

NELCO LIMITED (CONSOLIDATED)

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Nelco Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate company (refer Note 46 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate company as at March 31, 2019, of consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained, other than the unaudited financial information as certified by the management and referred to in paragraph 17 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to note 29 to the consolidated financial statements regarding composite scheme of arrangement between the Company, Tatanet Services Limited (TNSL) and Nelco Network Products Limited which was approved by the National Company Law Tribunal ("NCLT") vide its order dated November 2, 2018 (the "Scheme"). As per the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval was not yet obtained. The RoC records were, however, updated to reflect the Scheme as effective and TNSL as "amalgamated" with the Company. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the Scheme with immediate effect. The decision of NCLT is awaited. The Scheme will be given effect to in the financial statements on receipt of all necessary approvals. Our opinion is not modified in respect of this matter.

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Mumbai - 400 028

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition related to multiple element arrangements (Refer notes 1.13 and 2.1(a) to the Consolidated Financial Statements)</p> <p>In respect of the Network Systems segment, the contracts with customers include multiple elements including sale of products and ancillary services like installation, commissioning, annual maintenance etc., including specific pricing arrangements and rental income for equipment given on lease. In certain cases, the contracts also involve multiple entities in the Group. The identification of performance obligations under the contracts with customers, allocation of consideration to the performance obligations identified and determination of the amount and timing of revenue recognition in accordance with Ind AS 115 requires exercise of judgement by the Company's management.</p>	<p>Our audit procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design and testing the operating effectiveness of key controls over revenue recognition; • Testing of contracts with customers on a sample basis to assess the contractual terms impacting identification of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of the timing of recognition for each of these revenue components; • Testing the timing of fulfilment of performance obligations and recognition of revenue based on agreed pricing; • Evaluating the impact of first time adoption of Ind AS 115 on revenue in respect of contracts with customers for Network Systems segment; • Performing tests related to non-standard manual journal entries related to revenue.
<p>We considered this to be a Key Audit Matter in view of the customer contracts being large, complex and non-standard.</p>	<p>Based on the above procedures performed, we did not note any significant exceptions regarding the management's assessment of the performance obligations, allocation of consideration to the identified performance obligations and revenue recognition.</p>
<p>Assessment of recoverability of deferred tax assets (net) including MAT Credit Entitlement (Refer notes 1.16 and 2(d) to the Consolidated Financial Statements)</p> <p>The Company has deferred tax assets (net) of Rs. 745 lakhs including MAT Credit Entitlement of Rs. 382 lakhs as at March 31, 2019. The realisation of these tax benefits is dependent on generation of future taxable profits and the rate at which those profits will be taxed.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design and testing the operating effectiveness of key controls over recognition and review of deferred tax assets (net) including MAT Credit Entitlement; • Assessing the appropriateness of tax rate applied to forecast future taxable profits; • Considering whether the deferred tax asset is recognised and MAT Credit Entitlement is legally available for the forecasted recoupment period;



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We considered this a key audit matter as significant judgement is required by the management of the Company in relation to recognition and assessment of recoverability of deferred tax assets including MAT Credit Entitlement under the Income-tax Act, 1961. The recognition of deferred tax assets (net) including MAT Credit Entitlement is based on the management approved business plan for the next 5 years and there are significant underlying assumptions associated with forecasts of taxable profits.

- Assessing the reasonableness of the assumptions of the business plans approved by the Board of Directors of the respective Companies;
- Evaluating the progress made by the Company in achieving taxable profits for the business in recent periods;
- Performing sensitivity analysis on the estimated taxable profits by varying the underlying significant assumptions to assess that the recoupment period is within the legally available time limit.

Based on the above procedures, we did not identify any significant differences between our expectations and the management's assessment.

Assessment of Contingent liabilities and provisions for litigations

(Refer notes 1.20 and 2.1(h) to the Consolidated Financial Statements)

As at March 31, 2019, the Group held provisions of Rs 90 lakhs and disclosed Contingent liabilities (to the extent not provided for) of Rs 4,836 lakhs in respect of certain tax and other litigations.

The Group faces challenges from tax authorities during tax assessment proceedings and from certain business service providers, during the normal course of business. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The management's assessment is supported by advice from independent tax and legal consultants obtained by the management.

We focused on this area as the outcome of the litigations is uncertain and the positions taken by the management are based on the application of material judgement, advice from tax/legal consultants and interpretation of law. The ultimate outcome of the litigations could be different from the positions taken by the management and may significantly impact the Group's financial position.

Our audit procedures included the following:

- Understanding and evaluating processes and controls designed and implemented by the management for assessment of litigations and testing their operating effectiveness;
- Obtaining the list of taxation and other litigation matters, inspecting the supporting evidence and critically assessing management's evaluation through discussions with management on both the probability of outcome and the magnitude of potential outflow of economic resources;
- Reading recent orders received from the tax authorities and other communication from the business service providers, and the Company's responses to such communications to assess the status of the litigations;
- Where relevant, reading most recent advice obtained by management from independent tax/legal consultants and evaluating the grounds presented therein;
- Evaluating independence, objectivity and competence of the management's tax/legal consultants;
- Obtaining direct confirmations from lawyers, where considered relevant;
- Understanding the current status of the tax assessments/ litigations;
- Together with auditors' tax experts, evaluating the management assessment of estimated potential tax exposures considering the applicable provisions of direct and indirect tax laws. We did not identify any material exceptions as a result of above procedures.



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Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexure to Director's report, Management Discussion and Analysis and Report on Corporate Governance but does not include the consolidated financial statements and our auditor's report thereon.
7. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associate company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate company are responsible for assessing the ability of the Group and of its associate company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for overseeing the financial reporting process of the Group and of its associate company.



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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate company 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 and its associate company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



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14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. The consolidated financial statements include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 9 lakhs for the year ended March 31, 2019 as considered in the consolidated financial statements, in respect of one associate company whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid associate company, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the financial information of the associate company certified by the Management.

Report on Other Legal and Regulatory Requirements

18. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;



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- (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Group companies, its associate company incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its associate company – Refer Note 44 to the consolidated financial statements;
 - ii. The Group and its associate company had long-term contracts including derivative contracts as at March 31, 2019 for which there were no material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate company incorporated in India during the year ended March 31, 2019;
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

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



Sharmila A. Karve
Partner
Membership Number: 43229

Mumbai
April 27, 2019

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 18(f) of the Independent Auditors' Report of even date to the members of Nelco Limited on the consolidated financial statements for the year ended March 31, 2019

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

1. In conjunction with our audit of the consolidated financial statements of the Company for the year ended March 31, 2019, we have audited the internal financial controls with reference to financial statements of Nelco Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and its associate company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 18(f) of the Independent Auditors' Report of even date to the members of Nelco Limited on the consolidated financial statements for the year ended March 31, 2019

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Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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


Sharmila A. Karve
Partner
Membership Number: 43229

Mumbai
April 27, 2019

Nelco Limited
Consolidated Balance Sheet as at March 31, 2019

(Rs. In Lakhs)

Particulars	Note No	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	8,486	4,886
(b) Capital work-in-progress	4	1,660	468
(c) Intangible assets	4	182	190
(d) Financial assets	5	16	576
(i) Investments	6 (a)	-	223
(ii) Trade receivable	7 (a)	24	29
(iii) Loans	8 (a)	285	-
(iv) Other financial assets	36	745	38
(e) Deferred tax assets (net)	9	2,141	2,208
(f) Income tax assets (net)	10 (a)	54	8
(g) Other non-current assets			
Total non current assets		13,593	8,626
Current assets			
(a) Inventories	11	789	887
(b) Financial assets	6 (b)	5,997	5,473
(i) Trade receivables	12	548	397
(ii) Cash and cash equivalents	13	29	28
(iii) Bank balances other than (ii) above	7 (b)	136	107
(iv) Loans	8 (b)	1,119	270
(v) Other financial assets	10 (b)	962	423
(c) Other current assets		562	-
Assets classified as held for sale			
Total current assets		10,142	7,585
		23,735	16,211
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	2,282	2,282
(b) Other equity	16	3,290	1,083
Reserves and surplus	16 (a)	12	12
Other reserves			
Total equity		5,584	3,377
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities	17 (a)	3,385	758
(i) Borrowings	18 (a)	7	10
(ii) Other financial liabilities	19 (a)	491	421
(b) Provisions	20(a)	21	30
(c) Other non-current liabilities			
Total non-current liabilities		3,904	1,219
Current liabilities			
(a) Financial liabilities	17 (b)	3,406	3,839
(i) Borrowings	21	-	-
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises		3,633	3,251
(b) total outstanding dues other than (ii) (a) above	18 (b)	4,399	1,769
(iii) Other financial liabilities	19 (b)	206	181
(b) Provisions	14	2,352	-
(c) Contract liabilities	20(b)	251	2,575
(d) Other current liabilities			
Total current liabilities		14,247	11,615
Total liabilities		18,151	12,834
		23,735	16,211
TOTAL EQUITY AND LIABILITIES			

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

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



Sharmila A. Karve
Partner
Membership No.43229

For and on behalf of the Board of Directors
NELCO LIMITED
CIN : L32200MH1940PLC003164

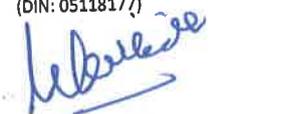


R. R. Bhinge
Chairman
(DIN: 00036557)



Uday Banerjee
Chief Financial Officer


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


Girish V. Kirkinde
Company Secretary & Head - Legal

Place : Mumbai
Date : April 27, 2019

Place : Mumbai
Date : April 27, 2019

Nelco Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(Rs. in Lakhs)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	22	19,101	14,961
Other income	23	428	494
Total Income		19,529	15,455
Expenses			
(a) Purchases of stock-in-trade		3,297	1,830
(b) Changes in inventories of stock-in-trade	24	98	14
(c) Employee benefits expense	25	2,779	2,256
(e) Finance costs	26	738	593
(f) Depreciation and amortisation expense	27	1,296	949
(g) Transponder charges	28	3,469	3,140
(h) Other expenses	28	5,859	5,208
Total expenses		17,536	13,990
Profit before share of net profit of Investment accounted for using equity method and tax		1,993	1,465
Share of net profit of associate accounted for using the equity method		9	57
Profit before tax		2,002	1,522
Income tax expense	36		
- Current tax		596	271
- Deferred tax		(823)	40
Total tax expense		(227)	311
Net profit for the year		2,229	1,211
Other comprehensive income			
Items that will not be reclassified to profit or loss			
-Net fair value gain on investments in equity shares at FVTOCI		*	1
-Share of other comprehensive income of associate company accounted for using the equity method		(1)	(3)
-Remeasurement of post employment benefit obligations		(21)	(19)
Total other comprehensive income		(22)	(21)
Total comprehensive income for the year		2,207	1,190
Earnings per share (Face value of Rs 10/- per share) (Basic and diluted)	42	9.77	5.31

*figures are below rounding off norm adopted by the company

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

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

For and on behalf of the Board of Directors of
NELCO LIMITED
 CIN : L32200MH1940PLC003164



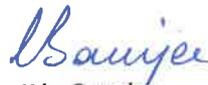
Sharmila A. Karve
 Partner
 Membership No.43229



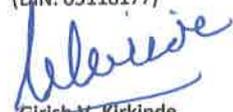
R. R. Bhinge
 Chairman
 (DIN: 00036557)



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



Uday Banerjee
 Chief Financial Officer



Girish V. Kirkinde
 Company Secretary & Head - Legal

Place : Mumbai
 Date : April 27, 2019

Place : Mumbai
 Date : April 27, 2019



Nelco Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2019

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Income tax	2,002	1,522
Profit before Income tax	2,002	1,522
Adjustments for:		
Depreciation and amortisation expense	1,296	949
Finance Costs	738	593
Unrealised foreign exchange (gain) / loss	(7)	9
Provision for doubtful debts	(32)	(67)
Bad debts written off	72	86
Provision for warranty (net)	26	20
Liabilities/Provisions no longer required, written back	(69)	-
Provision for foreseeable losses written back	(10)	(45)
Gain on disposal of property, plant and equipment (net)	(6)	(21)
Unwinding of discount on financial asset measured at amortised cost	(57)	(43)
Interest Income classified as investing cash flow	(22)	(3)
Change in fair value Investment	-	(1)
Interest income	(179)	(110)
Provision for contingency	-	11
Share of net profit of associate accounted for using the equity method	(9)	(57)
Operating Profit Before Working Capital Changes	3,743	2,843
Adjustments For Changes In Working Capital:		
Movements In Assets		
-(Increase) / Decrease in Trade receivables	(340)	(2,003)
-(Increase) / Decrease in Other Current Assets	(539)	338
-(Increase) / Decrease in Other Non Current Assets	(46)	14
-(Increase) / Decrease in Financial Assets - Non Current - Loans	5	(9)
-(Increase) / Decrease in Inventories	98	14
-(Increase) / Decrease in Other Financial Assets - Current	(849)	124
-(Increase) / Decrease in Other Financial Assets - Non Current	(269)	7
-(Increase) / Decrease in Financial Assets - Current - Loans	28	-
-(Increase) / Decrease in Other Bank Balances	(1)	6
Movements In Liabilities		
- Increase / (Decrease) in Trade Payables	495	842
- Increase / (Decrease) in Other Financial Liabilities - Non Current	(3)	(13)
- Increase / (Decrease) in Other Liabilities - Non Current	(9)	30
- Increase / (Decrease) in Provisions - Non Current	70	54
- Increase / (Decrease) in Other Financial Liabilities - Current	136	24
- Increase / (Decrease) in current Contract Liabilities	2,352	-
- Increase / (Decrease) in Other current liabilities	(2,324)	1,282
- Increase / (Decrease) in Provisions - Current	(12)	(110)
Cash generated from operations	2,535	3,443
- Taxes Paid (Net of refunds)	(413)	(228)
Net Cash generated from operating activities- (A)	2,122	3,215
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for Purchase of Property, Plant and Equipment / Intangible Assets	(5,339)	(2,079)
Proceeds from Sale of Property, Plant and Equipment / Intangible Assets	680	401
Interest Received	201	3
Proceeds received on account of sale of UGS business to holding company in previous year	-	223
Bank balances not considered as Cash and cash equivalents		
- Fixed deposits placed	(16)	-
- Matured	-	20
Dividend From associate	6	6
Net Cash (Used In) Investing Activities (B)	(4,468)	(1,426)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings		
- Receipts	18,544	13,316
- Payments	(15,229)	(13,866)
Finance lease payments	(75)	(67)
Finance Costs Paid	(738)	(596)
Dividend Paid	-	(6)
Net Cash (Used In) Financing Activities- (C)	2,502	(1,219)
Net Increase / (Decrease) in Cash & Cash Equivalents [(A)+(B)+(C)]	156	570
Cash and Cash Equivalents as at April 1, 2018	338	(232)
Cash and Cash Equivalents as at March 31, 2019	494	338

Non-cash financing activities

- Acquisition of property, plant and equipment by means of finance lease	-	443
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Nelco Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2019

(Rs. in Lakhs)

Reconciliation of cash and cash equivalents as per cash flow statement

Cash and Cash Equivalents Comprise of :	As at March 31, 2019	As at March 31, 2018
Cash and Cash Equivalents Comprise of :		
Balance with Scheduled Banks in Current Accounts	422	233
Cash on Hand	1	1
Cheques on Hand	125	163
Bank Overdraft	(54)	(59)
Total	494	338

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

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

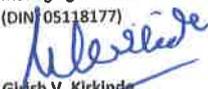


Sharmila A. Karve
Partner
Membership No.43229

For and on behalf of the Board of Directors of
NELCO LIMITED
CIN : L32200MH1940PLC003164



R. R. Bhinge
Chairman
(DIN: 00036557)


Uday Banerjee
Chief Financial Officer
P.J. Nath
Managing Director and CEO
(DIN: 05118177)
Gish V. Kirkipde
Company Secretary & Head - Legal

Place : Mumbai
Date : April 27, 2019

Place : Mumbai
Date : April 27, 2019



Nelco Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2019

A. Equity share capital

(Rs. In Lakhs)	
Particulars	Amount
As at April 1, 2017	2,282
Changes in equity share capital	-
As at March 31, 2018	2,282
Changes in equity share capital	-
As at March 31, 2019	2,282

B. Other Equity

Particulars	Reserves and Surplus		Other Reserves	Total
	General Reserve	Retained earnings	FVOCI Equity Instrument	
As at April 1, 2017	250	(356)	11	(95)
Profit for the year	-	1,211	-	1,211
Other comprehensive income for the year	-	(22)	1	(21)
As at March 31, 2018	250	833	12	1,095
Profit for the year	-	2,229	-	2,229
Other comprehensive income for the year	-	(22)	*	(22)
As at March 31, 2019	250	3,040	12	3,302

*figures are below rounding off norm adopted by the company

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

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



Sharmila A. Karve
 Partner
 Membership No.43229

For and on behalf of the Board of Directors of
NELCO LIMITED
 CIN : L32200MH1940PLC003164



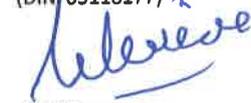
R. R. Bhinge
 Chairman
 (DIN: 00036557)



P.J. Nath
 Managing Director and CEO
 (DIN) 05118177



Uday Banerjee
 Chief Financial Officer



Girish V. Kirinde
 Company Secretary & Head - Legal

Place : Mumbai
 Date : April 27, 2019



Place : Mumbai
 Date : April 27, 2019

Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

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 VSAT domestic data network service 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 27, 2019.

1. Summary of Significant accounting policies

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

1.1 Basis of preparation

a. Compliance with Ind AS

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

b. Historical Cost Convention

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

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

c. Current -non current classification

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

d. New and amended Standards adopted by the Group.

The company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115, Revenue from Contracts with Customers
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes



The company had to change its accounting policies following the adoption of Ind AS 115. This is disclosed in note 43. 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.



Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in statement of profit and loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to statement of profit and loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate.

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.

1.2 Property, plant and equipment

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

a. Capital work-in-progress

Projects under which Property, Plant and equipment which are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

b. Depreciation methods estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate cost, net of their estimated residual value, over their estimated useful lives. The property, plant and equipment acquired under finance lease is depreciated over the asset's useful life or over the shorter of asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The useful lives and residual values are as prescribed under schedule II to Companies Act, 2013 except for the following type of assets where useful life is considered as per management estimate, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the



operating conditions of the asset, replacements generally required from the point of view of operational effectiveness.

Type of Assets	Useful Life
Plant and Machinery	Radio frequency (RF) antenna – 9 Years Basic electronics – 6 Years Networking devices - 6 years RF and baseband – 10 to 12 Years VSAT antenna and parts – 15 Years
Office equipments - VSAT	Antenna – 10 Years Electronics - 7.50 Years Basic electronics – 6 Years
Office equipments Computer hardware	3 Years

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

1.3 Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortisation and accumulated impairment, if any. The Group amortises intangible assets using straight line method over the following periods.

License Fees – VSAT	: Over the license period of 20 years
License Fees – ISP	: Over the license period of 15 years
Testing software	: 5 years

1.4 Impairment of non-financial Assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.5 Investments and other financial assets

a. Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For Investment in equity instruments, this will depend on whether:



the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

b. Measurement

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

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

Equity Instruments

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

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

c. Impairment of financial assets

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

d. Derecognition of financial assets

A financial asset is derecognised only when

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

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

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



e. Income Recognition

Interest Income

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

Dividend

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

1.6 Cash and cash equivalents

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

1.7 Trade 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 Financial Liabilities

i) Classification

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

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

ii) Measurement

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

iii) Derecognition:

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

1.9 Trade and other payables

These amounts represent liabilities for goods and services received by the group prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not



due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using effective interest method.

1.10 Offsetting financial instruments

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

1.11 Inventories

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

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

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

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

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

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

1.13 Revenue recognition

The Group earns revenue from providing VSAT connectivity systems and solutions through sale of goods, providing installation and annual maintenance services, renting of goods, Integrated Security & Surveillance services. The Group also earns revenue from providing VSAT domestic data network service 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.



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

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.

d. Construction Contracts

In respect of construction contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.1.



1.14 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statement is presented in Indian rupee (INR), which is Nelco Limited's functional and presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income / other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

1.15 Derivative financial instruments:

The group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Consolidated Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through the Statement of Profit and Loss and the resulting exchange gains or losses are included in the Statement of Profit and Loss. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

1.16 Current and deferred tax

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

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



a. Current Tax

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

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

b. Deferred Tax

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

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

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and carry forward tax credits only if it is probable that future taxable amounts will be available to utilize those temporary differences, tax losses and tax credits.

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

1.17 Leases

As a lessee

Leases of property, plant and equipment where the group as lessee has substantially all the risks and rewards of ownership is classified as finance lease. Finance leases are capitalised at the inception of lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

As a lessor

Lease income from operating leases where the group is a lessor is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating



lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.18 Borrowing

Borrowing are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there 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.

1.20 Provisions and contingent liabilities

a. Provisions

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

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



The measurement of provision for restructuring includes only direct expenditure arising from the restructuring, which are both necessary entailed by the restructuring and not associated with the ongoing activities of the group.

i) Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

ii) Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Groups's obligation.

b. Contingent liabilities

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

c. Contingent Assets

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

1.21 Employee benefits

a. Short-term obligations

Liabilities for salaries and wages, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b. Other long-term employee benefit obligations

The group has liabilities for compensated absences which are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yield at the end of the reporting period that have terms approximating to the terms of the related obligations. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

The obligation is presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.



c. Post-employment obligations (Defined Benefit Obligations)

The Group operates the following post-employment schemes:

- defined benefit plans – Gratuity and Provident Fund
- defined contribution plans such as Superannuation Fund and Employee State Insurance Corporation (ESIC).

Defined Benefit Plans

The liability or asset recognised in the balance sheet in respect of defined benefit provident fund and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

Group pays Superannuation Fund and ESIC contributions to publicly administered funds as per local regulations. The Group has no further payment obligation once the contribution has been made. Group's contribution to Superannuation Fund and ESIC is recognised on accrual basis in the Statement of Profit and Loss.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits ; and (b) when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1.22 Segment reporting

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

The group has identified following 2 reportable segments, in a manner consistent with internal reporting provided to the chief operating decision maker:

- a. Automation and control comprises of sales of security and surveillance products.



- b. 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 35 for segment reporting)

1.23 Contributed equity

Equity shares are classified as equity.

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

1.24 Earnings per share

(i) Basic 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 1.13 above.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation by the Group Companies. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service



promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

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

b) Recognition and measurement of construction contract revenue

Revenue from construction contract is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

c) 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.

d) Recognition of deferred tax assets

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. The management assumes that taxable profits will be available while recognising deferred tax assets.

e) 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.

f) Estimation of provision for warranty claims

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' obligation.

g) 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 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. (Refer Note 31)

h) 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 44)

2.2 Recent accounting pronouncements - Standards issued but not yet effective:

The Ministry of Corporate Affairs ("MCA") notified Ind AS 116, the new leases accounting standard, and certain other amendments to Indian Accounting Standards (Ind AS) on March 30, 2019, to be effective from reporting periods beginning April 01, 2019.

(a) Ind AS 116, Leases

This standard will replace the current guidance in Ind AS-17, Leases.

Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease.

The Group is in process of assessing the impact of the standard on the financial position, results of operation and cash flow.

(b) Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income Taxes'

The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. These amendments will be applicable on or after April 1, 2019. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
 - that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
 - that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
 - that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty;
- and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect to have a material impact on its financial statements pursuant to the aforesaid amendment.

(c) Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:



- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling; and
- separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the group on or after April 1, 2019.

The Group does not expect to have a material impact on its financial statements pursuant to the aforesaid amendment.

(d) Amendment to Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

These amendments are not expected to have any material impact on the consolidated financial statements of the group.

(e) Amendment to Ind AS 23 – Borrowing Cost

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The group's current practice is in line with these amendments and accordingly these amendments are not expected to have any material impact on its consolidated financial statements.

(f) Other standards, changes in standards and interpretation

There are no other standards, changes in standards and interpretations that are not in force that the Company expects to have a material impact arising from its application in its financial statements.

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.



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(Rs. in Lakhs)

Description	Cost			Accumulated depreciation / amortisation			Net book		
	As at April 01, 2018	Additions	Disposals	As at March 31, 2019	As at April 01, 2018	Depreciation / amortisation for the year	Disposals	As at March 31, 2019	As at March 31, 2018
i. Property, plant and equipment									
Leasehold land (Finance lease)	26 (26)	-	-	26 (26)	1 (1)	-	-	25 (25)	25 (25)
Building	139 (139)	-	-	139 (139)	42 (30)	-	-	85 (97)	97 (109)
Plant and machinery	4,669 (3,506)	470 (1,182)	19 (19)	5,120 (4,669)	1,777 (1,214)	633 (573)	(10)	2,710 (2,892)	2,892 (2,292)
Electric installation	106 (108)	5	(2)	111 (106)	76 (63)	13 (15)	(2)	22 (30)	30 (45)
Furniture and Fixture	114 (107)	7 (7)	-	121 (114)	112 (97)	9 (15)	-	- (2)	2 (10)
Office equipment									
(i) Own	283 (206)	76 (83)	2 (6)	357 (283)	128 (98)	57 (36)	2 (6)	174 (155)	155 (108)
(ii) Given on lease (Operating lease)	1,723 (1,183)	4,938 (948)	705 (408)	5,956 (1,723)	500 (332)	453 (209)	54 (41)	5,057 (1,223)	1,223 (851)
(iii) Assets taken on finance lease	443	-	-	443	41	53	-	349	402
Vehicles	69 (9)	(443) (18)	5 (6)	82 (6)	9 (6)	10 (7)	1 (4)	64 (60)	60 (3)
Total - Property, plant and equipment (i)	7,572 (5,284)	5,514 (2,731)	731 (443)	12,355 (7,572)	2,686 (1,841)	1,240 (908)	57 (63)	8,486 (4,886)	4,886 (3,443)
ii. Intangible assets									
Goodwill on consolidation*	-	-	-	-	-	-	-	-	-
License fees	23 (23)	-	-	23 (23)	9 (7)	3 (2)	-	11 (14)	14 (16)
Testing software	280 (166)	48 (114)	-	328 (280)	104 (65)	53 (39)	-	171 (176)	176 (101)
Total Intangible assets (ii)	303 (189)	48 (114)	-	351 (303)	113 (72)	56 (41)	-	182 (117)	190 (117)
Total-Property, plant and equipment & intangible assets (i+ii)	7,875 (5,473)	5,562 (2,845)	731 (443)	12,706 (7,875)	2,799 (1,913)	1,296 (949)	57 (63)	8,668 (5,076)	5,076 (3,560)
iii. Capital work-in-progress									
Grand total (i+ii+iii)									
								1660 (468)	468 (285)
								10,328 (5,544)	5,544 (3,845)

Figures in [brackets] represents previous year's figures

Note :-

- 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 37)
- 3) Capital work in progress mainly comprises of Office Equipment's given on lease pending for installation and new hub equipment.
- 4) The lease term in respect of assets acquired under finance lease generally expires within three to five year.
- 5) * figures below rounding off norm adopted by the group.



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 5 : Investments - Non current

(Rs. in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments (Unquoted, fully paid, at cost)				
Investments in associate				
Nelito Systems Limited (Refer note 1 and 2 below)	-	-	2,53,665	561
Equity investments (Unquoted, fully paid, at FVOCI)				
Technopolis Knowledge Park Limited [(net of impairment of Rs.181 Lakhs (March 2018 : Rs. 181 Lakhs)]	18,10,000	-	18,10,000	-
Zoroastrian Co-operative Bank Limited	6,000	16	6,000	15
Total equity instruments		16		576
Total investments		16		576
Aggregate amount of unquoted investments		16		576
Aggregate amount of impairment in the value of investments		(181)		(181)

Notes :

Group's ownership interest in an Associate

1. Although the group holds less than 20% of the equity shares of Nelito Systems Limited, and it has less than 20% of the voting power at shareholder meetings, the group exercises significant influence by virtue of its contractual right to appoint two out of seven directors to the board of directors of that Company.
2. The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate of Rs 562 Lakhs (253,665 shares) as at March 31, 2019 has been classified as 'Assets classified as held for sale' in accordance with IND AS 105.



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Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(Rs. in Lakhs)

Note 6 : Trade receivables

(a) Non-current

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	-	223
Less : Allowance for Doubtful Debts (expected credit loss allowance)	-	-
Total	-	223

Break-up of security Details

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables considered good – secured	-	223
Trade receivables considered good – unsecured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
Total	-	223
Allowance for doubtful debts (Expected credit loss allowance)	-	-
Total Trade receivable	-	223

(b) Current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	6,152	5,660
Receivable from related parties (refer note 41)	2	1
Less : Allowance for Doubtful Debts (expected credit loss allowance)	(157)	(188)
Total	5,997	5,473

Break-up of security Details

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables considered good – secured	6,154	5,661
Trade receivables considered good – unsecured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
Total	6,154	5,661
Allowance for Doubtful Debts (expected credit loss allowance)	(157)	(188)
Total Trade receivable	5,997	5,473

1. Trade receivables are dues in respect of goods sold and services rendered in the normal course of business.
2. The normal credit period allowed by the group ranges from 0 to 60 days.
3. The group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables.
4. There are no dues by directors or other officers of the group or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director is a member.



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 7 : Loans

(Rs. in Lakhs)

(a) Non-current

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	24	29
Total	24	29

(Rs. in Lakhs)

Break-up of security details

Particulars	As at March 31, 2019	As at March 31, 2018
Loans considered good - Secured	24	29
Loans considered good - Unsecured	-	-
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	24	29
Total	-	-
Less : Loss allowance	24	29
Total	-	29

(Rs. in Lakhs)

(b) Current

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	150	124
Loans to employees	7	4
Less : Loss allowance	(21)	(21)
Total	136	107

(Rs. in Lakhs)

Break-up of security details

Particulars	As at March 31, 2019	As at March 31, 2018
Loans considered good - Secured	157	128
Loans considered good - Unsecured	-	-
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	157	128
Total	21	21
Less : Loss allowance	136	107
Total	-	107

Note 8 : Other financial assets

(Rs. in Lakhs)

(a) Non-current

Particulars	As at March 31, 2019	As at March 31, 2018
Balances held as margin money against bank guarantees	16	-
Finance Lease receivable	269	-
Total	285	-



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(b) Current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unbilled revenue	780	221
Fair value of foreign exchange forward contracts	-	1
Finance Lease receivable	289	-
Others	50	48
Total	1,119	270

Note 9 : Income tax assets (net) - Non-current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	2,208	2,141
Add : Tax deducted at source and advance tax [Net of provision for tax 2019 : Rs. 1062 lakhs (2018: Rs. 466 lakhs)]	1,328	1,042
Less: Income tax refund	799	704
Less: Current tax payable for the year	596	271
Closing balance	2,141	2,208

Note 10 : Other assets

(Rs. in Lakhs)

(a) Non-current

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with government authorities	2	2
Deferred rent expenses	7	6
Prepaid Expenses	45	-
Total	54	8

(b) Current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	115	119
Advance to suppliers	26	91
Balance with government authorities	811	202
Deferred rent expenses	-	3
Others	10	8
Total	962	423



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 11 : Inventories

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Inventories (lower of cost and net realisable value)		
Stock-in-trade	789	887
Total	789	887

Note 12 : Cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Balances with Banks :-		
In current accounts	422	233
(b) Cheques on hand	125	163
(c) Cash on hand	1	1
Total	548	397

Note 13 : Bank balance other than Cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
In earmarked Accounts		
(a) Unpaid dividend accounts	3	3
(b) Balances held as margin money against letter of credit and bank guarantees	26	25
Total	29	28

Note 14 : Contract liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Advances received from customers	922	-
Deferred revenue	1,430	-
Total contract liabilities	2,352	-



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Particulars	(Rs. In Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Authorised share capital:		
2,50,00,000 (2,50,00,000 as at March 31, 2018) equity shares of Rs.10/- each	2,500	2,500
Redeemable Preference Shares of Rs.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, 2018) equity shares of Rs.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, 2018) equity shares of Rs.10/- each)	2,282	2,282
	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, 2019		As at March 31, 2018	
	Number of shares	Amount (Rs. in Lakhs)	Number of shares	Amount (Rs. in Lakhs)
	The Tata Power Company Limited (48.65%)(Holding Company)	1,10,99,630	1,110	1,10,99,630
Altaab 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 issued only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution of dividend and proceeds on liquidation will be in proportion to the number of equity shares held by the shareholders.

(iv) Details of shareholder holding more than 5% shares in the company :

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights	1,10,99,630	48.65%	1,10,99,630	48.65%
The Tata Power Company Limited				

(v) 939 shares (March 31,2018 : 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, 2019



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 16 : Reserves and surplus

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
General reserve - Refer (i) below	250	250
Retained earnings - Refer (ii) below	3,040	833
Total	3,290	1,083

(i) General reserve

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	250	250
Addition during the year	-	-
Closing balance	250	250

(ii) Retained earnings

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	833	(356)
Net Profit for the year	2,229	1,211
Items of other Comprehensive income recognised directly in retained earning		
- Share of other comprehensive income of associate accounted for using the equity method	(1)	(3)
- Remeasurements of post employment benefit obligations, net of tax	(21)	(19)
Closing Balance	3,040	833

Note 16 (a) : Other Reserve - Reserve for FVOCI Equity instrument

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	12	11
Changes in fair value of FVOCI equity instruments	*	1
Closing Balance	12	12

* figures below rounding off norm adopted by the company.

General reserve

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

Retained earnings

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

Reserve for Equity FVOCI instrument

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 of.

Note on Dividend :-

For financial year ended March 31,2019, the Board of Directors has recommended a dividend of 15% (Rs. 1.50 per equity share of Rs.10/- each), subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company to be held on July 24, 2019.



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(Rs. In Lakhs)

Note 17 : Borrowings

(a) Non - current

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured	220	300
(i) Finance lease obligation (refer note (i) below)	220	300
Secured	3,165	458
(ii) Term Loans from banks (refer note (i) below)	3,165	458
Total	3,385	758

Notes

(i) The terms of repayment of loans are stated below:

Particulars	As at March 31, 2019	As at March 31, 2018	Terms of Repayment	Rate of Interest (p.a.)	Nature of Security
Finance lease obligation	220	300	Repayable in quarterly equal instalments for five years till December, 2023	9.50%	Unsecured
South Indian Bank Limited	186	289	Repayable in quarterly equal instalments till September, 2022	MCLR + 0.5%	Hypothecation of asset acquired utilizing the loan.
ICICI Bank Ltd	282	169	Repayable in quarterly equal instalments till March, 2022	I-MCLR 1 year +1.30%	Exclusive charge over the assets, financed by rupee term loan.
IDFC Bank Ltd	2,697	-	Quarterly installment begin from July, 2019, last date of installment April 30, 2023	MCLR + 0.65%	Exclusive charge on the VSATs. Value of VSATs installed against the loan provided by IDFC bank.
	3,385	758			

(Rs. in Lakhs)

(b) Current

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured	3,215	3,500
(i) Term loans from Banks (refer note (i) below)	3,215	3,500
Secured	137	280
(i) Term loans from banks (refer note (i) below)	54	59
(ii) Bank overdraft (refer note (i) below)	191	339
Total	3,406	3,839



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(Rs. in Lakhs)

(i) Repayment schedule is as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	Terms of Repayment	Rate of Interest (p.a.)	Nature of Security
Bank of India - Bank overdraft	54	10	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
IDFC Bank Ltd	2,015	2,500	Bullet repayment payable on due date	9.15 % to 9.75 %	Unsecured
CICI Bank Ltd	1,200	1,000	Payable on demand	I-MCLR 1 year +1.30%	Unsecured
The Zoroastrian Co-op Bank Limited	137	280	Payable on demand	1) 51 Lakhs @ bank base rate 2) 86 Lakhs @3% below bank's MLR	Hypothecation by way of first charge on the equipment's to be purchased out of the Bank's Term Loan
Axis Bank Limited - Bank overdraft		49	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
	3,406	3,839			

(ii) The carrying amount of financial and non-financial assets pledged as security for current and non current borrowings (refer note 34)

Particulars	(Rs. in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Cash & cash equivalents	548	397
Bank overdraft	(54)	(59)
Current borrowings	(3,352)	(3,780)
Non current borrowings (including current maturities of Long Term Debt)	(4,834)	(1,167)
Net debts	(7,692)	(4,609)

Particulars	(Rs. in Lakhs)				Total
	Other assets Cash & bank overdrafts	Finance Lease obligation	Non current borrowings	Current borrowing	
Net debt as at April 1, 2017	(232)		(430)	(4,695)	(5,358)
Cash flow	570		(364)	916	1,189
Acquisitions - Finance leases		(443)			(443)
Interest expenses		(16)	(26)	(541)	(583)
Interest paid		16	29	541	586
Net debt as at March 31, 2018	338	(376)	(791)	(3,780)	(4,609)
Cash flow	156		(3,742)	428	(3,083)
Acquisitions - Finance leases		(33)	(191)	(496)	(720)
Interest expenses		33	191	496	720
Interest paid					
Net debt as at March 31, 2019	494	(301)	(4,533)	(3,352)	(7,692)



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 18 : Other financial liabilities

(Rs. in Lakhs)

(a) Non-current

Particulars	As at March 31, 2019	As at March 31, 2018
Liability towards voluntary retirement scheme	7	10
Total	7	10

(b) Current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Interest accrued	4	4
Liability towards voluntary retirement scheme	5	13
Sundry deposits received from customers	58	58
Current maturities of long-term debt	1,445	405
Capital creditors	2,185	769
Employee benefits payable	656	517
Fair value of foreign exchange forward contracts	37	-
Payable to holding company	6	-
Unclaimed dividend	3	3
Total	4,399	1,769

Note 19 : Provisions

(Rs. in Lakhs)

(a) Non-current

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Employee Benefits obligations:		
Compensated absences (Refer note 40)	202	177
Gratuity (Refer note 40)	289	244
Total	491	421

(b) Current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits obligations:		
Compensated absences (Refer note 40)	31	22
Gratuity (Refer note 40)	27	14
	58	36
Provision - Others:		
Estimated losses on onerous contracts (Refer note 44)	-	23
Warranty (Refer note 44)	58	49
	58	72
Provision for disputes (Refer note 44)	90	73
Total	206	181



Nelco Limited
Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(Rs. in Lakhs)

Note 20 : Other liabilities

(a) Non-current

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred profit on sale of fixed assets on finance lease	21	30
Total	21	30

(Rs. in Lakhs)

(b) Current

Particulars	As at March 31, 2019	As at March 31, 2018
Advance received from customers	-	862
Income received in advance	-	1,540
Statutory dues payable	241	164
Deferred profit on sale of fixed assets on finance lease	10	9
Total	251	2,575

(Rs. in Lakhs)

Note 21 : Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 47)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,599	3,225
(iii) Trade payable to related parties (refer note 41)	34	26
Total	3,633	3,251



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Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(Rs. in Lakhs)

Note 22 : Revenue from operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue From Contracts with Customer*	4,922	2,787
Sale of products	14,178	12,166
Sale of services	19,100	14,953
Other operating revenue	1	8
Scrap sales	1	8
Total	19,101	14,961

*See Note 43 for details about changes in Accounting Policies consequent to adoption of IND AS 115

Reconciliation of revenue recognised with contract price:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contract price	19,101	14,961
Adjustments for:	-	-
Contract liabilities	19,101	14,961
Total		

(Rs. in Lakhs)

Note 23 : Other income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income	22	3
- On bank deposits	60	-
- On finance lease	119	110
- On income tax refund	201	113
Other non-operating Income	1	-
Insurance claims recovered	69	-
Liabilities/Provisions no longer required, written back	73	95
Rent income	10	45
Provision for foreseeable losses written back (Refer note 44)	11	177
Others	164	317
Other gains	6	21
Profit on sale of property, plant and equipment (net)	57	43
Unwinding of discount on financial asset measured at amortised cost	63	64
Total	428	494



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 24 : Changes in inventories of stock-in-trade

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<u>Inventories at the beginning of the year :</u>		
Stock - in - trade	887	866
Contracts in progress	-	35
	887	901
<u>Less : Inventories at the end of the year :</u>		
Stock - in - trade	789	887
Contracts in progress	-	-
	789	887
Net (Increase) / decrease In inventories of stock-in-trade	98	14



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(Rs. in Lakhs)

Note 25 : Employee benefits expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	2,479	1,991
Contributions to provident fund (Refer note 40)	85	65
Contributions to superannuation and other funds (Refer note 40)	21	20
Gratuity (Refer note 40)	43	34
Staff welfare expenses	151	146
Total	2,779	2,256

(Rs. in Lakhs)

Note 26 : Finance costs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense on:		
Borrowings	621	537
Trade payables	18	7
Bank charges	66	49
Interest on finance lease	33	-
Total	738	593

(Rs. in Lakhs)

Note 27 : Depreciation and amortisation Expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipments	1,240	908
Amortisation of intangible assets	56	41
Total	1,296	949



Nelco Limited**Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019****Note 28 : Other Expenses****(Rs. in Lakhs)**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of loose tools	12	10
License fees to Department of Telecommunications	1,188	1,064
Subcontracting expenses	1,329	1,132
Power and fuel	209	205
Rent including lease rentals	74	182
Repairs and maintenance - Machinery	159	131
Repairs and maintenance - Others	432	486
Insurance	8	7
Rates and taxes	13	13
Travelling and conveyance	186	164
Freight and forwarding	275	170
Legal and professional charges	184	297
Consultancy charges	287	288
Director sitting fees	48	42
Installation expenses	268	173
Bad debts written off	72	86
Less: Provision for doubtful debts made in earlier years written back	(72)	(86)
Provision for doubtful debts	40	19
Provision for warranty (net) (Refer note 44)	26	20
Foreign exchange loss (net)	141	30
Miscellaneous expenses	980	775
Other expenses	5,859	5,208
Transponder charges	3,469	3,140
Total other expenses	9,328	8,348



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

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 necessary steps for obtaining approvals from Department of Telecommunications ("DOT") are being taken. As per the NCLT Order, this Scheme is effective only on receiving the written approval from the Department of Telecommunications (DoT) for transfer of licenses. The NCLT Order required the Company to file the Order with the Registrar of Companies (RoC) within 30 days. Upon filing, RoC updated the records to reflect the Scheme as effective and TNSL as "amalgamated" even though DoT approval is yet to be obtained. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the scheme with immediate effect. The decision of NCLT is awaited.

Since, the above reorganisation is between the Company (holding company) and its two wholly owned subsidiaries, this has no implication on consolidated financial statements of the Group.

Note 30 : Fair Value Measurements

30 (a) Financial instrument by category.

(Rs. in Lakhs)

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments	-	16	-	-	15	-
Trade Receivable	-	-	5,997	-	-	5,696
Cash and Cash equivalent	-	-	548	-	-	397
Other Bank Balances	-	-	29	-	-	28
Security Deposit	-	-	174	-	-	153
Loans to Employees	-	-	7	-	-	4
Other Financial Assets	-	-	1,404	1	-	269
Total Financial Assets	-	16	8,159	1	15	6,547
Financial Liabilities						
Borrowings	-	-	8,236	-	-	5,002
Trade Payables	-	-	3,633	-	-	3,251
Other Financial Liabilities	37	-	2,924	-	-	1,374
Total Financial Liabilities	37	-	14,793	-	-	9,627

(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.

(Rs. in Lakhs)

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial instrument at FVOCI					
Investment in equity shares	5	-	-	16	16
Total Financial Assets				16	16
Financial Liabilities					
Financial instrument at FVPL					
Foreign exchange forward contract	18 (b)	-	37	-	37
Total Financial liabilities			37	-	37



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(Rs. in Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Other Financial Assets	8 (a)	-	-	285	285
Loans	7 (a) & 7 (b)	-	-	162	162
Total Financial Assets				447	447
Financial Liabilities					
Borrowings	17 (a), 17 (b) & 18(b)	-	-	8,236	8,236
Other Financial Liabilities	18 (a) & 18 (b)	-	-	2,928	2,928
Total Financial Liabilities				11,164	11,164

(Rs. in Lakhs)

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial instrument at FVOCI Investment in equity shares	5	-	-	15	15
Total Financial Assets				15	15
Financial Liabilities					
Financial instrument at FVPL Foreign exchange forward contract	8 (b)	-	1	-	1
Total Financial Liabilities			1		1

(Rs. in Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Trade Receivables	6 (a) & 6 (b)	-	-	5,707	5,707
Loans	7 (a) & 7 (b)	-	-	138	138
Total Financial Assets				5,845	5,845
Financial Liabilities					
Borrowings	17 (a), 17 (b) & 18(b)	-	-	5,002	5,002
Other Financial Liabilities	18 (a) & 18 (b)	-	-	1,374	1,374
Total Financial Liabilities				6,376	6,376

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

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

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

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

(ii) Valuation technique used to determine fair value

a) Specific valuation technique used to value financial instruments include:

- The use of quoted market price or dealer quotes for similar 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.



Nelco Limited**Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019****(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

(Rs. in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial Assets				
Trade Receivable	-	-	5,696	5,707
Other Financial Assets	285	285	-	-
Loans	181	162	157	138
Total Financial Assets	466	447	5,853	5,845
Financial Liabilities				
Borrowings	8,236	8,236	5,002	5,002
Other Financial Liabilities	2,924	2,928	1,374	1,374
Total Financial Liabilities	11,160	11,164	6,376	6,376

Significant Estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) and (iii) above.



Note 31 : Financial Risk Management

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

This note explain the sources of risk which the entity is exposed to and how the entity manage the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, loans, financial assets measured at amortised cost.	Ageing analysis, credit ratings	Diversification of bank deposit, credit limits
Liquidity risk	Borrowings, Trade Payables, contract liabilities and other Financial liabilities	Rolling cash flow forecast	Availability of bank credit lines and borrowings facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (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 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 forward-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, 2019 and March 31, 2018 is the carrying value of each class of financial assets as disclosed in the consolidated financial statements.

Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. In account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

Two customers as at March 31, 2019 and Five customers as at March 31, 2018 contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was Rs.1188 Lakhs and Rs.2,130 Lakhs as at March 31, 2019 and as at March 31, 2018 respectively.

The amount of Trade receivable outstanding as at March 31, 2019 and March 31, 2018 is as follows:

Particulars	(Rs. in Lakhs)				
	Not Due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2019	3,212	2,002	389	551	6,154
As at March 31, 2018	1,885	2,834	382	783	5,884

(ii) Reconciliation of loss allowances provision - Trade Receivable

(Rs. in Lakhs)	
Loss Allowances on April 01, 2017	252
Changes in loss allowances	(64)
Loss Allowances on March 31, 2018	188
Changes in loss allowances	(31)
Loss Allowances on March 31, 2019	157



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(B) Liquidity Risk

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

(i) Financing arrangements

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

Particulars	(Rs. in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
Floating Rate		
Expiring within one year (Bank overdraft, Term Loans and other facilities)	6,164	4,469
Expiring beyond one year (Term loans)	-	-
Fixed Rate		
Expiring within one year (Term Loans and other facilities)	-	1,000
Expiring beyond one year (Term loans)	-	-
Total	6,164	5,469

The Bank has an unconditional right to cancel the undrawn/ unused/ unavailed portion of the loan/ facility sanctioned at any time during the period of the loan/ facility, without any prior notice to the Company.

(ii) Maturities of financial liabilities

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

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

Contractual maturities of financial liabilities	(Rs. in Lakhs)			
	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2019				
Non - Derivative				
Borrowings	4,851	1,514	1,871	8,236
Trade payables	3,633	-	-	3,633
Other Financial Liabilities	2,954	4	4	2,962
Total Non derivative liabilities	11,438	1,518	1,875	14,831

Contractual maturities of financial liabilities	(Rs. in Lakhs)			
	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2018				
Non - Derivative				
Borrowings	4,244	241	517	5,002
Trade payables	3,251	-	-	3,251
Other Financial Liabilities	1,364	5	8	1,377
Total Non derivative liabilities	8,859	246	525	9,630

(C) Market Risk

(i) Foreign currency risk

Group is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (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 group's functional currency (INR).

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

(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	(Rs. in Lakhs)			
		As at March 31, 2019		As at March 31, 2018	
		In foreign currency	Rs in Lakhs	In foreign currency	Rs in Lakhs
Financial Liabilities					
Trade Payables	USD	34	2,362	25	1,646
Derivative Liabilities					
Foreign exchange forward contract	USD	(25)	(1,750)	(4)	(276)
Buy Foreign Currency	USD	9	612	21	1,370
Net Exposure to Foreign Currency Liability					
Financial Assets					
Trade Receivables	USD	(1)	(45)	(3)	(176)
Advance to Suppliers	USD	-	-	*	(8)
Net Exposure to foreign currency Assets	USD	(1)	(45)	(3)	(184)

* figures below rounding off norm adopted by the group.



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(b) Sensitivity

The Sensitivity of profit or loss to changes in the exchange rates arises mainly currency denominated financial instrument.

Particulars	(Rs. in Lakhs)	
	Impact on profit after tax	
	As at March 31,2019	As at March 31,2018
<i>USD sensitivity</i>		
INR/USD Increase by 5% (March 31, 2019 5%)*	(20)	(40)
INR/USD Decrease by 5% (March 31, 2019 5%)*	20	40
* 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	(Rs. in Lakhs)	
	As at March 31,2019	As at March 31,2018
Variable Rate Borrowings	7,933	1,112
Fixed Rate Borrowings	303	3,890
Total Borrowings	8,236	5,002

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

Particulars	(Rs. in Lakhs)	
	Impact on profit after tax	
	As at March 31,2019	As at March 31,2018
Interest Rate Increase by 100 basis points*	(56)	(3)
Interest Rate Decrease by 100 basis points*	56	3
* 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. Ratio of Total Outside Liabilities (TOL) to Total Net worth (TNW) should be less than 4 as on March 31, 2019 and less than 5 as on March 31, 2018 calculated for Tatanet Services Limited for loan taken by Tatanet Services Limited.
4. Standalone Fixed asset coverage ratio should be greater than or equal to 1.17
5. Consolidated net debt to EBIDTA ratio should be less than 4 upto FY 2020 and 3 after FY 2020
6. Consolidated Debt Service Coverage Ratio (DSCR) should be greater than 1.10

Group has complied with the above covenants throughout the reporting period

Note 33 : Offsetting Financial Assets And Financial Liabilities

There are no financial assets and liabilities which are eligible for offset under any arrangement.

Collateral against borrowings

The Group has pledged financial instruments as collateral against a number of its borrowings. Refer to note no. 34 for further information on financial and non-financial collateral pledged as security against borrowings



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Note 34 : Assets Pledge As Security

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

(Rs. in Lakhs)

Particulars	As at March 31,2019	As at March 31,2018
Current Assets		
Financial Assets		
First Charge		
Trade receivables (Including non-current)	5,997	5,696
Inventories	789	887
Cash & cash equivalents	548	397
Bank balances other than above	29	28
Loans	136	107
Other financial assets	1,119	270
Other current assets	962	423
Total Current Assets pledged as Security	9,580	7,808
Non Current Assets		
First Charge		
(i) Plant and Machinery	2,015	2,254
(ii) Office Equipment	6	10
(iii) Intangible Assets	163	184
(iv) Capital work in-progress	294	-
Total (A)	2,478	2,448
Second Charge		
(i) Building	85	97
(ii) Plant and Machinery	767	708
(iii) Office Equipment	5,171	1,321
Total (B)	6,023	2,126
Total Non-Current Assets pledged as Security	8,501	4,574
Total Assets pledged as Security	18,081	12,382



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Note 35 : Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The group's chief operating decision maker are the Board of Directors.

a) Primary segment:

The group has identified business segments as reportable segments. The segment have been identified taking in to account the organisational structure as well as the differing risks and returns of these segments. The identified business segments are :

- 1) Automation and control : which comprises of sales of security and surveillance products
- 2) Network systems : which 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.

b) Secondary segment:

The group caters mainly to the needs of the domestic market, the export turnover of Rs. 347 Lakhs (Previous Year Rs. 395 Lakhs) is not significant in the context of the total external revenue of Rs.19,101 Lakhs (Previous Year Rs. 14,961 Lakhs).

Further, segment assets and capital expenditure incurred outside India are not significant in relation to the total assets and total capital expenditure incurred during the period, as such there are no reportable geographical segments.

Primary segment disclosure - Business segment for the year ended March 31, 2019

(Rs. in Lakhs)

Particulars	Automation & Control	Network Systems	Total
A Segment revenue from operations			
External revenue	361	18,740	19,101
	243	14,718	14,961
Less : Intersegment revenue	-	-	-
	-	-	-
Total segment revenue			19,101
			14,961
B Segment results	(284)	4,119	3,835
	<i>(340)</i>	<i>3,633</i>	<i>3,293</i>
Add / (Less) :			
Share of profit of associate accounted for using equity method			9
			57
Finance cost unallocable to segments			(551)
			(553)
Other unallocable income / (expenditure)			(1,291)
			(1,275)
C Profit before tax for the year			2,002
			1,522
D Segment assets	1,189	17,462	18,651
	<i>1,696</i>	<i>10,878</i>	<i>12,574</i>
Add: Unallocable corporate assets			5,084
			3,637
Total assets			23,735
			16,211
E Segment liabilities	347	13,073	13,420
	<i>589</i>	<i>7,273</i>	<i>7,862</i>
Add: Unallocable corporate liabilities			4,731
			4,972
Total Liabilities			18,151
			12,834
F Capital expenditure		6,754	6,754
	<i>44</i>	<i>2,981</i>	<i>3,025</i>
G Depreciation	5	1,212	1,217
	<i>12</i>	<i>898</i>	<i>910</i>
Depreciation - Unallocable			79
			39
Depreciation from total operations	5	1,212	1,296
	<i>12</i>	<i>898</i>	<i>949</i>
H Non Cash expenses			
Provision for doubtful debts/advances	42	(2)	40
	26	(7)	19

Note: Figures in italics pertains to the previous year ended March 31, 2018

- c) During the year and previous year, there are no customers contributing 10% of sales



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Note 36 : Income Tax

a. Components and movements of deferred tax asset (net) :

Particulars	As at	Recognised	As at	Recognised in	MAT	As at
	April 1, 2017	in the	March 31,	the statement	Credit	March 31,
	(a)	statement	2018	of profit and	Utilisation	2019
		of profit and		Loss	(e)	(f=c+d+e)
		Loss	(c= a+b)	(d)		
i. Items of deferred tax liabilities :						
Property, plant and equipment and Intangible assets	61	72	133	(133)	-	-
Assets given on Finance Lease	-	-	-	163	-	163
Amortisation of Processing charges on borrowing	-	-	-	6	-	6
Deferred tax on unrealised share of profit of associates	-	24	24	12	-	36
Total deferred tax liability (i)	61	96	157	48	-	205
ii. Items of deferred tax assets* :						
Disallowances under Section 43B of the Income Tax Act, 1961	61	65	126	34	-	160
Provision for doubtful debts and deposits	19	(1)	18	29	-	47
Allowance of Voluntary retirement expenses u/s 35 DDA of Income Tax Act, 1961	-	-	-	19	-	19
Allowance of amalgamation expenses u/s 35 DD of Income Tax Act, 1961	-	-	-	29	-	29
Credit of Minimum alternate tax u/s 115 JAA of Income Tax Act, 1961	-	-	-	498	(116)	382
Unabsorbed long term capital loss	-	-	-	28	-	28
Allowance of legal dispute expenses provision disallowed earlier	-	-	-	26	-	26
Allowance of Impairment of Investment disallowed earlier	-	-	-	38	-	38
Property, plant and equipment and Intangible assets	59	(15)	44	131	-	175
Others	-	7	7	39	-	46
Total Deferred Tax Assets (ii)	139	56	195	871	(116)	950
Net Deferred Tax Assets (ii-i)	78	(40)	38	823	(116)	745

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

Particulars	(Rs. in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Income tax expense		
Current tax		
Current tax on profits for the year	596	271
Total current tax expense	596	271
Deferred tax		
Decrease / (increase) in deferred tax assets	(871)	(56)
(Decrease) / increase in deferred tax liabilities	48	96
Total deferred tax expenses / (benefit)	(823)	40
Income tax expense	(227)	311



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Note 36 : (b) Reconciliation of tax expense and accounting profit multiplied by India's tax rates:

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
Profit before tax	2,002	1,522
Statutory tax rate (%)	29.12%	33.06%
Tax at Indian tax rate	583	503
Difference in future Income Tax rate for defer tax recognition		(50)
Deferred tax asset not recognised on :		
Carried Forward Brought Forward Loss allowance under Income Tax Act		(320)
Others		8
Deferred tax not created on temporary differences in previous year reversed in current year	(17)	
Deferred tax recognised for the first time		
MAT Credit recognised	(499)	-
Depreciation on property, plant and equipment	(94)	-
Disallowance u/s 43B (provision for Gratuity and leave encashment)	(34)	-
Provision for doubtful debts / assets	(39)	-
Provision for sales tax liability	(26)	-
Disallowance u/s 35DD	(28)	-
Long term capital loss brought forward	(28)	-
Provision on impairment of investment	(38)	-
Others	(47)	-
Other Items		174
MAT Credit available under Section 115JAA of Income Tax Act 1961 not recognised		(4)
Others	40	
Total tax expense	(227)	311

Note 36 : (c) Tax losses

The details of carried forward tax losses and unabsorbed depreciation for which no deferred tax asset is recognised is as follows:

(Rs. in Lakhs)

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
Unabsorbed Depreciation	-	363
Long Term Capital Loss	-	135
Potential Tax Benefit	-	100
On Carried forward business loss and unabsorbed depreciation @ 27.53%	-	28
On Carried forward Long Term Capital Loss @ 20.60%	-	

Note 37 : Capital and other Commitments

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)	418	205
Estimated amount of contracts remaining to be executed on other account and not provided for (net of advance paid)	13	10

Note 38 : Information in respect of "Construction Contracts" is as follows:-

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Contract revenue recognised during the year	150	86
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) upto year end	135	4,294
Retention money for contracts in progress as at balance sheet date	173	173
Gross Amount due from Customers for contract work (Assets) as at balance sheet date	92	317
Gross Amount due to customers for contract work (Liability) as at balance sheet date	-	-



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Note 39 : Lease

39.1) Finance lease liabilities

The Group as Lessee

a) Leasehold land

(1) Asset acquired on finance lease represents Leasehold land. The lease term is 95 years and the company does not have an option to purchase the land at the end of the lease term.

(2) There are no minimum lease rentals payable in respect of asset acquired under finance lease.

(3) No contingent rent recognised/(adjusted) in the Statement of Profit and Loss in respect of finance lease.

b) Office Equipment (VSAT)

During the previous year, the group sold certain office equipment (VSAT) and leased it back for 5 years on market terms. The Group classified these leases as finance leases under IND AS 17, because the present value of the lease payments amounted to substantially all of the fair value of the asset.

Finance lease liabilities are payable as follows

Particulars	Future minimum lease payments (A)		Interest (B)		Present value of minimum lease payments (A-B=C)	
	As at	As at	As at	As at	As at	As at
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Not Later than 1 year	113	108	27	33	86	75
Later than 1 year and not longer than 5 years	244	352	27	53	217	299
Later than 5 years	-	-	-	-	-	-
Total	357	460	54	86	303	374

39.2) Operating Lease

The Group as Lessor

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

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

(3) No refundable deposits are taken and the lease rentals recognised in the consolidated statement of Profit and Loss for the year included under sale of services under revenue from Operations aggregate to Rs 1325 Lakhs (Previous Year Rs. 621 Lakhs)

Non- Cancellable operating lease receivables

Particulars	(Rs. in Lakhs)	
	As at	As at
	March 31, 2019	March 31, 2018
Not Later than 1 year	743	351
Later than 1 year and not longer than 5 years	2,164	828
Later than 5 years	160	-
Total	3,067	1,179

39.3) Non cancellable operating lease Payables

The group has operating lease for 18 Meters satellite Antennae and associated RF equipment's and facilities to operate with satellite on KU Band over Indian skies. These lease arrangement is 5 years, which is non-cancellable lease. Lease payments recognised in the Statement of Profit and Loss during the year is Rs. 117 lakhs (Previous year Rs.112 lakhs).

Particulars	(Rs. in Lakhs)	
	As at	As at
	March 31, 2019	March 31, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Not Later than 1 year	31	121
Later than 1 year and not longer than 5 years	-	31
Later than 5 years	-	-
Total	31	152



Note 40 : Employee benefit obligations

a. Short-term employee benefits

These benefits include salaries and wages, including other monetary and non-monetary benefits, compensated absences which are either non-accumulating or accumulated and expected to be availed within twelve months after the end of the reporting period.

b. Long-term employee benefits

i) Defined contribution plans

Groups's contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in Note 25 under the heading "Contributions to superannuation and other funds" are as under:

(Rs. in Lakhs)			
Sr. No	Particulars	Year ended March 31, 2019	Year ended March 31, 2017
a)	Contribution to employees' superannuation fund	20	18
b)	Contribution to employees' state insurance scheme	1	2
	Total	21	20

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, 2019 and March 31, 2018, respectively.

The details of fund and plan asset position are given below:

(Rs. in Lakhs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Plan assets at period end, at fair value	1,965	1,877
Present value of benefit obligation at period end	1,965	1,877
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 :

(Rs. in Lakhs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Government of India (GOI) bond yield	7.54%	7.82%
Remaining term to maturity of portfolio	11 years	5.76 years
Expected guaranteed interest rate	8.65%	8.55%

The Group has contributed Rs 85 Lakhs and Rs 65 Lakhs during the year ended March 31, 2019 and March 31, 2018 respectively and the same has been recognized in the Statement of Profit and Loss.

Provident Fund Assessment as per recent Supreme court Judgment

Recent Supreme Court judgement in case of Vivekananda Vidyamandir and Others (February 2019) lays down principles to exclude a particular allowance from the definition of "basic wages" for the purposes of computing the deduction towards provident fund contributions. A review petition have been filed against the said order by other Companies and await clarification from Provident Fund Commissioner/Supreme Court. Based on the initial assessment and recently concluded inspections by Provident Fund authorities, management does not expect any material impact on the financial statements.



-Gratuity (Unfunded)

The following table sets out the status of the defined benefit scheme and the amount recognised in the consolidated financial statements:

Amount recognised in the statement of profit and loss		(Rs. in Lakhs)	
Particulars	Year ended March 31, 2019	Year ended March 31, 2018	
Current service cost	23	17	
Interest cost (Net)	20	17	
Total expense recognised in the statement of profit and loss	43	34	

Amount recognised in other comprehensive income (OCI)		(Rs. in Lakhs)	
Particulars	Year ended March 31, 2019	Year ended March 31, 2018	
Due to change in demographic assumptions	*	*	
Due to change in financial assumptions	5	18	
Due to experience	16	*	
Total remeasurement (gains)/losses recognised in OCI	21	19	

*figures are below rounding off norm adopted by the group

Change in Defined Obligation (DBO) during the year		(Rs. in Lakhs)	
Particulars	As at March 31, 2019	As at March 31, 2018	
Present value of DBO at the beginning	258	228	
Current service cost	23	17	
Interest cost (Net)	20	17	
Liabilities transferred in/acquisitions	(3)	6	
Remeasurement (gain)/loss	21	19	
Benefits paid	(3)	(29)	
Present value of DBO at the end	316	258	

Principal Actuarial assumptions for valuation of gratuity liability

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.54%	7.82%
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:

- Interest rate risk** - A decrease in the bond interest rate will increase the plan liability.
- 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.
- 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	(Rs. In Lakhs)			
		As at March 31, 2019		As at March 31, 2018	
		Increase In assumption	Decrease In assumption	Increase In assumption	Decrease In assumption
Discount rate	1%	(17)	20	(15)	17
Expected rate of escalation in salary	1%	20	17	17	(15)
Rate of employee turnover	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 (2018 - 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	(Rs. In Lakhs)	
	As at March 31, 2019	As at March 31, 2018
1st following year	27	14
2nd following year	30	24
3rd following year	36	26
4th following year	60	31
5th following year	30	51
Sum of years 6 to 10	148	126

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 Rs.45 Lakhs (previous year Rs.47 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2019 towards Compensated absences.

Provision for compensated absences has been made on the basis of actuarial valuation carried out as at the Balance sheet date.

Principal Actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2019	As at March 31, 2018
	Discount rate	7.54%
Expected rate of escalation in salary	7.50%	7.50%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% 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.



Nelco Limited

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 41 : Related party transactions

(A) Promotor of holding company
Tata Sons Limited

(B) Parent Company / Holding Company
The group is controlled by the following entity

Name	Type	Place of incorporation	Ownership interest	
			As at March 31, 2019	As at March 31, 2018
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 Company :
Interest in associate are set out in note 46

(E) Key Managerial Personnel

(i) Executive director

Mr.P.J. Nath (Managing Director and CEO)

(ii) Independent and Non-Executive Directors

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

Mr. Sowmyan Ramakrishnan (Non Executive Director upto July 20, 2018)

Ms. Hema Hattangady (Independent Director)

Mr.Kailasam Raghuraman (Independent Director)

Mr.Krishnan Ramachandran (Independent Director)

Mr. Rahul Chandrakant Shah (Non Executive Director w.e.f July 21, 2018)

Mr. Sanjay Dube (Non-Executive Director of Tatanet Services Ltd (Material subsidiary) upto July 20, 2018)

Mr. Jitendra Vardhaman Patil (Non-Executive Director of Tatanet Services Ltd (Material subsidiary) w.e.f. January 24, 2019)

(Rs. in Lakhs)

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
(i) Executive Directors		
Short-term employee benefits	224	187
Post-employment benefits	7	6
Long-term employee benefits*	-	-
(ii) Non Executive and Independent Director		
Director sitting fees	48	42
Total compensation	279	235

*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.



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(F) Details of transactions between related parties are disclosed below :

Sr.no.	Particulars	(Rs. in Lakhs)		
		The Tata Power Company Limited (Holding Co.)	Tata Sons Limited (Promoter of Holding Co.)	Nellto Systems Limited (Associate)
1)	Purchase :			
a)	Services / Royalties	-	37	-
		(-)	(28)	(-)
2)	Sales :			
a)	Services	1	-	-
		(-)	(-)	(-)
b)	Goods	3	-	-
		(-)	(-)	(-)
3)	Other income			
a)	Dividend received	-	-	6
		(-)	(-)	(6)
b)	Rent	1	-	-
		(1)	(-)	(-)
4)	Other transactions :			
a)	Reimbursements made to parties	-	-	-
		(-)	(*)	(-)
5)	Balance Outstanding as at year end			
a)	Trade receivables	2	-	-
		(1)	(-)	(-)
b)	Trade payables	-	34	-
		(-)	(26)	(-)
c)	Other Payable	6	-	-
		(-)	(-)	(-)

Note : (i) Figures in brackets pertain to the previous year ended March 31, 2018.
(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.



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Note 42 : Earnings per share (EPS)

Sr. No.	Particulars	Year ended	Year ended
		March 31, 2019	March 31, 2018
1	Net profit after tax attributable to equity shareholders (Rs. in Lakhs)	2,229	1,211
2	Weighted average number of equity shares	2,28,17,461	2,28,17,461
3	EPS (Rs.) [Basic and diluted] (Face value per share Rs. 10)	9.77	5.31

Note 43 : Changes in accounting policies

The Group applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Comparative prior period has not been adjusted.

Entities applying the modified retrospective method can elect to apply the revenue standard only to contracts that are not completed as at the date of initial application (that is, they would ignore the effects of applying the revenue standard to contracts that were completed prior to the date of initial application). However, the Group elected to apply the standard to all contracts as at April 1, 2018.

There is no impact on the Net Assets, Retained Earnings and Total Equity by application of Ind AS 115. There is no impact on the financial statement line item of Statement of Profit and Loss by application of Ind AS 115. The financial statement line item of Balance Sheet that were impacted by adoption of Ind AS 115 is as given below:

Balance sheet (extract)	March 31, 2019 without adoption of Ind AS 115	Increase/ (decrease)	March 31, 2019 as reported
Other current liabilities	2,603	(2,352)	251
Contract liabilities	-	2,352	2,352
Total other current liabilities & Contract liabilities	2,603	-	2,603

Note 44 : Contingent liabilities

Sr. No.	Particulars	(Rs. in Lakhs)	
		As at March 31, 2019	As at March 31, 2018
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	4,109	4,114
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	631
Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities			

Disclosure as required by Ind AS 37 – "Provisions, contingent Liabilities and contingent Assets" as at year end are as follows:

- 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.
- 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.
- 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.
- The movement and provision during the year are as follows:

Particulars	Provision for disputes		Warranties		Future foreseeable losses on contracts	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
	Opening Balance	73	62	49	99	23
Add: Provision during the year	28	11	33	30	-	-
(Less): Utilisation during the year	(11)	-	(17)	(70)	(13)	(21)
(Less): Reversal during the year	-	-	(7)	(10)	(10)	(47)
Add: Effects of unwinding of discounts on Provision	-	-	-	-	-	2
Closing Balance	90	73	58	49	-	23
Classified as current (Refer note 19(b))	90	73	58	49	-	23



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Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

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 (Rs. in Lakhs)

Name of the entity in the Group	As at March 31, 2019		As at March 31, 2018	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent				
Nelco Limited	75.25%	4,202	72.58%	2,451
Indian Subsidiaries				
Tatanet Services Limited	26.65%	1,488	30.22%	1,020
Nelco Network Products Limited	-0.05%	(3)	*	+
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	10.00%	562	16.61%	561
Adjustment on consolidation	-11.91%	(665)	-19.41%	(655)
Total	100.00%	5,584	100.00%	3,377

* figures below rounding off norm adopted by the group.

b. Share in profit or loss (Rs. in Lakhs)

Name of the entity in the Group	Year ended March 31, 2019		Year ended March 31, 2018	
	As % of consolidated net Profit and Loss	Amount	As % of consolidated net Profit and Loss	Amount
Parent				
Nelco Limited	79.51%	1,772	80.67%	977
Indian Subsidiaries				
Tatanet Services Limited	21.00%	468	17.42%	211
Nelco Network Products Limited	-0.13%	(3)	-0.33%	(4)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	0.40%	9	4.71%	57
Adjustment on consolidation	-0.78%	(17)	-2.46%	(30)
Total	100.00%	2,229	100.00%	1,211

c. Share in Other Comprehensive Income (Rs. in Lakhs)

Name of the entity in the Group	Year ended March 31, 2019		Year ended March 31, 2018	
	As % of consolidated net Other Comprehensive Income	Amount	As % of consolidated net Other Comprehensive Income	Amount
Parent				
Nelco Limited	95.45%	(21)	85.71%	(18)
Indian Subsidiaries				
Tatanet Services Limited				*
Nelco Network Products Limited				
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	4.55%	(1)	14.29%	(3)
Total	100.00%	(22)	100.00%	(21)

* figures below rounding off norm adopted by the group.

d. Share in Total Comprehensive Income (Rs. in Lakhs)

Name of the entity in the Group	Year ended March 31, 2019		Year ended March 31, 2018	
	As % of consolidated net Total Comprehensive Income	Amount	As % of consolidated net Total Comprehensive Income	Amount
Parent				
Nelco Limited	79.36%	1,751	80.58%	959
Indian Subsidiaries				
Tatanet Services Limited	21.21%	468	17.73%	211
Nelco Network Products Limited	-0.14%	(3)	-0.34%	(4)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	0.36%	8	4.54%	54
Adjustment on consolidation	-0.79%	(17)	-2.51%	(30)
Total	100.00%	2,207	100.00%	1,190



Nelco Limited
Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 46 : Interest in other entities

(a) Subsidiaries

The group's subsidiaries at March 31, 2019 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, 2019	As at March 31, 2018	
Tatanel Services Limited	India	100%	100%	Providing Bandwidth Services Sale of VSAT Equipment's
Nelco Network Products Limited	India	100%	100%	

(b) Interests in associate

Set out below are the associate as at March 31, 2019 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Place of business	% of Ownership interest	Relationship	Accounting Method	Quoted Fair Value		Carrying Amount		
					As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	
Nelito Systems Limited	India	12.30%	Associate	Equity Method	*	*	562	561	
Total Equity Accounting Investments								562	561

*Unlisted entity - no quoted price

(i) Commitments and contingent liabilities in respect of associates

	As at March 31, 2019	As at March 31, 2018
Contingent liabilities - associates	-	-
Financial Bank Guarantee	-	704

(ii) Summarised financial information for associate

The tables below provide summarised financial information for the associate that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Nelco Limited's share of those amounts.

Summarised Balance Sheet	Nelito Systems Limited	
	As at March 31, 2019	As at March 31, 2018
Total current assets	5,652	5,446
Total non-current assets	1,735	1,114
Total current liabilities	2,438	1,950
Total Non-current liabilities	73	60
Net assets	4,876	4,550

Reconciliation to carrying amounts	Nelito Systems Limited	
	As at March 31, 2019	As at March 31, 2018
Opening net assets	4,550	4,152
Profit / (Loss) for the year	485	482
Previous year adjustment	(71)	-
Other comprehensive income	(27)	(22)
Dividends paid	(62)	(62)
Closing net assets	4,875	4,550
Groups' share in %	12.30%	12.30%
Proportion of the groups ownership interest *	600	561
Carrying amount*	562	561

Summarised statement profit and loss	Nelito Systems Limited	
	As at March 31, 2019	As at March 31, 2018
Revenue	9,947	8,740
Profit / (Loss) for the year	485	482
Other comprehensive income	(27)	(22)
Total comprehensive income	458	459
Groups' share in %	12.30%	12.30%
Groups share of profit/(loss)*	56	57
Dividends received	6	6

*The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate has been classified as 'Assets classified as held for sale' in accordance with IND AS 105. Accordingly, investment in the Associate has been accounted using equity method till September 21, 2018. However, for the above disclosure, full year's figure of Nelito Systems limited has been considered.



NELCO Limited

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Note 47 : There are no Micro and Small Enterprises to whom the Group owes dues, which are outstanding as at March 31, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Group.

Signature to Notes forming part of Consolidated Financial Statements "1" to "47"

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



Sharmila A. Karve
Partner
Membership No.43229

For and on behalf of the Board of Directors of

NELCO LIMITED
CIN : L32200MH1940PLC003164



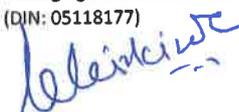
R. R. Bhinge
Chairman
(DIN: 00036557)



Uday Banerjee
Chief Financial Officer



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



Girish Kirklode
Company Secretary & Head - Legal

Place : Mumbai
Date : April 27, 2019

Place : Mumbai
Date : April 27, 2019

