in view of the customer contracts being complex and non-standard.	Our audit procedures included the following: • We obtained an understanding and evaluated the design and tested the operating effectiveness of key controls over revenue recognition; • We assessed the appropriateness of the accounting policies applied by the Company in line with the applicable accounting standards. • We tested contracts with customers on a sample basis to assess the contractual terms which impacted identification and timing of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of timing of recognition for each of these revenue components; • We performed tests related to non-standard manual journal entries related to revenue.

Key audit matter	How our audit addressed the key audit matter
Assessment of contingent liabilities, provision for litigations (as described in Note 1.19 and 2.1(f) to the consolidated Ind AS financial statements) As at March 31, 2021, the Company held provisions of ₹ 67 lakhs and disclosed contingent liabilities (to the extent not provided for) of ₹ 4,799 lakhs in respect of certain tax and vendor litigations. The Group faces inquiries from tax authorities and regulatory authorities during tax assessment and legal proceedings, during the normal course of business. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The management's assessment is supported by legal opinions from independent tax consultants and legal experts obtained by the management. We considered this to be a key audit matter as the outcome of the litigations/ inquiries is uncertain, including ensuring compliances with the various regulations and the positions taken by the management are based on the application of material judgement, advice from tax consultants and legal experts, and interpretation of law. The ultimate outcome of the litigations/inquries could be different from the conclusion reached by the management and may significantly impact the Group's financial position. The Group's disclosures are included in Note 1.19, 2.1(f) and Note 36 and 37 to the financial statements, which outlines the accounting policy for contingent liabilities and details of pending direct and indirect tax litigation disclosed as contingent liabilities.	Our audit procedures included the following: • We obtained an understanding and evaluated processes and controls designed and implemented by the management for assessment of litigations; • We obtained the list of taxation and regulatory litigation matters, communications with the regulatory authorities, inspecting the supporting evidence and critically assessing management's evaluation through discussions and inquiries made with the management on both the probability of outcome and the magnitude of potential outflow of economic resources; • Where relevant, we read and relied upon the most recent legal opinion obtained by management from independent tax consultants and external legal experts to assess development in all pending cases against the Company; • We read recent orders received from the tax and regulatory authorities and the Company's responses to such communications and assessed the current status of the litigations against the Company; • We obtained direct confirmations from tax consultants, where considered relevant; • For tax matters, we involved our tax specialists to assess management's application and interpretation of tax legislation affecting the Company, and to consider the quantification of exposures and settlements arising from the disputes with the tax authorities in the various tax jurisdictions.

Other Information

The Holding Company's Board of Directors are responsible for the other information. The other information comprises the Performance Highlights, Corporate Governance Report, Directors' Report, Management Discussion and Analysis Report and Business Responsibility Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Performance Highlights, Corporate Governance Report, Directors' Report, Management Discussion and Analysis Report and Business Responsibility Report is expected to be made available to us after that date of this auditor's report.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of Internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated 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. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 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.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2020, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 16, 2020.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and the other financial information of subsidiaries, as noted in the 'other matter' paragraph 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019;

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India refer to our separate Report in "Annexure 1" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 36 and 37 to the consolidated Ind AS financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 21212230AAAABG2195
Place of Signature: Mumbai
Date: April 28, 2021

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Nelco Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Nelco Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 Companies Act, 2013.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to Consolidated Ind AS Financial Statements

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

Opinion

In our opinion, the Group, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 21212230AAAABG2195
Place of Signature: Mumbai
Date: April 28, 2021

Consolidated Balance Sheet as at March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4(a)	8,317	10,580
(b) Capital work-in-progress	4(a)	406	339
(c) Right-of-use assets	4(b)	2,264	902
(d) Other intangible assets	4(a)	178	195
(e) Financial assets			
(i) Investments	5	16	16
(ii) Loans	7 (a)	268	115
(iii) Other financial assets	8 (a)	242	328
(f) Deferred tax assets (net)	38	737	656
(g) Non-current tax assets (net)	9	1,535	2,588
(h) Other non-current assets	10 (a)	721	597
Total non current assets		**14,684**	**16,316**
Current assets			
(a) Inventories	11	1,138	1,052
(b) Financial assets			
(i) Trade receivables	6	5,814	7,026
(ii) Cash and cash equivalents	12	916	1,311
(iii) Bank balances other than (ii) above	13	35	32
(iv) Loans	7 (b)	60	67
(v) Other financial assets	8 (b)	1,625	1,704
(c) Other current assets	10 (b)	347	499
Total current assets		**9,935**	**11,691**
TOTAL ASSETS		**24,619**	**28,007**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	2,282	2,282
(b) Other equity			
Reserves and surplus	16	5,284	4,295
Other reserves	16 (a)	12	12
Total equity		**7,578**	**6,589**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17 (a)	1,514	2,948
(ii) Trade payables	21		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		167	-
(iii) Lease liabilities	4(b)	1,864	626
(iv) Other financial liabilities	18 (a)	-	4
(b) Provisions	19 (a)	307	336
(c) Other non-current liabilities	20(a)	8	11
Total non-current liabilities		**3,860**	**3,925**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17 (b)	3,733	6,853
(ii) Trade payables	21		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		3,493	3,772
(iii) Lease liabilities	4(b)	416	212
(iv) Other financial liabilities	18 (b)	2,870	2,694
(b) Provisions	19 (b)	325	434
(c) Contract liabilities	14	2,049	2,990
(d) Other current liabilities	20(b)	295	538
Total current liabilities		**13,181**	**17,493**
Total liabilities		**17,041**	**21,418**
TOTAL EQUITY AND LIABILITIES		**24,619**	**28,007**
Summary of significant accounting policies.	1		

The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 28, 2021

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 : April 28, 2021

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	22	22,612	21,993
Other income	23(a)	284	249
Total Income		**22,896**	**22,242**
Expenses			
(a) Purchases of stock-in-trade		2,889	3,374
(b) (Increase) / decrease in inventories of stock-in-trade	24	(86)	(263)
(c) Employee benefits expense	25	3,411	3,361
(e) Finance costs	26	953	1,313
(f) Depreciation and amortisation expense	27	2,230	2,002
(g) Transponder charges	28	5,493	4,241
(h) Other expenses	28	6,418	6,303
Total expenses		**21,308**	**20,331**
Profit before exceptional items		**1,588**	**1,911**
Exceptional item	23(b)	-	115
Profit before tax		**1,588**	**2,026**
Tax expense			
- Current tax			
Current tax on profits for the year	38	595	499
Adjustment of current tax for prior year	38	2	-
- Deferred tax credit	38	(245)	89
Total tax expense		**352**	**588**
Net profit for the year		**1,236**	**1,438**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
-Remeasurement of post employment benefit obligations		28	(31)
Total other comprehensive income		**28**	**(31)**
Total comprehensive income for the year		**1,264**	**1,407**
Earnings per share (Face value of ₹ 10/- per share) (Basic and diluted)	35	5.42	6.30
Summary of significant accounting policies.	**1**		

The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

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

R.R. Bhinge
Chairman
(DIN: 00036557)

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

Vineet Kedia
Partner
Membership No. 212230

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 28, 2021

Place: Mumbai
Date : April 28, 2021

Consolidated Statement of Cash Flow for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**1,588**	**2,026**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	2,230	2,002
Finance Costs	953	1,323
Unrealised mark to market (gain) / loss on forward contracts	(133)	163
Unrealised foreign exchange (gain) / loss (net)	71	(75)
Impairment allowance (allowance for bad and doubtful debts)	189	(4)
Gain on disposal of property, plant and equipment (net)	(28)	(3)
Profit on sale of investment in associate	-	(115)
Unwinding of discount on financial asset measured at amortised cost	(14)	(3)
Interest Income classified as investing cash flow	(4)	(3)
Interest income	(133)	(104)
Amortisation of processing fees	6	8
Operating Profit Before Working Capital Changes	**4,725**	**5,215**
Movement in working capital		
- (Increase) / Decrease in trade receivables	1,023	(1,016)
- (Increase) / Decrease in other current assets	152	(89)
- (Increase) / Decrease in other non current assets	(110)	12
- (Increase) / Decrease in financial assets - non current - loans	(153)	(17)
- (Increase) / Decrease in inventories	(86)	(263)
- (Increase) / Decrease in other financial assets - current	48	(547)
- (Increase) / Decrease in other financial assets -non current	86	(43)
- (Increase) / Decrease in financial assets - current - loans	-	(5)
- (Increase) / Decrease in other bank balances	(3)	(3)
- (Decrease) / Increase in trade payables	7	(18)
- (Decrease) / Increase in other financial liabilities - non current	(4)	(3)
- (Decrease) / Increase in other liabilities - non current	(3)	(10)
- (Decrease) / Increase in provisions - non current	(29)	89
- (Decrease) / Increase in other financial liabilities - current	66	83
- (Decrease) / Increase in current contract liabilities	(941)	638
- (Decrease) / Increase in other current liabilities	(243)	287
- (Decrease) / Increase in provisions - current	(109)	(47)
Cash generated from operations	**4,426**	**4,263**
- Direct taxes paid (net of refunds)	970	(946)
Net cash flow generated from operating activities (A)	**5,396**	**3,317**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment / intangible assets	(930)	(4,800)
Proceeds from sale of property, plant and equipment / intangible assets	37	11
Interest received	137	107
Proceeds from sale of investment in Associate Company	-	677
Bank Balance not considered as cash and cash equivalents- deposits placed	-	(1)
Net cash (used in) investing activities (B)	**(756)**	**(4,006)**

Consolidated Statement of Cash Flow for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings		
- Receipts	7,816	17,521
- Payments	(12,377)	(15,204)
Proceeds from sales and lease back	1,294	-
Payment of principal portion of lease liabilities	(223)	(192)
Payment of interest portion of lease liabilities	(133)	(91)
Finance costs paid	(808)	(1,184)
Dividend Paid (including divided distribution tax)	(272)	(403)
Net cash flows (used in) /generated from financing activities (C)	**(4,703)**	**447**
Net (Decrease) / increase in Cash & Cash Equivalents [(A)+(B)+(C)]	**(63)**	**(241)**
Cash and cash equivalents at the beginning of the year	253	494
Cash and cash equivalents at the end of the year	**190**	**253**

Cash and cash equivalents comprise of	As at March 31, 2021	As at March 31, 2020
a) Balance with scheduled banks in current accounts	506	1,069
b) Cash on Hand	1	1
c) Cheques on Hand	409	241
d) Bank Overdraft	(726)	(1,058)
Total	**190**	**253**

Summary of significant accounting policies. 1

The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

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

R.R. Bhinge
Chairman
(DIN: 00036557)

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

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 28, 2021

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 28, 2021

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

A. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid.

Particulars	Amount
As at March 31, 2019	**2,282**
Changes in equity share capital	-
As at March 31, 2020	**2,282**
Changes in equity share capital	-
As at March 31, 2021	**2,282**

B. Other equity

Particulars	Reserves and surplus		Other reserves	Total
	General reserve	Retained earnings	FVOCI Equity Instruments	
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 (net of tax)	-	(31)	-	(31)
As at March 31, 2020	**250**	**4,045**	**12**	**4,307**
Profit for the year	-	1,236	-	1,236
Dividend paid*	-	(274)	-	(274)
Other comprehensive income for the year (net of tax)	-	28	-	28
As at March 31, 2021	**250**	**5,034**	**12**	**5,296**

*For financial year ended March 31, 2020, the Board of Directors had recommended a dividend of 12% (2019: 15%) which was ₹ 1.20/- (2019: ₹ 1.50/-) per equity share of ₹ 10/- each, which was approved by shareholders in the Annual General Meeting of the Company held on August 13, 2020.

Summary of significant accounting policies. 1

The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors
Nelco Limited
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Partner
Membership No. 212230

Place: Mumbai
Date : April 28, 2021

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 28, 2021

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 April 28, 2021.

1. Summary of significant accounting policies

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

1.1 Basis of preparation

a. Compliance with Ind AS

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

b. Historical Cost Convention

The Consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- defined benefit and other long-term employee benefits;
- asset held for sale - measured at fair value less cost to sell.

c. Current -non current classification

All assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

d. New and amended Standards adopted by the Group.

During the year no new accounting standards have been adopted by the Group.

During the previous year, 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. 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 net of accumulated impairment loss, if any.

b. Depreciation methods estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate cost, net of their estimated residual value, over their estimated useful lives.

The useful lives and residual values are as prescribed under schedule II to Companies Act, 2013 except for the following type of assets where useful life is considered as per management estimate, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, replacements generally required from the point of view of operational effectiveness.

Type of Assets	Useful Life
Building	30 Years
Plant and machinery (Triple shift)	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
Electrical installation	10 Years
Furniture and fixture	10 Years
Office equipment (VSAT)	Antenna – 10 Years Electronics - 7.50 Years Basic electronics – 6 Years
Office equipment's (Computer hardware)	3 Years
Vehicles	8 Years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other Income / other Expenses.

1.3 Intangible Asset

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortisation and accumulated impairment, if any. The Group amortises intangible assets using straight line method over the following periods.

License Fees – VSAT : Over the license period of 20 years
License Fees – ISP : Over the license period of 15 years
Testing software : 5 years

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2021

1.4 Impairment of non-financial Assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.5 Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

a. Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 1.12 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

c. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - i. the group has transferred substantially all the risks and rewards of the asset, or
  - ii. the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

d. Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – see Note 30
- Investment at fair value through OCI – see Note 5
- Trade receivables and contract assets – see Note 6

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Also, the Group recognises allowances for any expected losses on account of non-recovery from customers on specific cases based on management estimates.

e. Income recognition

Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend

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

B. Financial liabilities

a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

b. Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 17.

c. Derecognition

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

1.6 Cash and cash equivalents

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

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2021

1.7 Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.8 Trade and other payables

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

1.9 Offsetting financial instruments

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

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and includes all other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method and is net of provision for obsolescence and other anticipated losses, wherever considered necessary. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.11 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.

1.12 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.

1.13 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.

1.14 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

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2021

Profit and Loss and the resulting exchange gains or losses are included in the Statement of Profit and Loss. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

1.15 Current and deferred tax

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

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

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.

1.16 Leases

Till March 31, 2019

<u>As a lessee</u>

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

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. Finance leases receivables are recocgnised at the inception of lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments receivable. Each lease payment received is allocated between the finance lease receivable and finance income. The finance income is recognised to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the finance lease receivable for each period.

Lease income from operating leases where the group is a lessor is recognised on a straight-line basis over the term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in balance sheet based on their nature. The group did not make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

1.17 Borrowing

Borrowing are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is breach of a material provision of a long-term loan agreement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

1.19 Provisions and contingent liabilities

a. Provisions

Provisions are recognised when the 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.

1.20 Employee benefits

a. Short-term obligations

Liabilities for salaries and wages, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Other long-term employee benefit obligations

The 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.

1.21 Segment reporting

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

The group has identified following 1 reportable segment, 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).

1.22 Contributed equity

Equity shares are classified as equity.

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

1.23 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

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 1.12 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 36 and 37)

g) Leases

The group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Assessing whether a contract contains a lease requires significant 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.

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 4(a) : Property, plant and equipment, intangible assets and capital work-in-progress

Description	Cost					Accumulated depreciation / amortisation					Net block	
	As at April 01, 2020	Adjustment for change in accounting policy	Additions	Disposals	As at March 31, 2021	As at April 01, 2020	Adjustment for change in accounting policy	Depreciation / amortisation for the year	Disposals	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
i. Property, plant and equipment												
Leasehold land (Finance lease)	-	-	-	-	-	-	-	-	-	-	-	-
	(26)	*(26)*	-	-	-	*(1)*	*(1)*	-	-	-	-	*(25)*
Building	163	-	-	-	163	67	-	14	-	81	82	96
	(139)	-	*(24)*	-	*(163)*	*(54)*	-	*(13)*	-	*(67)*	*(96)*	*(85)*
Plant and machinery	7,374	-	826	514	7,686	3,134	-	777	130	3,781	3,905	4,240
	(5,120)	-	*(2,254)*	-	*(7,374)*	*(2,410)*	-	*(724)*	-	*(3,134)*	*(4,240)*	*(2,710)*
Electrical installation	111	-	1	2	110	101	-	5	1	105	5	10
	(111)	-	-	-	*(111)*	*(89)*	-	*(12)*	-	*(101)*	*(10)*	*(22)*
Furniture and fixture	125	-	1	5	121	125	-	2	3	124	(3)	-
	(121)	-	*(4)*	-	*(125)*	*(121)*	-	*(4)*	-	*(125)*	-	-
Office equipment												
(i) Own	405	-	46	4	447	260	-	67	3	324	123	145
	(357)	-	*(48)*	-	*(405)*	*(183)*	-	*(77)*	-	*(260)*	*(145)*	*(174)*
(ii) Given on lease (operating lease)	7,843	-	12	1,166	6,689	1,800	-	857	139	2,518	4,171	6,043
	(5,956)	-	*(1,887)*	-	*(7,843)*	*(899)*	-	*(901)*	-	*(1,800)*	*(6,043)*	*(5,057)*
(iii) Assets taken on finance lease	-	-	-	-	-	-	-	-	-	-	-	-
	(443)	(443)	-	-	-	(94)	(94)	-	-	-	-	(349)
Vehicles	70	-	-	8	62	23	-	8	3	28	34	47
	(82)	-	-	*(12)*	*(70)*	*(18)*	-	*(9)*	*(4)*	*(23)*	*(47)*	*(64)*
Total - Property, plant and equipment (i)	**16,091**	**-**	**886**	**1,699**	**15,278**	**5,510**	**-**	**1,730**	**279**	**6,961**	**8,317**	**10,580**
	(12,355)	*(469)*	*(4,217)*	*(12)*	*(16,091)*	*(3,869)*	*(95)*	*(1,740)*	*(4)*	*(5,510)*	*(10,580)*	*(8,486)*
ii. Intangible assets												
License fees	23	-	-	-	23	15	-	3	-	18	5	8
	(23)	-	-	-	*(23)*	*(12)*	-	*(3)*	-	*(15)*	*(8)*	*(11)*
Testing software	403	-	63	-	466	216	-	77	-	293	173	187
	(328)	-	(75)	-	(403)	(157)	-	(59)	-	(216)	(187)	(171)
Total- Other intangible assets (ii)	**426**	**-**	**63**	**-**	**489**	**231**	**-**	**80**	**-**	**311**	**178**	**195**
	(351)	-	*(75)*	-	*(426)*	*(169)*	-	*(62)*	-	*(231)*	*(195)*	*(182)*
Total-Property, plant and equipment & Other intangible assets (i+ii)	**16,517**	**-**	**949**	**1,699**	**15,767**	**5,741**	**-**	**1,810**	**279**	**7,272**	**8,495**	**10,775**
	(12,706)	*(469)*	*(4,292)*	*(12)*	*(16,517)*	*(4,038)*	*(95)*	*(1,802)*	*(4)*	*(5,741)*	*(10,775)*	*(8,668)*
iii. Capital work-in-progress											**406**	**339**
											(339)	*(468)*
Grand total (i+ii+iii)											**8,901**	**11,114**
											(11,114)	*(9,136)*

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

Notes:-

1) Property, plant and equipment pledged as security by the group (refer note 34).
2) Contractual obligations in respect of capital commitment for acquisition of property, plant and equipment (refer note 40).
3) Capital work in progress mainly comprises components related to plant and machinery.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 4(b) : Right-of-use assets and lease liabilities

4(b)(I) Group as lessee

Asset acquired on finance lease represents Leasehold land. The total lease term is 95 years, remaining lease term is 63 years as on March 31, 2021. The Group does not have an option to purchase the land at the end of the lease term. Also Group has taken on lease various offices for its branches where lease term ranges from 1 year to 8 years.

- The Group has taken on premises on lease along with certain equipmets for term of five years. The group is restricted from assigning and subleasing the leased assets.

- Group has taken Office equipment (VSAT) on lease with lease term of 6-7 years.

i. Right of use assets

Description	Cost								Amortisation				Net Block	
	As at April 01, 2020	Adjustment for change in accounting policy	Recognition of assets taken on finance lease as right of use assets	Additions	Adjustment on modification of leases during the year	Disposals	As at March 31, 2021	As at April 01, 2020	Recognition of assets taken on finance lease as right of use assets	Amortisation for the year	Disposals	As at March 31, 2021	As at March 31 2021	As at March 31, 2020
Leasehold premises and equipments	754	-	30	-	-	-	784	148	-	175	-	323	461	606
	-	*(716)*	*(26)*	*(64)*	-	*(52)*	*(754)*	-	*(1)*	*(147)*	-	*(148)*	*(606)*	-
Office equipment	*443*	-	*1,722*	-	*30*	-	*2,195*	*147*	-	*245*	-	*392*	*1,803*	*296*
	-	-	*(443)*	-	-	-	*(443)*	-	*(94)*	*(53)*		*(147)*	*(296)*	-
Total	**1,197**	**-**	**1,752**	**-**	**30**	**-**	**2,979**	**295**	**-**	**420**	**-**	**715**	**2,264**	**902**
	-	***(716)***	***(469)***	***(64)***		***(52)***	***(1,197)***	**-**	***(95)***	***(200)***	**-**	***(295)***	***(902)***	**-**

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 4(b): Right-of-use assets and lease liabilities

ii. Lease liability

Description	As at April 1, 2020	During the year					As at March 31, 2021
		Adjustment for change in accounting policy	Additions	Adjustment on modification of leases during the year	Accrued finance cost	Payments	
Leasehold premises and equipments	619	-	28	-	54	180	521
	-	(716)	(64)	(52)	(65)	(174)	(619)
Office equipment	219	-	1,601	36	79	176	1,759
	-	(302)	-	-	(26)	(109)	(219)
Total	**838**	**-**	**1,629**	**36**	**133**	**356**	**2,280**
	-	**(1,018)**	**(64)**	**(52)**	**(91)**	**(283)**	**(838)**
Current	212	-					416
	-	(200)					(212)
Non Current	626	-					1,864
	-	(818)					(626)
Total	**838**	**-**	**-**	**-**	**-**	**-**	**2,280**
	-	**(1,018)**	**-**		**-**	**-**	**(838)**

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

iii. Amount recognised in Statement of profit or loss

Amount recognised in statement of cash flows	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of Right-of-use assets	420	200
Interest on lease liabilities	133	81
Expenses related to short term leases	61	60

iv. Amount recognised in statement of cash flows

Amount recognised in statement of cash flows	Year ended March 31, 2021	Year ended March 31, 2020
Total cash outflow of leases	(356)	(283)

4(b)(II) Group as lessor

a. Operating Lease

The Group as lessor

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

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

(3) No refundable deposits are taken and the lease rentals recognised in the consolidated statement of Profit and Loss for the year included under sale of services under revenue from Operations (refer note 22) aggregate to ₹ 2,743 Lakhs (2020: ₹ 2,641 Lakhs).

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Non- Cancellable operating lease receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Not Later than 1 year	1,127	1,098
Later than 1 year and not longer than 5 years	2,679	3,414
Later than 5 years	-	288
Total	**3,806**	**4,800**

Disaggregation of property, plant and equipment given on operating lease as at March 31, 2021 is as follows:

Class of assets	Operating Lease		
	Gross block	Accumulated Depreciation	Carrying Amount
Office equipment	6,689	2,518	4,171
	(7,843)	(1,800)	(6,043)
Total	6,689	2,518	4,171
	(7,843)	(1,800)	(6,043)

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

Note 5 : Investments - Non current

Particulars	As at March 31, 2021		As at March 31, 2020	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments (Unquoted, fully paid, at cost)				
Investments in associate				
Nelito Systems Limited (refer note 1 below)	-	-	-	-
Investments at fair value through OCI (Unquoted, fully paid)				
Technopolis Knowledge Park Limited [(net of impairment of ₹ 181 Lakhs (March 2020 : ₹ 181 Lakhs)]	18,10,000	-	18,10,000	-
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) 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 [refer note 23(b)].

Note 6 : Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables from contract with customers	6,156	7,168
Trade receivables from contract with customers- related parties (refer note 44)	1	12
Less : Impairment allowance (allowance for bad and doubtful debts)	(343)	(154)
Total	**5,814**	**7,026**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Break-up of security Details

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good – secured	-	-
Trade receivables considered good – unsecured	6,157	7,180
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
Total	**6,157**	**7,180**
Impairment allowance (allowance for bad and doubtful debts)	(343)	(154)
Total	**5,814**	**7,026**

1. Trade receivables are dues in respect of goods sold and services rendered in the normal course of business.
2. Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.
3. The 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

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	267	114
Loan to employees	1	1
Total	**268**	**115**

Break-up of security details

Particulars	As at March 31, 2021	As at March 31, 2020
Loans considered good - Secured	-	-
Loans considered good - Unsecured	268	115
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**268**	**115**
Less : Loss allowance	-	-
Total	**268**	**115**

(b) Current

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	77	83
Loans to employees	4	5
Less : Loss allowance	(21)	(21)
Total	**60**	**67**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Break-up of security details

Particulars	As at March 31, 2021	As at March 31, 2020
Loans considered good - Secured	-	-
Loans considered good - Unsecured	81	88
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**81**	**88**
Less : Loss allowance	(21)	21
Total	**60**	**109**

Note 8 : Other financial assets

(a) Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Balances held as margin money against bank guarantees	17	17
Finance lease receivable	225	311
Total	**242**	**328**

(b) Current

Particulars	As at March 31, 2021	As at March 31, 2020
Unbilled revenue	1,344	1,167
Accrued interest	2	1
Fair value of foreign exchange forward contract	-	38
Finance lease receivable	279	435
Others	-	63
Total	**1,625**	**1,704**

Note 9 : Income tax assets (net) - Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	2,588	2,141
Add : Tax deducted at source and advance tax	428	1,377
[Net of provision for tax of ₹ 2,158 lakhs (2020: ₹ 1,561 lakhs)]		
Add :- Mat credit utilised during the year	164	-
Less: Income tax refund	(1,048)	(431)
Less: Current tax payable for the year	(597)	(499)
Closing balance	**1,535**	**2,588**

Note 10 : Other assets

(a) Non current

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with government authorities	-	2
CENVAT credit receivable	116	116
Payment under protest	581	436
Deferred rent expenses	-	7
Prepaid expenses	24	36
Total	**721**	**597**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(b) Current

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	96	102
Advance to suppliers	30	33
Balance with government authorities (refer note 48)	218	333
Deferred rent expenses	-	4
Others	3	27
Total	**347**	**499**

Note 11 : Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Inventories (lower of cost and net realisable value)		
Stock-in-trade	1,138	1,051
Stock-in-trade in transit	-	1
Total	**1,138**	**1,052**

During the year ended March 31, 2021, ₹ 43 lakhs (2020: ₹ 18 lakhs) has been recognised as an expense in relation to inventory being carried at net realisable value.

Note 12 : Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balances with banks		
In current accounts	506	1,069
(b) Cheques on hand	409	241
(c) Cash on hand	1	1
Total cash and cash equivalents in the balance sheet and statement of cash flows	**916**	**1,311**

Note 13 : Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
In earmarked Accounts		
(a) Unpaid dividend accounts	7	5
(b) Balances held as margin money against letter of credit and bank guarantees	28	27
Total	**35**	**32**

Note 14 : Contract liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Advances received from customers	1,116	1,156
Deferred revenue	933	1,834
Total contract liabilities	**2,049**	**2,990**

Note:

1. **Significant changes in contract liabilities**

   Contract liabilities have been increased due to increase in advance received from customers and deferred revenue for the services to be rendered in next year.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

i). Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current period relates to a carried forward contract liabilities and how much relates to performance obligation satisfied in prior year.

Particulars	As at March 31, 2021	As at March 31, 2020
Revenue from contract with customers		
Revenue recognised that was included in contract liability balance at the beginning of the period	2,990	2,260
Revenue recognised from performance obligations satisified in previous periods	-	-

Note 15 : Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised share capital:		
2,50,00,000 (2,50,00,000 as at March 31, 2020) 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, 2020) 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, 2020) 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, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited (48.65%) (Holding Company)	1,10,99,630	1,110	1,10,99,630	1,110
Aftaab Investment Company Limited (1.44%) (Subsidiary of Holding Company)	3,28,310	33	3,28,310	33

iii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 /- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

The Board of directors have recommended dividend of ₹ 1.20/- per equity share for the year ended March 31, 2021. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iv) Details of shareholder holding more than 5% shares in the Company:

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited	1,10,99,630	48.65%	1,10,99,630	48.65%

As per records of the Company and other declarations received from shareholders, the above shareholding represents both legal and beneficial ownerships of shares.

(v) 939 shares (March 31,2020 : 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, 2021.

Note 16 : Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
General reserve - refer (i) below	250	250
Retained earnings - refer (ii) below	5,034	4,045
Total	**5,284**	**4,295**

(i) General reserve

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	250	250
Addition during the year	-	-
Closing balance	**250**	**250**

(ii) Retained earnings

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	4,045	3,040
Net Profit for the year	1,236	1,438
Less :- Dividend paid	(274)	(343)
Less :- Dividend distribution tax paid	-	(60)
Other comprehensive income (net of tax)		
- Remeasurements of post employment benefit obligations, net of tax	28	(31)
Closing balance	**5,034**	**4,045**

Note 16(a) : Other reserves - Reserve for FVOCI equity instruments

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	12	12
Changes in fair value of FVOCI equity instruments	-	-
Closing balance	**12**	**12**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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 31,2021, 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

Particulars	As at March 31, 2021	As at March 31, 2020
Secured (i) Term Loans from banks (refer note (i) below)	1,514	2,948
Total	**1,514**	**2,948**

Notes

i) The terms of repayment of loans are stated below:

Particulars	As at March 31, 2021	As at March 31, 2020	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
South Indian Bank Limited	-	84	Repayable in quarterly equal instalments till September, 2022	MCLR + 0.5%	Hypothecation of asset acquired utilizing the loan.
ICICI Bank Ltd	-	141	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	1,514	2,723	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.
Total	**1,514**	**2,948**			

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(b) Current

Particulars	As at March 31, 2021	As at March 31, 2020
Loan in foreign currency (a)		
Unsecured		
(i) Term loans from Banks (refer note (i) below)	986	-
Loan in foreign currency (a)	**986**	**-**
Loan in Indian currency (b)		
Unsecured		
(i) Term loans from Banks (refer note (i) below)	2,006	4,265
(ii) Inter corporate deposits (refer note (i) below)	15	600
(iii) Buyers credit (refer note (i) below)	-	765
	2,021	5,630
Secured		
(i) Term loans from banks (refer note (i) below)	-	7
(ii) Bank overdraft (refer note (i) below)	726	1,058
(iii) Buyers credit (refer note (i) below)	-	158
	726	1,223
Loan in Indian currency (b)	**2,747**	**6,853**
Total	**3,733**	**6,853**

i) Repayment schedule is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
IDFC Bank Ltd (Loan in foreign currency)	986	-	Bullet repayment payable on due date	2.30%	Unsecured
IDFC Bank Ltd (Loan in Indian currency)	1,005	1,665	Bullet repayment payable on due date	9.15 % to 10.50 %	Unsecured
ICICI Bank Ltd	-	1,100	Payable on demand	I-MCLR 1 year +1.30%	Unsecured
Shinhan Bank	1,000	1,500	Payable on demand	3 Months MCLR +1%	Unsecured
Inter Corporate Deposit	15	600	Payable on demand	9.75% to 10.25%	Unsecured
IDFC Bank Buyers credit-	-	765	Payable on demand	2.40% to 3.20%	Unsecured
The Zoroastrian Co-op Bank Limited	-	7	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

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	As at March 31, 2021	As at March 31, 2020	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
Bank of India - Bank overdraft	142	-	Payable on demand	2.00 % over 1 BOI MCLR + BSS and 2.55% over MCLR + BSS	1) First pari passu charge on current assets by way of hypothecation 2) Second pari passu charge on all present and future fixed assets i.e. land and building, plant and machinery situated at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai
South Indian Bank - bank overdraft	585	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
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.
Total	**3,733**	**6,853**			

Loan covenants

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Group meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The Group has also satisfied all other debt covenants prescribed in the terms of bank loan.

(ii) The carrying amount of financial and non-financial assets pledged as security for current and non current borrowings (refer note 34).

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Net debt reconciliation

Particulars	As at March 31, 2021	As at March 31, 2020
Cash & cash equivalents	916	1,311
Bank overdraft	(726)	(1,058)
Current borrowings	(3,007)	(5,795)
Lease obligation	(2,280)	(838)
Non current borrowings (Including current maturities of long term debt)	(2,949)	(4,411)
Net debts	**(8,046)**	**(10,791)**

Particulars	Other assets	Liabilities from financial activities			Total
	Cash and bank overdraft	Lease obligation	Non current borrowings	Current borrowing	
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)	(429)	(1,161)
Interest paid	126	91	511	429	1,157
Net debt as at March 31, 2020	**253**	**(838)**	**(4,411)**	**(5,795)**	**(10,791)**
Cash flow	(63)	223	1,458	2,788	4,406
Modification of lease term	-	(36)	-	-	(36)
Acquisitions - Finance leases	-	(1,629)	-	-	(1,629)
Interest expenses	(67)	(133)	(97)	(539)	(836)
Interest paid	67	133	101	539	840
Net debt as at March 31, 2021	**190**	**(2,280)**	**(2,949)**	**(3,007)**	**(8,046)**

Note 18 : Other financial liabilities

(a) Non current

Particulars	As at March 31, 2021	As at March 31, 2020
Liability towards voluntary retirement scheme	-	4
Total	**-**	**4**

(b) Current

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued	64	52
Liability towards voluntary retirement scheme	4	4
Sundry deposits received from customers	24	24
Current maturities of long-term debt	1,435	1,459
Capital creditors	459	372
Employee related payables	844	744
Mark to market loss on forward contracts*	33	-
Other security deposits	-	34
Unclaimed dividend	7	5
Total	**2,870**	**2,694**

* Mark to market gain is identified and accounted based on the underlying contracts. The derivatives are recognised at fair value through statement of profit and loss.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 19 : Provisions

(a) Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits obligations:		
Gratuity (refer note 43)	307	336
Total	**307**	**336**

(b) Current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits obligations:		
Compensated absences (refer note 43)	130	284
Gratuity (refer note 43)	70	53
Warranty (refer note 37)	58	58
Provision for disputes (refer note 37)	67	39
Total	**325**	**434**

Note 20 : Other liabilities

(a) Non-current

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred profit on sale of fixed assets on finance lease	8	11
Total	**8**	**11**

b) Current

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	285	528
Deferred profit on sale of fixed assets on finance lease	10	10
Total	**295**	**538**

Note 21 : Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Non current		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 51)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	167	-
(iii) Trade payable to related parties (refer note 44)	-	-
Total	**167**	**-**
Current:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 51)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,474	3,749
(iii) Trade payable to related parties (refer note 44)	19	23
Total	**3,493**	**3,772**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 22 : Revenue from operations

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations (net)		
Revenue from contracts with customer		
Sale of products	3,812	4,432
Sale of services	18,799	17,556
	22,611	**21,988**
Other operating revenue		
Scrap sales	1	5
	1	**5**
Total	**22,612**	**21,993**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue as per contracted price	22,612	21,993
Adjustments for:		
Contract liabilities	-	-
Refund liabilities	-	-
Total	**22,612**	**21,993**

Note 23(a) : Other income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income		
On bank deposits	4	3
On finance lease	65	65
On income tax refund	68	39
	137	**107**
Other non-operating income		
Insurance claims recovered	1	7
Liabilities/Provisions no longer required, written back	62	-
Rent income	21	62
Others	21	67
	105	**136**
Other gains		
Profit on sale of property, plant and equipment (net)	28	3
Unwinding of discount on financial asset measured at amortised cost	14	3
	42	**6**
Total	**284**	**249**

Note 23 (b) : Exceptional item

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on sale of investment in associate (refer note 5)	-	115
Total	**-**	**115**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 24 : (Increase) / decrease in inventories of stock-in-trade

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the beginning of the year :		
Stock - in - trade	1,051	789
Stock - in - transit	1	-
	1,052	**789**
Less : Inventories at the end of the year :		
Stock - in - trade	1,138	1,051
Stock - in - transit	-	1
	1,138	**1,052**
Net (increase) / decrease in inventories of stock-in-trade	**(86)**	**(263)**

Note 25 : Employee benefits expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	3,082	3,012
Contributions to provident fund (refer note 43)	98	101
Contributions to superannuation and other funds (refer note 43)	21	24
Gratuity (refer note 43)	63	53
Staff welfare expenses	147	171
Total	**3,411**	**3,361**

Note 26 : Finance costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on		
Borrowings	717	1,067
Leased liabilities	133	81
Trade payables	29	66
Bank charges	74	99
Total	**953**	**1,313**

Note 27 : Depreciation and amortisation Expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On property, plant and equipment (refer note 4(a))	1,730	1,740
On intangible assets (refer note 4(a))	80	62
On right-of-use assets (refer note 4(b))	420	200
Total	**2,230**	**2,002**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 28 : Other Expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of loose tools	12	10
License fees to Department of Telecommunications	1,575	1,403
Subcontracting expenses	1,748	1,691
Power and fuel	201	193
Rent including lease rentals [refer note 4(b)]	61	60
Repairs and maintenance - Plant and machinery	182	164
Repairs and maintenance - Others	455	534
Insurance	22	16
Rates and taxes	13	14
Travelling and conveyance	55	208
Freight and forwarding	315	284
Legal and professional charges	214	184
Consultancy charges	229	285
Director sitting fees	53	35
Installation expenses	214	268
Payments to auditors	48	59
Bad debts written off	24	70
Less: Provision for doubtful debts made in earlier years written back	(24)	(70)
Provision for doubtful debts	213	67
Corporate social responsibility expenses (refer note 50)	12	-
Foreign exchange loss (net)	26	76
Sales commission	79	83
Connectivity charges	113	110
Information technology expenses	72	46
Vehicle charges	48	39
Telephone charges	26	27
Miscellaneous expenses	432	447
Other expenses	**6,418**	**6,303**
Transponder charges	5,493	4,241
Total other expenses	**11,911**	**10,544**

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 30 : Fair value measurements

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in the financial statements..

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair value. The following tables presents the carrying value and fair value of each category of financial assets and liabilities.

The Group's assets and liabilities which are measured at amortised cost for which fair values are disclosed:

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments	-	16	-	-	16	-
Trade receivable	-	-	5,814	-	-	7,026
Cash and cash equivalent	-	-	916	-	-	1,311
Other bank balances	-	-	35	-	-	32
Loan - Security deposit	-	-	323	-	-	176
Loan - Loans to employees	-	-	5	-	-	6
Fair value of foreign exchange forward contract	-	-	-	38	-	-
Other financial assets	-	-	1,867	-	-	1,993
Total financial assets	**-**	**16**	**8,960**	**38**	**16**	**10,544**
Financial liabilities						
Borrowings	-	-	6,682	-	-	11,260
Trade payables	-	-	3,660	-	-	3,772
Other financial liabilities	-	-	1,402	-	-	1,239
Fair value of foreign exchange forward contract	33	-	-	-	-	-
Total financial liabilities	**33**	**-**	**11,744**	**-**	**-**	**16,271**

(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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021
(Amount ₹ in Lakhs, unless otherwise mentioned)

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial instrument at FVOCI					
Investment in equity shares	5	-	-	16	**16**
Total financial assets		**-**	**-**	**16**	**16**
Financial Liabilities					
Financial instrument at FVPL					
Foreign exchange forward contract	18 (b)	-	33	-	**33**
Total Financial liabilities		**-**	**33**	**-**	**33**

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2021	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Other financial assets	8 (a) & 8 (b)	-	-	521	**521**
Loan	7 (a) & 7 (b)	-	-	328	**328**
Total financial assets		**-**	**-**	**849**	**849**
Financial liabilities					
Borrowings	17 (a), 17 (b) & 18 (b)	-	-	6,682	**6,682**
Other financial liabilities	18 (a) & 18 (b)	-	-	1,402	**1,402**
Total financial liabilities		**-**	**-**	**8,084**	**8,084**

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**

Financial assets and liabilities measured at amortised cost for which fair values are disclosed March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Other financial assets	8 (a) & 8 (b)	-	-	328	**328**
Loans	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**

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

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

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

(ii) Valuation technique used to determine fair value

a) Specific valuation technique used to value financial instruments include:

- The use of quoted market price or dealer quotes for similar instruments.
- The fair value of foreign exchange forward contract is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

b) During the current year, there is no significant movement in the items of fair value measurements categorised within Level 3 of the fair value hierarchy.

c) The Fair value for investment in unquoted equity share were calculated based on risk adjusted discounted rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

(iii) Valuation processes

The finance department of the group performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO, Audit Committee and the finance team at least once every three months, in line with group's quarterly reporting periods

(iv) Fair value of financial assets and liabilities measured at amortised cost.

Particulars	As at March 31,2021		As at March 31,2020	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial Assets				
Other financial assets	521	521	328	328
Loans	328	328	182	186
Total Financial Assets	**849**	**849**	**510**	**514**
Financial Liabilities				
Borrowings	6,682	6,682	11,260	11,260
Other financial liabilities	1,402	1,402	1,239	1,239
Total Financial Liabilities	**8,084**	**8,084**	**12,499**	**12,499**

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) and (iii) above.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 31 : Financial Risk Management

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

The Groups's principal financial liabilities, oher than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support its operations. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, foreign currency risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Risk management committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, loans, 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, 2021 and March 31, 2020 is the carrying value of each class of financial assets as disclosed in the consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss within other expenses.

Three customers as at March 31, 2021 and four customers as at March 31, 2020 contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was ₹ 1,544 Lakhs and ₹ 2,117 Lakhs as at March 31, 2021 and as at March 31, 2020 respectively.

The amount of Trade receivable outstanding as at March 31, 2021 and March 31, 2020 is as follows:

Particulars	Not due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2021	2,995	1,817	673	672	**6,157**
As at March 31, 2020	3,824	2,143	604	609	**7,180**

(ii) Reconciliation of loss allowances provision - Trade receivables

Loss Allowances on March 31, 2019	**157**
Changes in loss allowances	(3)
Loss Allowances on March 31, 2020	**154**
Changes in loss allowances	189
Loss Allowances on March 31, 2021	**343**

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

Other than trade receivables and financial assets.

Management believes that the parties from which the receivables are due have strong capacity to meet the obligations and risk of default is negligible or nil and accordingly no significant provision for expected credit loss has been recorded.

Credit risk from balances with bank and financial institutions is managed by the Group's treasury department in accordance with the Group's policy.

(B) Liquidity Risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due through rolling cash flow forecast. Also, the Group has unutilized credit limits with banks.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(i) Financing arrangements

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

Particulars	As at March 31,2021	As at March 31,2020
Floating Rate		
Expiring within one year (Bank overdraft, Term Loans and other facilities)	4,796	2,878
Total	**4,796**	**2,878**

The Bank has an unconditional right to cancel the undrawn/ unused/ unavailed portion of the loan/ facility sanctioned at any time during the period of the loan/ facility, without any prior notice to the Group.

(ii) Maturities of financial liabilities

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

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

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2021				
Non - Derivative				
Borrowings	5,166	1,213	303	**6,682**
Lease liability	426	429	1,425	**2,280**
Trade payables	3,660	-	-	**3,660**
Other financial liabilities	1,435	-	-	**1,435**
Total Non derivative liabilities	**10,687**	**1,642**	**1,728**	**14,057**

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**

(C) Market Risk

(i) Foreign currency risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade payables, deposits, investments, trade receivables, other financial assets and derivative financial instruments.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(a) Foreign currency risk exposure:

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

Particulars	Foreign currency	As at March 31, 2021		As at March 31, 2020	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial Liabilities					
Trade payables and capex creditors	USD	17	1,259	14	1,024
Buyers credit	USD	-	-	13	923
Borrowing	USD	13	986	-	-
Derivative Liabilities					
Foreign exchange forward contract					
Buy foreign currency	USD	(11)	(822)	(19)	(1,491)
Net Exposure to Foreign Currency Liability	**USD**	**19**	**1,423**	**8**	**456**
Financial Assets					
Trade receivables	USD	(1)	(100)	(11)	(870)
Net Exposure to foreign currency Assets	**USD**	**(1)**	**(100)**	**(11)**	**(870)**

(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, 2021	As at March 31, 2020
USD sensitivity		
INR/USD - Increase by 5% (March 31, 2020 - 5%)*	(47)	15
INR/USD - Decrease by 5% (March 31, 2020 - 5%)*	47	(15)
* 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.

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	5,968	11,260
Fixed rate borrowings	-	-
Total Borrowings	**5,968**	**11,260**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on profit after tax	
	As at March 31, 2021	As at March 31, 2020
Interest Rate - Increase by 100 basis points*	(42)	(80)
Interest Rate - Decrease by 100 basis points*	42	80
* 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, 2021 and March 31, 2020 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 to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 34 : Assets pledge as security

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

Particulars		As at March 31, 2021	As at March 31, 2020
Current Assets			
Financial Assets			
First Charge			
Trade receivables (Including non-current)		5,814	7,026
Inventories		1,138	1,052
Cash & cash equivalents		916	1,311
Bank balances other than above		35	32
Loans		60	141
Other financial assets		1,625	1,704
Other current assets		347	1,051
Total Current Assets pledged as Security		**9,935**	**12,317**
Non Current Assets			
First Charge			
(i) Plant and machinery		3,356	3,434
(ii) Office equipment		2	2
(iii) Intangible assets		167	178
(iv) Capital work-in-progress		362	281
(v) Other financial assets		17	17
	Total (A)	**3,904**	**3,912**
Second Charge			
(i) Building		82	96
(ii) Plant and machinery		591	982
(iii) Office equipment		4,239	6,103
	Total (B)	**4,912**	**7,181**
Total Non-Current Assets pledged as Security	**Total (A+B)**	**8,816**	**11,093**
Total Assets pledged as Security		**18,751**	**23,410**

Note 35 : Earnings per share (EPS)

Sr. No.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1	Net profit after tax attributable to equity shareholders	1,236	1,438
2	Weighted average number of equity shares	2,28,17,461	2,28,17,461
3	EPS (₹) [Basic and diluted] (Face value per share ₹ 10)	5.42	6.30

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 36 : Contingent liabilities

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
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	4,072	4,099
b)	Claims from Vendor		
	- Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authorities	168	168
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			

The Company does not have any contingent assets at the balance sheet date.

The above figures for contingent liabilities do not include amounts towards certain additional penalties/interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified. Unless otherwise stated below, the management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable, further outflow of resources is not probable in either cases.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. the Company does not expect any material impact of the same.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

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 group. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the group under the law and hence, the group is not able to reasonably ascertain the timing of the outflow (refer note 36).

b) Provision for Warranty relates to warranty provision made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under free warranty period ranging from one to three years.

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:

Particulars	Provision for disputes		Warranties	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	39	90	58	58
Add: Provision during the year	28	2	-	-
(Less): Utilisation during the year	-	(26)	-	-
(Less): Reversal during the year	-	(27)	-	-
Add: Effects of unwinding of discounts on provision	-	-	-	-
Closing balance	67	39	58	58
Classified as current (refer note 19(b))	67	39	58	58

Notes to the Consolidated Financial Statements for the year ended March 31, 2021
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 38 : Income Tax

Components and movements of deferred tax asset (net)

Particulars	As at April 1, 2019	Rec-ognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2020	Rec-ognised in the state-ment of profit and Loss*	MAT Credit Utilisation	As at March 31, 2021
	(a)	(b)	(c)	(d= a+b+c)	(e)	(f)	(g=d+e+f)
i. Items of deferred tax liabilities:							
Assets given on Finance Lease	163	55	-	218	(71)	-	147
Right-of-use assets	-	241	-	241	403	-	644
Amortisation of Processing charges on borrowing	6	(2)	-	4	(2)	-	2
Deferred tax on unrealised share of profit of associates	36	(36)	-	-	-	-	-
Total deferred tax liability (i)	**205**	**258**	**-**	**463**	**330**	**-**	**793**
ii. Items of deferred tax assets:							
Disallowances under Section 43B of the Income Tax Act, 1961, provision for legal dispute and investment impairment	224	26	-	250	(36)	-	214
Provision for doubtful debts and deposits	47	(5)	-	42	52	-	94
Allowance u/s 35 DDA and 35DD of Income Tax Act, 1961	48	(9)	-	39	(6)	-	33
Credit of Minimum alternate tax u/s 115 JAA of Income Tax Act, 1961	382	-	(192)	190	-	(164)	26
Unabsorbed long term capital loss	28	(28)	-	-	-	-	-
Property, plant and equipment and Intangible assets	175	102	-	277	115	-	392
Lease liability	-	228	-	228	424	-	652
Others	46	47	-	93	26	-	119
Total Deferred Tax Assets (ii)	**950**	**361**	**(192)**	**1,119**	**575**	**(164)**	**1,530**
Net Deferred Tax Assets (ii-i)	**745**	**103**	**(192)**	**656**	**245**	**(164)**	**737**

*Deferred tax credit of ₹ 245 lakhs recognised for the year ended March 31, 2021 includes ₹ 94 lakhs pertains to earlier periods.

(a) Income tax expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax		
Current tax on profits for the year	597	499
Total current tax expense	**597**	**499**
Deferred tax		
Decrease / (increase) in deferred tax assets	(575)	(169)
(Decrease) / increase in deferred tax liabilities	330	258
Total deferred tax expenses / (benefit)	**(245)**	**89**
Income tax expense	**352**	**588**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 39 : Reconciliation of tax expense and accounting profit multiplied by India's tax rates:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	**1,588**	**1,911**
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%	23.30%
Tax at Indian tax rate	462	583
Deferred tax recognised for the first time		
Impact on account of adoption of Ind AS 116	-	17
Others	2	-
Deferred tax recognised for earlier years		
WDV of property, plant and equipment*	(94)	-
Other Items		
Additional Tax Benefit due to indexation benefit for calculation of long term capital gain	-	(66)
Tax on income at different rates	(27)	(23)
Others	9	77
Total tax expense	**352**	**588**

*Deferred tax credit of ₹ 94 lakhs pertains to earlier periods related to WDV of property, plant and equipment recongnised for the year ended March 31, 2021.

Note 40 : Capital and other Commitments

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)	299	707
Estimated amount of contracts remaining to be executed on other account and not provided for (net of advance paid)	1,618	206

Note 41 : Information in respect of "Construction Contracts" is as follows

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Contract revenue recognised during the year	-	-
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) upto year end	-	-
Retention money for contracts in progress as at balance sheet date	-	-
Gross Amount due from Customers for contract work (Assets) as at balance sheet date	-	45
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 statements are reported as single reportable segment from year ended March 31, 2020.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 43 : Employee benefit obligations

Short-term employee benefits

These benefits include salaries and wages, including other monetary and non-monetary benefits, compensated absences which are either non-accumulating or accumulated and expected to be availed within twelve months after the end of the reporting period.

Long-term employee benefits

i) Defined contribution plans

Groups's contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in Note 25 under the heading "Contributions to superannuation and other funds" are as under:

Sr. No	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a)	Contribution to employees superannuation fund	20	21
b)	Contribution to employees state insurance scheme	1	3
	Total	**21**	**24**

ii) Defined benefit plans

The Group operates the following funded/unfunded defined benefit plans:

-Provident Fund (funded):

The Group makes Provident Fund contributions to defined benefit plans for eligible employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Group. The Rules of the Group's provident fund administered by the Trust requires that if the Board of Trustees are unable to pay interest at the rate declared by Central Government under para 60 of the Employees' Provident Fund Scheme, 1952 then the shortfall shall be made good by the Group. Having regard to the assets of the fund and the return on the investments, the Group does not expect any shortfall in the foreseeable future.

In terms of guidance note issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at March 31, 2021 and March 31, 2020, respectively.

The details of fund and plan asset position are given below:

Particulars	As at March 31, 2021	As at March 31, 2020
Plan assets at period end, at fair value	2,516	2,346
Present value of benefit obligation at period end	2,516	2,346
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:

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	As at March 31, 2021	As at March 31, 2020
Government of India (GOI) bond yield	6.86%	6.84%
Remaining term to maturity of portfolio	11 years	11 years
Expected guaranteed interest rate	8.50%	8.65%

The Group has contributed ₹ 98 Lakhs and ₹ 101 Lakhs during the year ended March 31, 2021 and March 31, 2020 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)

Gratuity is payable to all eligible employees of the Company as per the provisions of the Payment of Gratuity Act, 1972 or as per the Company's scheme, whichever is higher. The plan is unfunded.

Under the Act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity scheme provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit.

The following table sets out the status of the defined benefit scheme and the amount recognised in the consolidated financial statements:

Amount recognised in the statement of profit and loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	36	29
Interest cost (Net)	27	24
Total expense recognised in the statement of profit and loss	**63**	**53**

Amount recognised in other comprehensive income (OCI)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Due to change in demographic assumptions	*	*
Due to change in financial assumptions	(1)	16
Due to experience	(27)	15
Total remeasurement (gains)/losses recognised in OCI	**(28)**	**31**

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Change in Defined Obligation (DBO) during the year

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of DBO at the beginning	389	316
Current service cost	36	29
Interest cost (Net)	27	24
Liabilities transferred In/acquisitions	-	5
Remeasurement (gain)/loss	(28)	31
Benefits paid	(47)	(16)
Present value of DBO at the end	**377**	**389**

Principal actuarial assumptions for valuation of gratuity liability

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.86%	6.84%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

This plan typically exposes the Group to actuarial risks such as:

a) **Interest rate risk** - A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk** - This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

c) **Salary risk -** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sensitivity

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

Particulars	Change in assumption	As at March 31, 2021		As at March 31, 2020	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(22)	26	(22)	26
Expected rate of escalation in salary	1%	25	(23)	25	(23)
Rate of employee turnover	1%	(1)	1	*	*

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

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Defined benefit liability and employers contributions.

The weighted average duration of the projected benefit obligation is 8 years (2020 - 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
1st following year	70	54
2nd following year	23	21
3rd following year	36	71
4th following year	41	35
5th following year	42	47
Sum of years 6 to 10	135	148
Sum of years 11 and above	309	291

iii) Other long-term employee benefits

Compensated absences which are accumulated and not expected to be availed within twelve months after the end of the reporting period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Compensated absences is recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date..

An amount of ₹ 52 Lakhs (previous year ₹ 73 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2021 towards Compensated absences.

Provision for compensated absences has been made on the basis of actuarial valuation carried out as at the Balance sheet date.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Principal actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.86%	6.84%
Expected rate of escalation in salary	7.50%	7.50%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Note 44 : Related party transactions

(A) Promotor of holding company

Tata Sons Private Limited

(B) Parent Company / Holding Company

The group is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest	
			As at March 31, 2021	As at March 31, 2020
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)

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 upto w.e.f January 28, 2020)

Dr. Lakshmi Nadkarni (Independent Director upto w.e.f January 28, 2020)

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Mr. K. Narasimha Murthy (Independent Director upto w.e.f January 28, 2020)

Mr. Jitendra Vardhaman Patil (Non-Executive Director of Tatanet Services Ltd

(Material subsidiary) w.e.f. January 24, 2019)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(i) Executive Directors		
Short-term employee benefits	296	261
Post-employment benefits	8	8
Long-term employee benefits*	-	-
(ii) Non Executive and Independent Director		
Director sitting fees	53	35
Total compensation	**357**	**304**

*The Group provides long term benefits in the form of Gratuity to Key managerial personnel along with all employees, cost of same is not identifiable separately and hence not disclosed.

(F) Details of transactions between related parties are disclosed below:

Sr. no.	Particulars	The Tata Power Company Limited (Holding Co.)	Tata Sons Private Limited (Promoter of Holding Co.)	Nelito Systems Limited (Associate)
1)	**Purchase :**			
a)	Services / Royalties	-	20	-
		(-)	(23)	(-)
2)	**Sales :**			
a)	Services	2	-	-
		(11)	(-)	(-)
b)	Goods	-	-	-
		(-)	(-)	(-)
3)	**Other income**			
a)	Dividend received	-	-	-
		(-)	(-)	(6)
b)	Rent	-	-	-
		(1)	(-)	(-)
4)	**Balance Outstanding as at year end**			
a)	Trade receivables	1	-	-
		(12)	(-)	(-)
b)	Trade payables	-	19	-
		(-)	(23)	(-)
c)	Other Payable	-	-	-
		(*)	(-)	(-)

Notes:

(i) Figures in brackets pertain to the previous year ended March 31, 2020.

(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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 45 : Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

a. Net assets, i.e., total assets minus total liabilities

Name of the entity in the Group	As at March 31, 2021		As at March 31, 2020	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent				
Nelco Limited	74.00%	5,608	77.95%	5,136
Indian Subsidiaries				
Tatanet Services Limited	33.75%	2,558	31.14%	2,052
Nelco Network Products Limited	(0.07%)	(6)	(0.10%)	(7)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited **	0.00%	-	0.00%	-
Adjustment on consolidation	(7.68%)	(582)	(8.99%)	(592)
Total	**100.00%**	**7,578**	**100.00%**	**6,589**

b. Share in profit or loss

Name of the entity in the Group	Year ended March 31, 2021		Year ended March 31, 2020	
	As % of consolidated net Profit and Loss	Amount	As % of consolidated net Profit and Loss	Amount
Parent				
Nelco Limited	58.09%	718	95.13%	1,368
Indian Subsidiaries				
Tatanet Services Limited	40.94%	506	39.22%	564
Nelco Network Products Limited	0.08%	1	(0.28%)	(4)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited **	0.00%	-	0.00%	-
Adjustment on consolidation	0.89%	11	(34.08%)	(490)
Total	**100.00%**	**1,236**	**100.00%**	**1,438**

c. Share in Other Comprehensive Income

Name of the entity in the Group	Year ended March 31, 2021		Year ended March 31, 2020	
	As % of consolidated net Other Comprehensive Income	Amount	As % of consolidated net Other Comprehensive Income	Amount
Parent				
Nelco Limited	100.00%	28	100.00%	(31)
Indian Subsidiaries				
Tatanet Services Limited	0.00%	-	0.00%	-
Nelco Network Products Limited	0.00%	-	0.00%	-
Indian Associate (Investment as per equity method)				
Nelito Systems Limited **	0.00%	-	0.00%	-
Total	**100.00%**	**28**	**100.00%**	**(31)**

* figures below rounding off norm adopted by the group.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

d. Share in Total Comprehensive Income

Name of the entity in the Group	Year ended March 31, 2021		Year ended March 31, 2020	
	As % of consolidated net Total Comprehensive Income	Amount	As % of consolidated net Total Comprehensive Income	Amount
Parent				
Nelco Limited	59.02%	746	95.02%	1337
Indian Subsidiaries				
Tatanet Services Limited	40.03%	506	40.09%	564
Nelco Network Products Limited	0.08%	1	(0.28%)	(4)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited **	0.00%	-	0.00%	-
Adjustment on consolidation	0.87%	11	(34.83%)	(490)
Total	**100.00%**	**1,264**	**100.00%**	**1,407**

** 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, 2021 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, 2021	As at March 31, 2020	
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

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 47 : Finance lease receivables

The Company has given on finance lease VSAT equipment to its customer. Below is rental receivable by the Company towards finance lease.

Sr. No	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
a.	Not Later than 1 year	252	236
b.	Later than 1 year but not later than 5 years	186	221
c.	Later than 5 years	-	-
		438	**457**

Note 48 : As a part of transition to Goods and Services Tax (GST) in June 2017, the Company and its subsidiary carried forward the Cenvat/Service tax/Sales tax input credit balance as on March 31, 2021 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. With respect to its subsidiary, the petition is pending for hearing with the Hon'ble High Court of Bombay. In view of the multiple judgements by various High Courts in India on this matter which supports the Company's claim and based on the advice received from independent legal counsel, the Company expects to recover this input credit balance. The Company has filed Special Leave Petition in Hon'ble Supreme Court and which has been admitted by Supreme Court. In view of this, no provision has been made in the books of account against the recoverability of these balances.

Note 49 : The Group has considered the possible effects that may result from COVID-19 in the preparation of these consolidate financial statements. The Group continued to provide VSAT connectivity, maintenance services and VSAT equipment on lease. However, the deployment of new VSATs was lower than previous year due to slower economic revival across various sectors and restrictions in movement during the financial year. Considering the revival of economic activity, improvement in customer order flow and based on the information available, the management has evaluated and considered the possible impact of the aforesaid situation on the business of the Group, including adjustment to the financial results. Considering the above and Group's current financial position, 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 assets of the Group. The Group continues to monitor any material changes to future economic conditions and they may be different from the estimates made as on the date of the financial results.

Note 50 : Corporate Social Responsibility

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Gross amount required to be spent by the Company during the year	12	-
b) Amount approved by the Board to be spent during the year	12	-
c) Amount spend in cash during the year ending March 31, 2021		
i) Construction/acquisition of an asset	-	-
ii) On purpose other than (i) above		
Contribution to Tata Education and Development Trust	12	-
Total (C=i+ii)	**12**	**-**
d) Amount yet to be paid in cash (d=a-c)	-	**-**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 51 : There are no Micro and Small Enterprises to whom the Group owes dues, which are outstanding as at March 31, 2021. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Group.

Note 52 : The audit of consolidated financial statements of the Company for the previous year was carried out by a firm of Chartered Accountants other than S.R. Batliboi and Associates LLP.

Note 53 : The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 54 : Previous year's figures have been regrouped/reclassified , wherever necessary, to conform to the current year's classification.

Signature to Notes forming part of Consolidated Financial Statements "1" to "54"

for S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountant

Vineet Kedia
Partner
Membership No. 212230

Place: Mumbai
Date : April 28, 2021

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 : April 28, 2021

Form AOC-1 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

(Amount ₹ in Lakhs, unless otherwise mentioned)

Part "A": Subsidiaries

Sr. No	**1**
Name of the Subsidiary Company	Tatanet Services Ltd
Reporting period	1-4-2020 to 31-3-2021
Reporting Currency	INR
Exchange Rate as at 31st March, 2021	1
Share Capital (incl. Pref. Shares)	490
Other Equity	2,068
Total Assets	9,139
Total Liabilities (Excluding Share Capital & Reserves)	6,581
Investments	5
Turnover	13,113
Other Income	70
Total Revenue	13,183
Profit/ (Loss) before Taxation	692
Provision for Taxation (including Deferred Tax)	186
Profit/ (Loss) after Taxation	506
Proposed Dividend on Equity Shares (%)	Nil
Proposed Dividend on Equity Shares	Nil
% of Share- holding	100%

Sr. No	**2**
Name of the Subsidiary Company	Nelco Network Products Ltd.
Reporting period	1-4-2020 to 31-3-2021
Reporting Currency	INR
Exchange Rate as at 31st March, 2021	1
Share Capital (incl. Pref. Shares)	5
Reserves & Surplus	(11)
Total Assets	12
Total Liabilities (Excluding Share Capital & Reserves)	18
Investments	-
Turnover	4
Other Income	-
Total Revenue	-
Profit/ (Loss) before Taxation	(1)
Provision for Taxation (including Deferred Tax)	-
Profit/ (Loss) after Taxation	(1)
Proposed Dividend on Equity Shares (%)	Nil
Proposed Dividend on Equity Shares	Nil
% of Share- holding	100%

NOTES

EMPLOYEE ENGAGEMENT

Founder's day

Awareness session

Safety Awareness Session

Fire Drills

Serving customers during the pandemic

National Safety Week

Independence day

Republic Day

ISO 20000-1:2011 | ISO 27001:2013 | TL 9000

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Jamshedpur	: +91 - 0657 - 222 7766
Kolkata	: +91 - 033 - 2225 0834, 2225 1904
New Delhi	: +91 - 011 - 6121 4111, 6121 4112
Secunderabad	: +91 - 040 - 2790 3272

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