

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the Audit of the Consolidated Ind AS Financial Statements**Opinion**

We have audited the accompanying consolidated Ind AS financial statements of Nelco Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (which comprise the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

Basis for Opinion

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

Emphasis of matters

We draw your attention to the following:

- a. Note 29 to the consolidated Ind AS financial statements regarding composite scheme of arrangement between the Holding Company, Tatanet Services Limited ("TNSL") and Nelco Network Products Limited ("NNPL") which was approved by the National Company Law Tribunal ("NCLT") vide its order dated November 2, 2018 (the "Scheme"). As per the NCLT Order, the Holding Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval was not yet obtained. The RoC records were, however, updated to reflect the Scheme as effective and TNSL as "amalgamated" with the Holding Company. Based on legal advice obtained by the Holding Company, the Holding Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status



and cancel the effect of the Scheme with immediate effect. The decision of NCLT is awaited. The scheme will be given effect to in the financial results on receipt of all necessary approvals.

- b. Note 48 to the consolidated Ind AS financial statements regarding the input tax credit balances under the Cenvat/Service tax/Sales tax considered fully recoverable by the management and no provision made against the same in the books based on the legal advice obtained and the special leave petition filed by the Holding Company with the Hon'ble Supreme Court of India against the order passed by the Hon'ble High Court of Bombay disallowing the Holding Company's claim to carry forward these balances on transition to Goods and Services Tax (GST) for future set-off against GST payable.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

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

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| <p>Revenue recognition related to multiple element arrangements (as described in notes 1.12 and 2.1(a) of the consolidated Ind AS financial statements).</p> <p>The contracts with customers include multiple elements including sale of products and ancillary services like installation, commissioning, annual maintenance etc. and rental income for equipments given on lease. In certain cases, the contracts also involve multiple entities in the Group. The identification of performance obligations under the contracts with customers, allocation of consideration to the performance obligations identified and determination of the timing of revenue recognition in accordance with Ind AS 115 requires exercise of judgement by the Group's management.</p> <p>We considered this to be a Key Audit Matter in view of the customer contracts being complex and non-standard.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding and evaluated the design and tested the operating effectiveness of key controls over revenue recognition; • We assessed the appropriateness of the accounting policies applied by the Company in line with the applicable accounting standards. • We tested contracts with customers on a sample basis to assess the contractual terms which impacted identification and timing of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of timing of recognition for each of these revenue components; • We performed tests related to non-standard manual journal entries related to revenue. |



Assessment of contingent liabilities, provision for litigations (as described in Note 1.19 and 2.1(f) to the consolidated Ind AS financial statements)

As at March 31, 2021, the Company held provisions of Rs 67 lakhs and disclosed contingent liabilities (to the extent not provided for) of Rs 4,799 lakhs in respect of certain tax and vendor litigations.

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

We considered this to be a key audit matter as the outcome of the litigations/ inquiries is uncertain, including ensuring compliances with the various regulations and the positions taken by the management are based on the application of material judgement, advice from tax consultants and legal experts, and interpretation of law. The ultimate outcome of the litigations/inquiries could be different from the conclusion reached by the management and may significantly impact the Group's financial position.

The Group's disclosures are included in Note 1.19, 2.1(f) and Note 36 and 37 to the financial statements, which outlines the accounting policy for contingent liabilities and details of pending direct and indirect tax litigation disclosed as contingent liabilities.

Our audit procedures included the following:

- We obtained an understanding and evaluated processes and controls designed and implemented by the management for assessment of litigations;
- We obtained the list of taxation and regulatory litigation matters, communications with the regulatory authorities, inspecting the supporting evidence and critically assessing management's evaluation through discussions and inquiries made with the management on both the probability of outcome and the magnitude of potential outflow of economic resources;
- Where relevant, we read and relied upon the most recent legal opinion obtained by management from independent tax consultants and external legal experts to assess development in all pending cases against the Company;
- We read recent orders received from the tax and regulatory authorities and the Company's responses to such communications and assessed the current status of the litigations against the Company;
- We obtained direct confirmations from tax consultants, where considered relevant;
- For tax matters, we involved our tax specialists to assess management's application and interpretation of tax legislation affecting the Company, and to consider the quantification of exposures and settlements arising from the disputes with the tax authorities in the various tax jurisdictions.

Other Information

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

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



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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

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

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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



Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India refer to our separate Report in "Annexure 1" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated Ind AS financial statements – Refer Note 36 and 37 to the consolidated Ind AS financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;



S.R. BATLIBOI & ASSOCIATES LLP

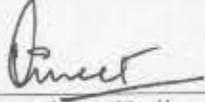
Chartered Accountants

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

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Vineet Kedia



Partner

Membership Number: 212230

UDIN: 21212230AAAABG2195

Place of Signature: Mumbai

Date: April 28, 2021

Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Nelco Limited

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

In conjunction with our audit of the consolidated financial statements of Nelco Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



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

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

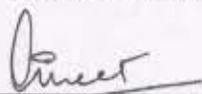
Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to Consolidated Ind AS Financial Statements

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

Opinion

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

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



per Vineet Kedia
Partner

Membership Number: 212230
UDIN: 21212230AAAABG2195
Place of Signature: Mumbai
Date: April 28, 2021



Nelco Limited
Consolidated Balance Sheet as at March 31, 2021
(Amount Rs in Lakhs, unless otherwise mentioned)

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| Particulars | Note No | As at March 31, 2021 | As at March 31, 2020 |
|---|---------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 4(a) | 8,317 | 10,580 |
| (b) Capital work-in-progress | 4(a) | 406 | 339 |
| (c) Right-of-use assets | 4(b) | 2,264 | 902 |
| (d) Other intangible assets | 4(a) | 178 | 195 |
| (e) Financial assets | | | |
| (i) Investments | 5 | 16 | 16 |
| (ii) Loans | 7 (a) | 268 | 115 |
| (iii) Other financial assets | 8 (a) | 242 | 328 |
| (f) Deferred tax assets (net) | 30 | 737 | 656 |
| (g) Non-current tax assets (net) | 9 | 1,535 | 2,588 |
| (h) Other non-current assets | 10 (a) | 721 | 597 |
| Total non current assets | | 14,684 | 16,316 |
| Current assets | | | |
| (a) Inventories | 11 | 1,138 | 1,052 |
| (b) Financial assets | | | |
| (i) Trade receivables | 6 | 5,814 | 7,026 |
| (ii) Cash and cash equivalents | 12 | 916 | 1,311 |
| (iii) Bank balances other than (ii) above | 13 | 35 | 32 |
| (iv) Loans | 7 (b) | 60 | 67 |
| (v) Other financial assets | 8 (b) | 1,625 | 1,704 |
| (c) Other current assets | 10 (b) | 347 | 499 |
| Total current assets | | 9,935 | 11,691 |
| TOTAL ASSETS | | 24,619 | 28,007 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity share capital | 15 | 2,282 | 2,282 |
| (b) Other equity | | | |
| Reserves and surplus | 16 | 5,284 | 4,295 |
| Other reserves | 16 (a) | 12 | 12 |
| Total equity | | 7,578 | 6,589 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17 (a) | 1,514 | 2,948 |
| (ii) Trade payables | 21 | - | - |
| (a) total outstanding dues of micro and small enterprises | | - | - |
| (b) total outstanding dues other than (ii) (a) above | | 157 | - |
| (iii) Lease liabilities | 4(b) | 1,864 | 526 |
| (iv) Other financial liabilities | 18 (a) | - | 4 |
| (b) Provisions | 19 (a) | 307 | 336 |
| (c) Other non-current liabilities | 20(a) | 8 | 11 |
| Total non-current liabilities | | 3,660 | 3,925 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17 (b) | 3,733 | 6,853 |
| (ii) Trade payables | 21 | - | - |
| (a) total outstanding dues of micro and small enterprises | | - | - |
| (b) total outstanding dues other than (ii) (a) above | | 3,493 | 3,772 |
| (iii) Lease liabilities | 4(b) | 416 | 212 |
| (iv) Other financial liabilities | 18 (b) | 2,870 | 2,694 |
| (b) Provisions | 19 (b) | 325 | 434 |
| (c) Contract liabilities | 14 | 2,049 | 2,990 |
| (d) Other current liabilities | 20(b) | 295 | 538 |
| Total current liabilities | | 13,181 | 17,493 |
| Total liabilities | | 17,041 | 21,418 |
| TOTAL EQUITY AND LIABILITIES | | 24,619 | 28,007 |

Summary of significant accounting policies

1

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

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



Vineet
 Vineet Kedia
 Partner
 Membership No. 212230

For and on behalf of the Board of Directors
 NELCO LIMITED

R. R. Bhinge

R. R. Bhinge
 Chairman
 (DIN: 00036557)

P. J. Nath

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



Uday Banerjee

Uday Banerjee
 Chief Financial Officer
 Place : Mumbai
 Date : April 28, 2021

Girish V. Kirkinde

Girish V. Kirkinde
 Company Secretary & Head - Legal

Place : Mumbai
 Date : April 28, 2021

Nelco Limited

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

(Amount Rs in Lakhs, unless otherwise mentioned)

| Particulars | Note No. | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|----------|---------------------------|---------------------------|
| Revenue from operations | 22 | 22,612 | 21,993 |
| Other income | 23(a) | 284 | 249 |
| Total Income | | 22,896 | 22,242 |
| Expenses | | | |
| (a) Purchases of stock-in-trade | | 2,889 | 3,374 |
| (b) (Increase) / decrease in inventories of stock-in-trade | 24 | (86) | (263) |
| (c) Employee benefits expense | 25 | 3,411 | 3,361 |
| (e) Finance costs | 26 | 953 | 1,313 |
| (f) Depreciation and amortisation expense | 27 | 2,230 | 2,002 |
| (g) Transponder charges | 28 | 5,493 | 4,241 |
| (h) Other expenses | 28 | 6,418 | 6,303 |
| Total expenses | | 21,308 | 20,331 |
| Profit before exceptional items | | 1,588 | 1,911 |
| Exceptional item | 23(b) | - | 115 |
| Profit before tax | | 1,588 | 2,026 |
| Tax expense | 39 | | |
| - Current tax | | | |
| Current tax on profits for the year | | 595 | 499 |
| Adjustment of current tax for prior year | | 2 | - |
| - Deferred tax credit | | (245) | 89 |
| Total tax expense | | 352 | 588 |
| Net profit for the year | | 1,236 | 1,438 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | |
| -Remeasurement of post employment benefit obligations | | 28 | (31) |
| Total other comprehensive income | | 28 | (31) |
| Total comprehensive income for the year | | 1,264 | 1,407 |
| Earnings per share (Face value of Rs 10/- per share) (Basic and diluted) | 35 | 5.42 | 6.30 |

Summary of significant accounting policies. 1.

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

For S.R. Batliboi & Associates LLP

Firm Registration Number : 101049W/E300004

Chartered Accountants


Vineet Kedia
Partner

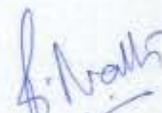
Membership No. 212230



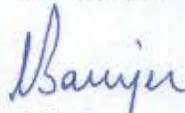
For and on behalf of the Board of Directors of
NELCO LIMITED



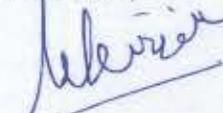
R. R. Bhinge
Chairman
(DIN: 00036557)



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



Uday Banerjee
Chief Financial Officer



Girish V. Kirkinde
Company Secretary & Head - Legal

Place : Mumbai

Date : April 28, 2021



Place : Mumbai

Date : April 28, 2021

Nelco Limited

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

(Amount Rs in Lakhs, unless otherwise mentioned)

A. Equity share capital

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

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

B. Other Equity

| Particulars | Attributable to equity shareholders | | | Total |
|--|-------------------------------------|-------------------|-------------------------|-------|
| | Reserves and Surplus | | Other Reserves | |
| | General Reserve | Retained earnings | FVOCI Equity instrument | |
| As at March 31, 2019 | 250 | 3,040 | 12 | 3,302 |
| Profit for the year | - | 1,438 | - | 1,438 |
| Dividend paid* | - | (343) | - | (343) |
| Dividend distribution tax paid* | - | (60) | - | (60) |
| Other comprehensive income for the year (net of tax) | - | (31) | - | (31) |
| As at March 31, 2020 | 250 | 4,045 | 12 | 4,307 |
| Profit for the year | - | 1,236 | - | 1,236 |
| Dividend paid* | - | (274) | - | (274) |
| Other comprehensive income for the year (net of tax) | - | 28 | - | 28 |
| As at March 31, 2021 | 250 | 5,034 | 12 | 5,296 |

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

Summary of significant accounting policies.

1

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

For S.R. Batliboi & Associates LLP

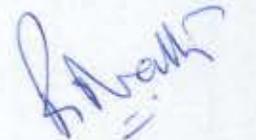
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Chartered Accountants

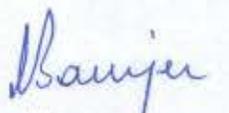
For and on behalf of the Board of Directors of
NELCO LIMITED

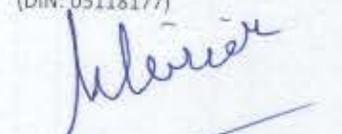

Vineet Kedia
Partner
Membership No. 212230




R. R. Bhinge
Chairman
(DIN: 00036557)


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


Uday Banerjee
Chief Financial Officer


Girish V. Kirkinde
Company Secretary & Head - Legal

Place : Mumbai
Date : April 28, 2021

Place : Mumbai
Date : April 28, 2021



Nelco Limited

Consolidated Statement of Cash Flow for the year ended March 31, 2021

(Amount Rs in Lakhs, unless otherwise mentioned)

| Particulars | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|------------------------------|------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 1,588 | 2,026 |
| Adjustments to reconcile profit before tax to net cash flows | | |
| Depreciation and amortisation expense | 2,230 | 2,002 |
| Finance Costs | 953 | 1,323 |
| Unrealised mark to market (gain) / loss on forward contracts | (133) | 163 |
| Unrealised foreign exchange (gain) / loss (net) | 71 | (75) |
| Impairment allowance (allowance for bad and doubtful debts) | 189 | (4) |
| Gain on disposal of property, plant and equipment (net) | (28) | (3) |
| Profit on sale of investment in associate | - | (115) |
| Unwinding of discount on financial asset measured at amortised cost | (14) | (3) |
| Interest income classified as investing cash flow | (4) | (3) |
| Interest income | (133) | (104) |
| Amortisation of processing fees | 6 | 8 |
| Operating Profit Before Working Capital Changes | 4,725 | 5,215 |
| Movement in working capital | | |
| - (Increase) / Decrease in trade receivables | 1,023 | (1,016) |
| - (Increase) / Decrease in other current assets | 152 | (89) |
| - (Increase) / Decrease in other non current assets | (110) | 12 |
| - (Increase) / Decrease in financial assets - non current - loans | (153) | (17) |
| - (Increase) / Decrease in inventories | (86) | (263) |
| - (Increase) / Decrease in other financial assets - current | 48 | (547) |
| - (Increase) / Decrease in other financial assets - non current | 86 | (43) |
| - (Increase) / Decrease in financial assets - current - loans | - | (5) |
| - (Increase) / Decrease in other bank balances | (3) | (3) |
| - (Decrease) / Increase in trade payables | 7 | (18) |
| - (Decrease) / Increase in other financial liabilities - non current | (4) | (3) |
| - (Decrease) / Increase in other liabilities - non current | (3) | (10) |
| - (Decrease) / Increase in provisions - non current | (29) | 89 |
| - (Decrease) / Increase in other financial liabilities - current | 66 | 83 |
| - (Decrease) / Increase in current contract liabilities | (941) | 638 |
| - (Decrease) / Increase in other current liabilities | (243) | 287 |
| - (Decrease) / Increase in provisions - current | (109) | (47) |
| Cash generated from operations | 4,426 | 4,263 |
| - Direct taxes paid (net of refunds) | 970 | (946) |
| Net cash flow generated from / (used in) operating activities (A) | 5,396 | 3,317 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment / intangible assets | (930) | (4,800) |
| Proceeds from sale of property, plant and equipment / intangible assets | 37 | 11 |
| Interest received | 137 | 107 |
| Proceeds from sale of investment in Associate Company | - | 677 |
| Bank Balance not considered as cash and cash equivalents- deposits placed | - | (1) |
| Net cash flow generated from / (used in) investing activities (B) | (756) | (4,006) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | | |
| - Receipts | 7,816 | 17,521 |
| - Payments | (12,377) | (15,204) |
| Proceeds from sales and lease back | 1,294 | - |
| Payment of principal portion of lease liabilities | (223) | (192) |
| Payment of interest portion of lease liabilities | (133) | (91) |
| Finance costs paid | (808) | (1,184) |
| Dividend Paid (including dividend distribution tax) | (272) | (403) |
| Net cash flow generated from / (used in) financing activities (C) | (4,703) | 447 |
| Net (Decrease) / increase in Cash & Cash Equivalents [(A)+(B)+(C)] | (63) | (241) |
| Cash and cash equivalents at the beginning of the year | 253 | 494 |
| Cash and cash equivalents at the end of the year | 190 | 253 |



Nelco Limited

Consolidated Statement of Cash Flow for the year ended March 31, 2021

(Amount Rs in Lakhs, unless otherwise mentioned)

| Cash and Cash Equivalents Comprise of : | As at | As at |
|---|----------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| a) Balance with scheduled banks in current accounts | 506 | 1,069 |
| b) Cash on Hand | 1 | 1 |
| c) Cheques on Hand | 409 | 241 |
| d) Bank Overdraft | (726) | (1,058) |
| Total | 190 | 253 |

Summary of significant accounting policies.

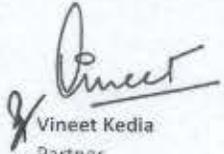
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The accompanying notes are an integral part of the consolidated financial statements.

For S.R. Batliboi & Associates LLP

Firm Registration Number : 101049W/E300004

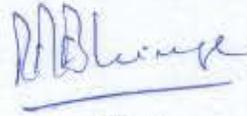
Chartered Accountants


Vineet Kedia
Partner

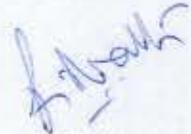
Membership No. 212230



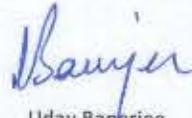
For and on behalf of the Board of Directors of
NELCO LIMITED



R. R. Bhinge
Chairman
(DIN: 00036557)



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



Uday Banerjee
Chief Financial Officer



Girish V. Kirkinde
Company Secretary & Head -
Legal

Place : Mumbai

Date : April 28, 2021

Place : Mumbai

Date : April 28, 2021



General Information

Nelco Limited (Formerly known as National Ekco Radio & Engineering Co Ltd) herein after referred to as "the Company" was established in 1940. The Company is a subsidiary of The Tata Power Company Limited.

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

The Company's Subsidiary Tatanet Services Limited is in the business of providing domestic satellite communication services to closed user group (CUG) networks via Satellite System on non-exclusive basis within the territorial boundary of India under the VSAT License granted by Department of Telecommunications (D.O.T.).

Equity shares of the Company are listed in India on the Bombay Stock Exchange ("BSE") and The National Stock Exchange ("NSE"). The registered office of the Company is located at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai – 400710, CIN: L32200MH1940PLC003164.

The consolidated financial statements are presented in Indian Rupee (INR) which is also Functional Currency of the Group. The consolidated financial statements were authorised for issue by the directors on April 28, 2021.

1. Summary of Significant accounting policies

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

1.1 Basis of preparation

a. Compliance with Ind AS

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

b. Historical Cost Convention

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

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

c. Current -non current classification

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

d. New and amended Standards adopted by the Group.

During the year no new accounting standards have been adopted by the Group.

During the previous year, the group has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases,
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes,
- Plan amendment, curtailment or settlement – Amendment to Ind AS 19, Employee Benefits,



- Amendment to Ind AS 103 , Business Combinations,
- Amendment to Ind AS 12, Income Taxes,
- Amendment to Ind AS 23, Borrowing costs.

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

e. Basis of consolidation

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and associate (together referred to as "the Group"). Control exists when the Parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

All intra group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.



Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the acquisition date.

Changes in the Group's ownership interests in existing subsidiaries and associates

When the group ceases to consolidate or equity account for an investment because of loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in the other comprehensive income are reclassified to profit or loss.

If ownership interest in joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1.2 Property, plant and equipment

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

a. Capital work-in-progress

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

b. Depreciation methods estimated useful lives and residual value

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

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



| Type of Assets | Useful Life |
|---|--|
| Building | 30 years |
| Plant and Machinery | Radio frequency (RF) antenna – 9 Years Basic electronics – 6 Years Networking devices - 6 years RF and baseband – 10 to 12 Years VSAT antenna and parts – 15 Years |
| Electrical installation | 10 years |
| Furniture and fixture | 10 years |
| Office equipment's – VSAT | Antenna – 10 Years Electronics - 7.50 Years Basic electronics – 6 Years |
| Office equipment's Computer hardware | 3 Years |
| Vehicles | 8 years |

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

1.3 Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortisation and accumulated impairment, if any. The 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 Financial instrument

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

A. Financial assets

a. Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 1.12 Revenue from contracts with customers.

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

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

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

b. Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments):

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

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



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

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

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

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

- i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii. The asset's contractual cash flows represent SPPI.

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

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

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

Financial assets at fair value through profit or loss:

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

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

c. Derecognition

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

- The rights to receive cash flows from the asset have expired, or



- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- i. the group has transferred substantially all the risks and rewards of the asset, or
 - ii. the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

d. Impairment of financial assets

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

- Disclosures for significant assumptions – see Note 30
- Investment at fair value through OCI – see Note 5
- Trade receivables and contract assets – see Note 6

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

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

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

e. Income recognition

Interest Income

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



Dividend

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

B. Financial liabilities

a. Initial recognition and measurement

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

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

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

b. Subsequent measurement

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

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

Financial liabilities at fair value through profit or loss:

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings):

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

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

This category generally applies to borrowings. For more information refer Note 17.

c. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of



the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

1.6 Cash and cash equivalents

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

1.7 Trade receivable

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

1.8 Trade and other payables

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

1.9 Offsetting financial instruments

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

1.10 Inventories

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

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

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

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

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



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

1.12 Revenue recognition

The Group earns revenue from providing Satellite communication connectivity systems and solutions through sale of goods (Including VSAT's), providing installation and annual maintenance services, renting of goods, Integrated Security & Surveillance services. The Group also earns revenue from providing domestic satellite communication services to closed user group (CUG) networks via Satellite System on non-exclusive basis (Bandwidth Services).

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

The Group recognises revenue as follows:

a. Sale of goods

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

b. Rendering of Services

- Revenue from annual maintenance contract and network management is recognized over the period of performance.
- Revenue from Installation and commissioning services is recognized upon completion of installation of equipment.
- Revenue from bandwidth services is provided over the period of time, where it is received and consumed simultaneously by the customers and accordingly revenue is recognized over the period of performance and in the accounting period in which the services are rendered.

c. Rental Income

Lease income from operating leases where the Company is a lessor is recognised on straight-line basis over the term of the relevant lease in accordance with contract with the customers.

1.13 Foreign currency translation

a. Functional and presentation currency

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

b. Transactions and balances

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



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

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

1.14 Derivative financial instruments:

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

1.15 Current and deferred tax

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

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

a. Current Tax

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

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

b. Deferred Tax

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



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

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

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

1.16 Leases

Till March 31, 2019

As a lessee

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

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

As a lessor

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

With effect from April 1, 2019

As a lessee

From April 1, 2019, leases are recognised as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the group. Contracts may contain lease and non-lease component. The group allocates the consideration in the contract to lease and non-lease component based on their relative standalone prices.

Assets and liabilities are initially measured on the present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the group under residual value guarantees.
- the exercise price of purchase option if the group is reasonably certain to exercise the option and
- payment of penalties for terminating the lease, if the lease term reflects the group exercising that option.



Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting points, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with Risk-free interest rate adjusted for credit risk for leases held by the group, which doesn't have recent third party financing, and
- makes adjustments specific to the lease e.g. term, security etc

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following;

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct cost, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on straight line basis. If the group is reasonably certain to exercise purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all the leases of low value assets are recognised as expense on a straight-line basis in profit and loss. Short term leases are leases with a term of lease term of 12 months or less.

As a lessor

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

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



1.17 Borrowing

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

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

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is breach of a material provision of a long-term loan agreement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

1.19 Provisions and contingent liabilities

a. Provisions

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

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

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



i) Onerous Contracts

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

ii) Warranties

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

b. Contingent liabilities

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

c. Contingent Assets

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

1.20 Employee benefits

a. Short-term obligations

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

b. Other long-term employee benefit obligations

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

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

c. Post-employment obligations (Defined Benefit Obligations)

The group operates the following post-employment schemes:

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



Defined Benefit Plans

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

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

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

Defined contribution plans

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

Termination benefits

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

1.21 Segment reporting

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

The group has identified following 1 reportable segment, in a manner consistent with internal reporting provided to the chief operating decision maker i.e Network systems comprises sale of Very Small Aperture Terminals ("VSAT") hardware and providing allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers. (Refer note 42 for segment reporting).

1.22 Contributed equity

Equity shares are classified as equity.

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



1.23 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

2.1 Critical estimates and judgments and key sources of estimation uncertainty: -

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

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

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

a) Revenue recognition

- The Group's contracts with customers could include promises to transfer multiple goods and services to a customer. The Group assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Each revenue component is recognised based on the policy noted in Note 1.12 above.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation by the Group Companies. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered.
- Contract fulfilment costs are expensed as incurred.

b) Estimation of defined benefit obligation

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



c) Recognition of deferred tax assets

Deferred tax assets are recognized for based on estimated future taxable rate on all deductible temporary differences, unused tax losses and carry forward tax credits only if it is probable that future taxable amounts will be available to utilize those temporary differences, tax losses and tax credits. The management assumes that taxable profits will be available while recognising deferred tax assets.

d) Useful lives of property, plant and equipment and Intangible assets

The group reviews the useful lives and carrying amount of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

e) Expected Credit Loss on trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss. The group uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables. (Refer Note 31)

f) Estimation of Provisions & Contingent Liabilities

The group exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision or contingent liability. (Refer Note No 36 and 37)

g) Leases

The group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Assessing whether a contract contains a lease requires significant judgment. Significant judgement is also required in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option. In assessing whether the group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

3. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.



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Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021

(Amount in Lakhs, unless otherwise mentioned)

Note 4(a) - Property, plant and equipment, intangible assets and capital work-in-progress

| Description | Cost | | | | Accumulated depreciation / amortisation | | | | | Net block | | |
|---|----------------------|--|------------|--------------|---|----------------------|--|--|------------|----------------------|----------------------|----------------------|
| | As at April 01, 2020 | Adjustment for change in accounting policy | Additions | Disposals | As at March 31, 2021 | As at April 01, 2020 | Adjustment for change in accounting policy | Depreciation / amortisation for the year | Disposals | As at March 31, 2021 | As at March 31, 2021 | As at March 31, 2020 |
| i. Property, plant and equipment | | | | | | | | | | | | |
| Leasehold land (Finance lease) | - | - | - | - | - | - | - | - | - | - | - | - |
| Building | (26) | (26) | - | - | - | (1) | (1) | - | - | - | - | (26) |
| | 163 | - | - | - | 163 | 57 | - | 14 | - | 81 | 82 | 96 |
| Plant and machinery | (239) | - | (74) | - | (313) | (54) | - | (73) | - | (127) | (96) | (85) |
| | 7,374 | - | 806 | 514 | 7,686 | 3,134 | - | 777 | 150 | 3,781 | 3,905 | 4,240 |
| Electrical installation | (5,120) | - | (2,254) | - | (7,374) | (2,410) | - | (724) | - | (3,134) | (4,240) | (5,713) |
| | 111 | - | 1 | 2 | 110 | 101 | - | 3 | 1 | 105 | 5 | 13 |
| | (111) | - | - | - | (111) | (89) | - | (12) | - | (101) | (10) | (22) |
| Furniture and fixture | 125 | - | 1 | 5 | 121 | 125 | - | 2 | 3 | 124 | (3) | - |
| | (121) | - | (4) | - | (125) | (121) | - | (4) | - | (125) | - | - |
| Office equipment: | | | | | | | | | | | | |
| (i) Own | 405 | - | 46 | 4 | 447 | 360 | - | 67 | 3 | 304 | 123 | 145 |
| | (357) | - | (48) | - | (405) | (183) | - | (77) | - | (300) | (245) | (174) |
| (ii) Given on lease (operating lease) | 7,843 | - | 12 | 1,198 | 6,889 | 1,800 | - | 857 | 135 | 2,518 | 4,171 | 6,343 |
| | (5,956) | - | (1,887) | - | (7,843) | (899) | - | (901) | - | (1,800) | (6,043) | (5,057) |
| (iii) Assets taken on finance lease | - | - | - | - | - | - | - | - | - | - | - | - |
| | (443) | (443) | - | - | - | (94) | (94) | - | - | - | - | (149) |
| Vehicles | 70 | - | - | 8 | 62 | 23 | - | 8 | 3 | 28 | 34 | 47 |
| | (82) | - | - | (12) | (70) | (18) | - | (9) | (4) | (23) | (47) | (54) |
| Total - Property, plant and equipment (i) | 16,091 | - | 886 | 1,699 | 15,278 | 5,510 | - | 1,730 | 279 | 6,961 | 8,317 | 10,589 |
| | (12,355) | (469) | (4,217) | (12) | (16,091) | (3,869) | (35) | (1,740) | (4) | (5,510) | (10,589) | (8,485) |
| ii. Other intangible assets | | | | | | | | | | | | |
| License fees | 23 | - | - | - | 23 | 25 | - | 3 | - | 15 | 5 | 8 |
| | (23) | - | - | - | - | (17) | - | (5) | - | (13) | (8) | (11) |
| Testing software | 403 | - | 63 | - | 466 | 216 | - | 77 | - | 213 | 173 | 187 |
| | (328) | - | (75) | - | (403) | (157) | - | (59) | - | (213) | (187) | (171) |
| Total- Other intangible assets (ii) | 426 | - | 63 | - | 489 | 231 | - | 80 | - | 311 | 178 | 195 |
| | (351) | - | (75) | - | (426) | (169) | - | (52) | - | (231) | (195) | (182) |
| Total-Property, plant and equipment & Other intangible assets (Hi) | 16,517 | - | 949 | 1,699 | 15,767 | 5,741 | - | 1,810 | 279 | 7,272 | 8,495 | 10,775 |
| | (12,706) | (469) | (4,252) | (12) | (16,517) | (4,038) | (55) | (1,802) | (4) | (5,742) | (10,775) | (8,668) |
| iii. Capital work-in-progress | | | | | | | | | | | 406 | 339 |
| | | | | | | | | | | | (336) | (408) |
| Grand total (Hi+iii) | | | | | | | | | | | 8,901 | 11,114 |
| | | | | | | | | | | | (11,124) | (9,126) |

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 40)
- 3) Capital work-in-progress mainly comprises components related to plant and machinery



Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021

(Amount: ₹ in lakhs, unless otherwise specified)

Note 4(b) : Right-of-use assets and lease liabilities

4(b)(i) Group as lessee

- Asset acquired on finance lease represents leasehold land. The total lease term is 95 years, remaining lease term is 53 years as on March 31, 2021. The Group does not have an option to purchase the land at the end of the lease term. Also Group has taken on lease various offices for its branches where lease term ranges from 1 year to 8 years.
- The Group has taken on premises on lease along with certain equipments for term of five years. The group is restricted from assigning and subleasing the leased assets.
- Group has taken Office equipment (NSA) on lease with lease term of 5-7 years.

i. Right of use assets

| Description | Cost | | | | | | | Amortisation | | | | Net Book | | |
|-----------------------------------|----------------------|--|--|-----------|--|-----------|----------------------|----------------------|--|---------------------------|-----------|----------------------|----------------------|----------------------|
| | As at April 01, 2020 | Adjustment for change in accounting policy | Reconciliation of assets taken on finance lease as right of use assets | Additions | Adjustment on modification of leases during the year | Disposals | As at March 31, 2021 | As at April 01, 2020 | Reconciliation of assets taken on finance lease as right of use assets | Amortisation for the year | Disposals | As at March 31, 2021 | As at March 31, 2021 | As at March 31, 2020 |
| Leasehold premises and equipments | 754 | - | 30 | - | - | - | 784 | 148 | - | 175 | - | 323 | 461 | 606 |
| | - | (716) | (26) | 64 | - | (55) | (754) | - | (1) | (147) | - | (148) | (606) | - |
| Office equipment | 443 | - | 1,722 | - | 30 | - | 1,195 | 147 | - | 245 | - | 392 | 1,803 | 296 |
| | - | - | (443) | - | - | - | (443) | - | (94) | (53) | - | (147) | (296) | - |
| Total | 1,197 | - | 1,752 | - | 30 | - | 1,979 | 295 | - | 420 | - | 715 | 2,264 | 902 |
| | - | (716) | (469) | 64 | - | (52) | (1,197) | - | (95) | (200) | - | (135) | (902) | - |

Figures in brackets, represents previous year's figures.



X

Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021

(Amount Rs in Lakhs, unless otherwise mentioned)

Note 4(b) : Right-of-use assets and lease liabilities

(ii). Lease liability

| Description | As at April 1, 2020 | During the year | | | | | As at March 31, 2021 |
|-----------------------------------|---------------------|--|--------------|--------------|----------------------|------------|----------------------|
| | | Adjustment for change in accounting policy | Additions | Modification | Accrued finance cost | Payments | |
| Leasehold premises and equipments | 619 | - | 28 | - | 54 | 180 | 521 |
| | - | (716) | (64) | (52) | (65) | (174) | (619) |
| Office equipment | 219 | - | 1,601 | 36 | 79 | 176 | 1,759 |
| | - | (302) | - | - | (26) | (109) | (219) |
| Total | 838 | - | 1,629 | 36 | 133 | 356 | 2,280 |
| | - | (1,018) | (64) | (52) | (91) | (283) | (838) |
| Current | 212 | - | - | - | - | - | 416 |
| | - | (200) | - | - | - | - | (212) |
| Non Current | 626 | - | - | - | - | - | 1,864 |
| | - | (818) | - | - | - | - | (626) |
| Total | 838 | - | - | - | - | - | 2,280 |
| | - | (1,018) | - | - | - | - | (838) |

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

iii. Amount recognised in Statement of profit or loss

| Amount recognised in Statement of profit or loss | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|---------------------------|---------------------------|
| Depreciation of Right-of-use assets | 420 | 200 |
| Interest on lease liabilities | 133 | 51 |
| Expenses related to short term leases | 61 | 60 |

iv. Amount recognised in statement of cash flows

| Amount recognised in statement of cash flows | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|---------------------------|---------------------------|
| Total cash outflow of leases | (356) | (283) |

4(b).II Group as lessor

a. Operating Lease

The Group as Lessor

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

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

(3) No refundable deposits are taken and the lease rentals recognised in the consolidated statement of Profit and Loss for the year included under sale of services under revenue from Operations (refer note 22) aggregate to Rs 2,743 Lakhs (2020: Rs. 2,641 Lakhs).

Non- Cancellable operating lease receivables

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

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

| Class of assets | Operating Lease | | |
|------------------|-----------------|--------------------------|-----------------|
| | Gross block | Accumulated Depreciation | Carrying Amount |
| Office equipment | 6,689 | 2,518 | 4,171 |
| | (7,843) | (1,800) | (6,043) |
| Total | 6,689 | 2,518 | 4,171 |
| | (7,843) | (1,800) | (6,043) |

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



Nelco Limited**Notes to the consolidated financial statements for the year ended March 31, 2021***(Amount Rs in Lakhs, unless otherwise mentioned)***Note 5 : Investments - Non current**

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|-------------------------|--------|-------------------------|--------|
| | Numbers | Amount | Numbers | Amount |
| Investment in equity instruments (Unquoted, fully paid, at cost) | | | | |
| Investments in associate | | | | |
| Nelito Systems Limited (refer note 1 below) | - | - | - | - |
| Investments at fair value through OCI (Unquoted, fully paid) | | | | |
| Technopolis Knowledge Park Limited [(net of impairment of Rs.181 Lakhs (March 2020 : Rs. 181 Lakhs)] | 18,10,000 | - | 18,10,000 | - |
| Zoroastrian Co-operative Bank Limited | 6,000 | 16 | 6,000 | 16 |
| Total equity instruments | | 16 | | 16 |
| Total investments | | 16 | | 16 |
| Aggregate amount of unquoted investments | | 16 | | 16 |
| Aggregate amount of impairment in the value of investments | | (181) | | (181) |

Notes :**Group's ownership interest in an Associate**

1) During the year ended March 31, 2020, the Company sold investments in Nelito Systems Limited (associate company), which was classified as assets held for sale in the previous year. The resultant gain on sale of investments has been disclosed as an exceptional item in the consolidated financial statements for the year ended March 31, 2020 [refer note 23(b)].



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Note 6 : Trade receivables

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Trade receivables from contract with customers | 6,156 | 7,168 |
| Trade receivables from contract with customers- related parties (refer note 44) | 1 | 12 |
| Less : Impairment allowance (allowance for bad and doubtful debts) | (343) | (154) |
| Total | 5,814 | 7,026 |

Break-up of security Details

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Trade receivables considered good – secured | - | - |
| Trade receivables considered good – unsecured | 6,157 | 7,180 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables – credit impaired | - | - |
| Total | 6,157 | 7,180 |
| Impairment allowance (allowance for bad and doubtful debts) | (343) | (154) |
| Total Trade receivable | 5,814 | 7,026 |

- Trade receivables are dues in respect of goods sold and services rendered in the normal course of business.
- Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.
- 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.
- There are no dues by directors or other officers of the group or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director is a member.

Note 7 : Loans

(a) Non-current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-------------------|-------------------------|-------------------------|
| Security deposits | 267 | 114 |
| Loan to employees | 1 | 1 |
| Total | 268 | 115 |

Break-up of security details

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Loans considered good - Secured | - | - |
| Loans considered good - Unsecured | 268 | 115 |
| Loans which have significant increase in credit risk | - | - |
| Loans – credit impaired | - | - |
| Total | 268 | 115 |
| Less : Loss allowance | - | - |
| Total | 268 | 115 |

(b) Current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------|-------------------------|-------------------------|
| Security deposits | 77 | 83 |
| Loans to employees | 4 | 5 |
| Less : Loss allowance | (21) | (21) |
| Total | 60 | 67 |

Break-up of security details

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Loans considered good - Secured | - | - |
| Loans considered good - Unsecured | 81 | 88 |
| Loans which have significant increase in credit risk | - | - |
| Loans – credit impaired | - | - |
| Total | 81 | 88 |
| Less : Loss allowance | (21) | (21) |
| Total | 60 | 67 |



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Note 8 : Other financial assets

(a) Non-current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Balances held as margin money against bank guarantees | 17 | 17 |
| Finance lease receivable | 225 | 311 |
| Total | 242 | 328 |

(b) Current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Unbilled revenue | 1,344 | 1,167 |
| Accrued interest | 2 | 1 |
| Fair value of foreign exchange forward contract | - | 38 |
| Finance lease receivable | 279 | 435 |
| Others | - | 63 |
| Total | 1,625 | 1,704 |

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Opening balance | 2,588 | 2,141 |
| Add : Tax deducted at source and advance tax | 428 | 1,377 |
| [Net of provision for tax of Rs. 2,158 lakhs (2020: Rs. 1,561 lakhs)] | | |
| Add :- Mat credit utilised during the year | 164 | - |
| Less: Income tax refund | (1,048) | (431) |
| Less: Current tax payable for the year | (597) | (499) |
| Closing balance | 1,535 | 2,588 |

Note 10 : Other assets

(a) Non-current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--------------------------------------|-------------------------|-------------------------|
| Balances with government authorities | - | 2 |
| CENVAT credit receivable | 116 | 116 |
| Payment under protest | 581 | 436 |
| Deferred rent expenses | - | 7 |
| Prepaid Expenses | 24 | 36 |
| Total | 721 | 597 |

(b) Current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Prepaid expenses | 96 | 102 |
| Advance to suppliers | 30 | 33 |
| Balance with government authorities (refer note 48) | 218 | 333 |
| Deferred rent expenses | - | 4 |
| Others | 3 | 27 |
| Total | 347 | 499 |



Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021

(Amount Rs in Lakhs, unless otherwise mentioned)

Note 11 : Inventories

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Inventories (lower of cost and net realisable value) | | |
| Stock-in-trade | 1,138 | 1,051 |
| Stock-in-trade in transit | - | 1 |
| Total | 1,138 | 1,052 |

During the year ended March 31, 2021, Rs. 43 lakhs (2020: Rs. 18 lakhs) has been recognised as an expense in relation to inventory being carried at net realisable value.

Note 12 : Cash and cash equivalents

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (a) Balances with banks :- | | |
| In current accounts | 506 | 1,069 |
| (b) Cheques on hand | 409 | 241 |
| (c) Cash on hand | 1 | 1 |
| Total cash and cash equivalents in the balance sheet and statement of cash flows | 916 | 1,311 |

Note 13 : Bank balance other than cash and cash equivalents

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

Note 14 : Contract liabilities

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------------|-------------------------|-------------------------|
| Advances received from customers | 1,116 | 1,156 |
| Deferred revenue | 933 | 1,834 |
| Total contract liabilities | 2,049 | 2,990 |

Note:

1. Significant changes in contract liabilities

Contract liabilities have been increased due to increase in advance received from customers and deferred revenue for the services to be rendered in next year.

1. Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current period relates to a carried forward contract liabilities and how much relates to performance obligation satisfied in prior year.

| Particulars | (Rs. in Lakhs) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Revenue from contract with customers | | |
| Revenue recognised that was included in contract liability balance at the beginning of the period | 2,990 | 2,260 |
| Revenue recognised from performance obligations satisfied in previous periods | - | - |



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Note 15 : Equity share capital

| Particulars | As at | |
|--|----------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| Authorised share capital: | | |
| 2,50,00,000 (2,50,00,000 as at March 31, 2020) 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, 2020) 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, 2020) equity shares of Rs.10/- each) | 2,282 | 2,282 |
| Total | 2,282 | 2,282 |

Notes:

(i) Movement in equity share capital

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

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

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

(iii) Terms and rights attached to equity shares

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

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

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

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

| Name of shareholder | As at | | As at | |
|--|-----------------------|-----------|-----------------------|-----------|
| | March 31, 2021 | | March 31, 2020 | |
| | Number of shares held | % holding | Number of shares held | % holding |
| Equity shares of Rs. 10/- each, fully paid up | | | | |
| The Tata Power Company Limited | 1,10,99,630 | 48.65% | 1,10,99,630 | 48.65% |

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

(v) 939 shares (March 31, 2020 : 939 shares) are kept in abeyance out of the rights issued in the year 1994 pending for final allotment.

(vi) There are no shares bought back or allotted either as fully paid up by way of bonus shares or allotted under any contract without payment received in cash during 5 years immediately preceding March 31, 2021



Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021

(Amount Rs in Lakhs, unless otherwise mentioned)

Note 16 : Other equity

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--------------------------------------|-------------------------|-------------------------|
| General reserve - Refer (i) below | 250 | 250 |
| Retained earnings - Refer (ii) below | 5,034 | 4,045 |
| Total | 5,284 | 4,295 |

(i) General reserve

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

(ii) Retained earnings

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Opening balance | 4,045 | 3,040 |
| Net Profit for the year | 1,236 | 1,438 |
| Less :- Dividend paid | (274) | (343) |
| Less :- Dividend distribution tax paid | - | (60) |
| Other comprehensive income (net of tax) | | |
| - Remeasurements of post employment benefit obligations, net of tax | 28 | (31) |
| Closing Balance | 5,034 | 4,045 |

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Opening balance | 12 | 12 |
| Changes in fair value of FVOCI equity instruments | - | - |
| Closing Balance | 12 | 12 |

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 off.

Note on Dividend :-

For financial year ended March 31, 2021, the Board of Directors has recommended a dividend of 12% (Rs. 1.20/- per equity share of Rs.10/- each), subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.



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Note 17 : Borrowings

(a) Non - current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Secured | | |
| (i) Term Loans from banks (refer note (i) below) | 1,514 | 2,948 |
| Total | 1,514 | 2,948 |

Notes

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 | Terms of Repayment | Rate of Interest (p.a.) | Nature of Security |
|---------------------------|-------------------------|-------------------------|--|----------------------------|---|
| South Indian Bank Limited | - | 84 | Repayable in quarterly equal instalments till September, 2022 | MCLR + 0.5% | Hypothecation of asset acquired utilizing the loan. |
| ICICI Bank Ltd | - | 141 | Repayable in quarterly equal instalments till March, 2022 | I-MCLR 1 year +1.30% | Exclusive charge over the assets, financed by rupee term loan. |
| IDFC Bank Ltd | 1,514 | 2,723 | Quarterly installment begin from July, 2019, last date of installment April 30, 2023 | MCLR + 0.65% | Exclusive charge on the VSATs. Value of VSATs installed against the loan provided by IDFC bank. |
| | 1,514 | 2,948 | | | |

(b) Current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Loan in foreign currency (a) | | |
| Unsecured | | |
| (i) Term loans from Banks (refer note (i) below) | 986 | - |
| Loan in foreign currency (a) | 986 | |
| Loan in Indian currency (b) | | |
| Unsecured | | |
| (i) Term loans from Banks (refer note (i) below) | 2,006 | 4,265 |
| (ii) Inter corporate deposits (refer note (i) below) | 15 | 600 |
| (iii) Buyers credit (refer note (i) below) | - | 765 |
| | 2,021 | 5,630 |
| Secured | | |
| (i) Term loans from banks (refer note (i) below) | - | 7 |
| (ii) Bank overdraft (refer note (i) below) | 726 | 1,058 |
| (iii) Buyers credit (refer note (i) below) | - | 158 |
| | 726 | 1,223 |
| Loan in Indian currency (b) | 2,747 | 6,853 |
| Total | 3,733 | 6,853 |



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Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021

(Amount Rs in Lakhs, unless otherwise mentioned)

(i) Repayment schedule is as follows

| Particulars | As at March 31, 2021 | As at March 31, 2020 | Terms of Repayment | Rate of Interest(p.a.) | Nature of Security |
|--|----------------------|----------------------|--------------------------------------|--|--|
| IDFC Bank Ltd (Loan in foreign currency) | 986 | - | Bullet repayment payable on due date | 2.30% | Unsecured |
| IDFC Bank Ltd (Loan in Indian currency) | 1,005 | 1,665 | Bullet repayment payable on due date | 9.15 % to 10.50 % | Unsecured |
| ICICI Bank Ltd | - | 1,100 | Payable on demand | 1-MCLR 1 year +1.30% | Unsecured |
| Shinhan Bank | 1,000 | 1,500 | Payable on demand | 3 Months MCLR +1% | Unsecured |
| Inter Corporate Deposit | 15 | 600 | Payable on demand | 9.75% to 10.25% | Unsecured |
| IDFC Bank Buyers credit- | - | 765 | Payable on demand | 2.40% to 3.20% | Unsecured |
| The Zoroastrian Co-op Bank Limited | - | 7 | Payable on demand | 3% below bank's MCLR | Hypothecation by way of first charge on the equipments to be purchased out of the Bank's Term Loan |
| Bank of India - Bank overdraft | 142 | - | Payable on demand | 2.00 % over 1 BOI MCLR + BSS and 2.55% over MCLR + BSS | 1) First pari passu charge on current assets by way of hypothecation 2) Second pari passu charge on all present and future fixed assets i.e. land and building, plant and machinery situated at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai |
| South Indian Bank - bank overdraft | 585 | 834 | Payable on demand | 1 year MCLR+ 0.5% | Hypothecation by way of first charge on entire current assets of the Company |
| Axis Bank Limited - Bank overdraft | - | 224 | Payable on demand | 3 Months MCLR +1.70% | 1) First charge over current assets of the Group. 2) First charge over fixed assets of the Group (excluding the assets funded by Zoroastrian Bank) and negative lien on commercial VSAT license 3) Corporate Guarantee of Nelco Ltd. |
| Axis Bank Buyers credit- | - | 158 | 6 months | 2.75% | 1) First charge over current assets of the Group. 2) First charge over fixed assets of the Group (excluding the assets funded by Zoroastrian Bank) and negative lien on commercial VSAT license 3) Corporate Guarantee of Nelco Ltd. |
| Total | 3,733 | 6,853 | | | |

Loan covenants

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

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



Net debt reconciliation

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Cash & cash equivalents | 916 | 1,311 |
| Bank overdraft | (726) | (1,058) |
| Current borrowings | (3,007) | (5,795) |
| Lease obligation | (2,280) | (838) |
| Non current borrowings (Including current maturities of long term debt) | (2,949) | (4,411) |
| Net debts | (8,046) | (10,791) |

| Particulars | Other assets | | Liabilities from financial activities | | | Total |
|--------------------------------------|------------------------|------------------|---------------------------------------|-------------------|-----------------|-------|
| | Cash & bank overdrafts | Lease obligation | Non current borrowings | Current borrowing | | |
| (restated) | 494 | (1,018) | (4,533) | (3,352) | (8,409) | |
| Cash flow | (241) | 140 | 126 | (2,443) | (2,418) | |
| Modification of lease term | - | 52 | - | - | 52 | |
| Acquisitions - Finance leases | - | (12) | - | - | (12) | |
| Interest expenses | (126) | (91) | (515) | (429) | (1,161) | |
| Interest paid | 126 | 91 | 511 | 429 | 1,157 | |
| Net debt as at March 31, 2020 | 253 | (838) | (4,411) | (5,795) | (10,791) | |
| Cash flow | (63) | 223 | 1,458 | 2,788 | 4,406 | |
| Modification of lease term | - | (36) | - | - | (36) | |
| Acquisitions - Finance leases | - | (1,629) | - | - | (1,629) | |
| Interest expenses | (67) | (133) | (97) | (539) | (836) | |
| Interest paid | 67 | 133 | 101 | 539 | 840 | |
| Net debt as at March 31, 2021 | 190 | (2,280) | (2,949) | (3,007) | (8,046) | |

Note 18 : Other financial liabilities

(a) Non-current

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

(b) Current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Interest accrued scheme | 64 | 52 |
| Sundry deposits received from customers | 4 | 4 |
| Current maturities of long-term debt | 24 | 24 |
| Capital creditors | 1,435 | 1,459 |
| Employee related payables | 459 | 372 |
| Mark to market loss on forward contracts* | 844 | 744 |
| Other security deposits | 33 | - |
| Unclaimed dividend | - | 34 |
| | 7 | 5 |
| Total | 2,870 | 2,694 |

* Mark to market gain is identified and accounted based on the underlying contracts. The derivatives are recognised at fair value through statement of profit and loss.

Note 19 : Provisions

(a) Non-current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Provision for Employee Benefits obligations: | | |
| Gratuity (refer note 43) | 307 | 336 |
| Total | 307 | 336 |

(b) Current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Provision for employee benefits obligations: | | |
| Compensated absences (refer note 43) | 130 | 284 |
| Gratuity (refer note 43) | 70 | 53 |
| Warranty (refer note 37) | 58 | 58 |
| Provision for disputes (refer note 37) | 67 | 39 |
| Total | 325 | 434 |



Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021

(Amount Rs in Lakhs, unless otherwise mentioned)

Note 20 : Other liabilities

(a) Non-current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Deferred profit on sale of fixed assets on finance lease | 8 | 11 |
| Total | 8 | 11 |

(b) Current

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Statutory dues payable | 285 | 528 |
| Deferred profit on sale of fixed assets on finance lease | 10 | 10 |
| Total | 295 | 538 |

Note 21 : Trade payables

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Non current | | |
| (i) Total outstanding dues of micro enterprises and small enterprises (refer note 51) | - | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 167 | - |
| (iii) Trade payable to related parties (refer note 44) | - | - |
| Total | 167 | - |
| Current: | | |
| (i) Total outstanding dues of micro enterprises and small enterprises (refer note 52) | - | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,474 | 3,749 |
| (iii) Trade payable to related parties (refer note 44) | 19 | 23 |
| Total | 3,493 | 3,772 |



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Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021

(Amount Rs in Lakhs, unless otherwise mentioned)

Note 22 : Revenue from operations

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Revenue from operations (net) | | |
| Revenue from contracts with customer | | |
| Sale of products | 3,812 | 4,432 |
| Sale of services | 18,799 | 17,556 |
| | 22,611 | 21,988 |
| Other operating revenue | | |
| Scrap sales | 1 | 5 |
| | 1 | 5 |
| Total | 22,612 | 21,993 |

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

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|------------------------------|------------------------------|
| Revenue as per contracted price | | |
| | 22,612 | 21,993 |
| Adjustments for: | | |
| Contract liabilities | - | - |
| Refund liabilities | - | - |
| Total | 22,612 | 21,993 |

Note 23 (a) : Other income

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Interest income | | |
| - On bank deposits | 4 | 3 |
| - On finance lease | 65 | 65 |
| - On income tax refund | 68 | 39 |
| | 137 | 107 |
| Other non-operating income | | |
| Insurance claims recovered | 1 | 7 |
| Liabilities/Provisions no longer required, written back | 62 | - |
| Rent income | 21 | 62 |
| Others | 21 | 67 |
| | 105 | 136 |
| Other gains | | |
| Profit on sale of property, plant and equipment (net) | 28 | 3 |
| Unwinding of discount on financial asset measured at amortised cost | 14 | 3 |
| | 42 | 6 |
| Total | 284 | 249 |

Note 23 (b) : Exceptional item

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|------------------------------|------------------------------|
| Profit on sale of investment in associate (refer note 5) | - | 115 |
| Total | - | 115 |



Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021

(Amount Rs in Lakhs, unless otherwise mentioned)

Note 24 : (Increase) / decrease in inventories of stock-in-trade

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Inventories at the beginning of the year : | | |
| Stock - in - trade | 1,051 | 789 |
| Stock - in - transit | 1 | - |
| | 1,052 | 789 |
| Less : Inventories at the end of the year : | | |
| Stock - in - trade | 1,138 | 1,051 |
| Stock - in - transit | - | 1 |
| | 1,138 | 1,052 |
| Net (increase) / decrease in inventories of stock-in-trade | (86) | (263) |



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Note 25 : Employee benefits expense

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus | 3,082 | 3,012 |
| Contributions to provident fund (refer note 43) | 98 | 101 |
| Contributions to superannuation and other funds (refer note 43) | 21 | 24 |
| Gratuity (refer note 43) | 63 | 53 |
| Staff welfare expenses | 147 | 171 |
| Total | 3,411 | 3,361 |

Note 26 : Finance costs

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|-----------------------------|------------------------------|------------------------------|
| Interest expense on: | | |
| Borrowings | 717 | 1,067 |
| Leased liabilities | 133 | 81 |
| Trade payables | 29 | 66 |
| Bank charges | 74 | 99 |
| Total | 953 | 1,313 |

Note 27 : Depreciation and amortisation Expense

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|------------------------------|------------------------------|
| On property, plant and equipment (refer note 4(a)) | 1,730 | 1,740 |
| On intangible assets (refer note 4(a)) | 80 | 62 |
| On right-of-use assets (refer note 4(b)) | 420 | 200 |
| Total | 2,230 | 2,002 |

Note 28 : Other Expenses

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Consumption of loose tools | 12 | 10 |
| License fees to Department of Telecommunications | 1,575 | 1,403 |
| Subcontracting expenses | 1,748 | 1,691 |
| Power and fuel | 201 | 193 |
| Rent including lease rentals [refer note 4(b)] | 61 | 60 |
| Repairs and maintenance - Plant and machinery | 182 | 164 |
| Repairs and maintenance - Others | 455 | 534 |
| Insurance | 22 | 16 |
| Rates and taxes | 13 | 14 |
| Travelling and conveyance | 55 | 208 |
| Freight and forwarding | 315 | 284 |
| Legal and professional charges | 214 | 184 |
| Consultancy charges | 229 | 285 |
| Director sitting fees | 53 | 35 |
| Installation expenses | 214 | 268 |
| Payments to auditors | 48 | 59 |
| Bad debts written off | 24 | 70 |
| Less: Provision for doubtful debts made in earlier years written back | (24) | (70) |
| Provision for doubtful debts | 213 | 67 |
| Corporate social responsibility expenses (refer note 50) | 12 | - |
| Foreign exchange loss (net) | 26 | 76 |
| Sales commission | 79 | 83 |
| Connectivity charges | 113 | 110 |
| Information technology expenses | 72 | 46 |
| Vehicle charges | 48 | 39 |
| Telephone charges | 26 | 27 |
| Miscellaneous expenses | 432 | 447 |
| Other expenses | 6,418 | 6,303 |
| Transponder charges | 5,493 | 4,241 |
| Total other expenses | 11,911 | 10,544 |



Note 29 : Discontinued Operation

The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to (i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following : (a) Integrated Security and Surveillance Solution ("ISSS") business and (b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and (ii) the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme). The Proposed Scheme has been approved by National Company Law Tribunal ("NCLT") on November 2, 2018, and approvals from Department of Telecommunications ("DOT") is awaited. As per the NCLT Order, this Scheme is effective only on receiving the written approval from the Department of Telecommunications (DoT) for transfer of licenses. The NCLT Order required the Company to file the Order with the Registrar of Companies (RoC) within 30 days. Upon filing, RoC updated the records to reflect the Scheme as effective and TNSL as "amalgamated" even though DoT approval is yet to be obtained. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the scheme with immediate effect. The decision of NCLT is awaited.

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

Note 30 : Fair Value Measurements

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

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

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair value. The following tables presents the carrying value and fair value of each category of financial assets and liabilities.

The Group's assets and liabilities which are measured at amortised cost for which fair values are disclosed:

| Particulars | As at March 31, 2021 | | | As at March 31, 2020 | | |
|---|----------------------|-------|----------------|----------------------|-------|----------------|
| | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised Cost |
| Financial Assets | | | | | | |
| Investments | - | 16 | - | - | 16 | - |
| Trade receivable | - | - | - | - | - | - |
| Cash and cash equivalent | - | - | 5,814 | - | - | 7,026 |
| Other bank balances | - | - | 916 | - | - | 1,311 |
| Loan - Security deposit | - | - | 35 | - | - | 32 |
| Loan - Loans to employees | - | - | 323 | - | - | 176 |
| Fair value of foreign exchange forward contract | - | - | 5 | - | - | 6 |
| Other financial assets | - | - | - | 38 | - | - |
| Total financial assets | - | 16 | 1,867 | 38 | 16 | 1,993 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 8,960 | 38 | 16 | 10,544 |
| Trade payables | - | - | 6,682 | - | - | 11,260 |
| Other financial liabilities | - | - | 3,660 | - | - | 3,772 |
| Fair value of foreign exchange forward contract | 33 | - | 1,402 | - | - | 1,239 |
| Total financial liabilities | 33 | - | 11,744 | - | - | 16,271 |

(i) Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| Financial assets and liabilities measured at fair value- recurring fair value measurement at March 31, 2021 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--|------------------------|---------|---------|---------|-------|
| Financial Assets | | | | | |
| Financial instrument at FVOCI | | | | | |
| Investment in equity shares | 5 | - | - | 16 | 16 |
| Total financial assets | | | | 16 | 16 |
| Financial Liabilities | | | | | |
| Financial instrument at FVPL | | | | | |
| Other Financial Assets | | | | | |
| Foreign exchange forward contract | 18 (b) | - | 33 | - | 33 |
| Total financial liabilities | | | 33 | - | 33 |
| Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2021 | | | | | |
| Financial Assets | | | | | |
| Other financial assets | | | | | |
| Loan | 8 (a) | - | - | 521 | 521 |
| Total financial assets | 7 (a) & 7 (b) | - | - | 328 | 328 |
| Financial liabilities | | | | | |
| Borrowings | 17 (a), 17 (b) & 18(b) | - | - | 6,682 | 6,682 |
| Other financial liabilities | 18 (a) & 18 (b) | - | - | 1,402 | 1,402 |
| Total financial liabilities | | | | 8,084 | 8,084 |



| Financial assets and liabilities measured at fair value- recurring fair value measurement at March 31, 2020 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|-------|---------|---------|---------|-------|
| Financial Assets | | | | | |
| Financial instrument at FVOCI Investment in equity shares | 5 | - | - | 16 | 16 |
| Financial instrument at FVPL Fair value of foreign exchange forward contract | 8 (b) | - | 38 | - | 38 |
| Total financial assets | | - | 38 | 16 | 54 |

| Financial assets and liabilities measured at amortised cost for which fair values are disclosed March 31, 2020 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--|------------------------|---------|---------|---------|--------|
| Financial Assets | | | | | |
| Other financial assets | 8 (a) | - | - | 328 | 328 |
| Loans | 7 (a) & 7 (b) | - | - | 186 | 186 |
| Total Financial Assets | | - | - | 514 | 514 |
| Financial Liabilities | | | | | |
| Borrowings | 17 (a), 17 (b) & 18(b) | - | - | 11,260 | 11,260 |
| Other Financial Liabilities | 18 (a) & 18 (b) | - | - | 1,239 | 1,239 |
| Total Financial Liabilities | | - | - | 12,499 | 12,499 |

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

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

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

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

(ii) Valuation technique used to determine fair value

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

- The use of quoted market price or dealer quotes for similar instruments.
- The fair value of foreign exchange forward contract is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

b) During the current year, there is no significant movement in the items of fair value measurements categorised within Level 3 of the fair value hierarchy.

c) The Fair value for investment in unquoted equity share were calculated based on risk adjusted discounted rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

(iii) Valuation processes

The finance department of the group performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO, Audit Committee and the finance team at least once every three months, in line with group's quarterly reporting periods.

(iv) Fair value of financial assets and liabilities measured at amortised cost

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|------------------------------------|----------------------|------------|----------------------|------------|
| | Carrying Amounts | Fair Value | Carrying Amounts | Fair Value |
| Financial Assets | | | | |
| Other financial assets | 521 | 521 | 328 | 328 |
| Loans | 328 | 328 | 186 | 186 |
| Total Financial Assets | 849 | 849 | 514 | 514 |
| Financial Liabilities | | | | |
| Borrowings | 6,682 | 6,682 | 11,260 | 11,260 |
| Other financial liabilities | 1,402 | 1,402 | 1,239 | 1,239 |
| Total Financial Liabilities | 8,084 | 8,084 | 12,499 | 12,499 |

Significant Estimates

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



Note 31 : Financial Risk Management

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

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to support its operations. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, foreign currency risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Risk management committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|---|--|--|
| Credit risk | Cash and cash equivalents, trade receivables, loans, 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 forwarding-looking information such as: adverse changes in business, changes in the operating results of the counterparty, change to the counterparty's ability to meet its obligations etc. Financial assets are written off when there is no reasonable expectation of recovery.

(I) Credit Risk Management

Financial Assets

The group maintains exposure in cash and cash equivalents, term deposits with banks, Security deposits with counterparties, loans to third parties. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the group.

The group's maximum exposure to credit risk as at March 31, 2021 and March 31, 2020 is the carrying value of each class of financial assets as disclosed in the consolidated financial statements.

Trade receivables

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

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss within other expenses.

Three customers as at March 31, 2021 and four customers as at March 31, 2020 contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was Rs. 1,544 Lakhs and Rs.2,117 Lakhs as at March 31, 2021 and as at March 31, 2020 respectively.

The amount of Trade receivable outstanding as at March 31, 2021 and March 31, 2020 is as follows:

| Particulars | Not Due | 0-180 days | 181 - 365 days | More than 365 days | Total |
|----------------------|---------|------------|----------------|--------------------|-------|
| As at March 31, 2021 | 2,995 | 1,817 | 673 | 672 | 6,157 |
| As at March 31, 2020 | 3,824 | 2,143 | 604 | 609 | 7,180 |



(ii) Reconciliation of loss allowances provision - Trade Receivable

| | |
|-----------------------------------|-----|
| Loss Allowances on March 31, 2019 | 157 |
| Changes in loss allowances | (3) |
| Loss Allowances on March 31, 2020 | 154 |
| Changes in loss allowances | 189 |
| Loss Allowances on March 31, 2021 | 343 |

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

Other than trade receivables and financial assets.

Management believes that the parties from which the receivables are due have strong capacity to meet the obligations and risk of default is negligible or nil and accordingly no significant provision for expected credit loss has been recorded.

Credit risk from balances with bank and financial institutions is managed by the Group's treasury department in accordance with the Group's policy.

(B) Liquidity Risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due through rolling cash flow forecast. Also, the Group has unutilized credit limits with banks.

(i) Financing arrangements

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

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| Floating Rate | | |
| Expiring within one year (Bank overdraft, Term Loans and other facilities) | 4,796 | 2,878 |
| Total | 4,796 | 2,878 |

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

(ii) Maturities of financial liabilities

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

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

| Contractual maturities of financial liabilities | Less than 1 Year | 1 - 2 Years | 2 Year and Above | Total |
|---|------------------|--------------|------------------|---------------|
| March 31, 2021 | | | | |
| Non - Derivative | | | | |
| Borrowings | 5,166 | 1,213 | 303 | 6,682 |
| Lease liability | 426 | 429 | 1,425 | 2,280 |
| Trade payables | 3,660 | - | - | 3,660 |
| Other financial liabilities | 1,435 | - | - | 1,435 |
| Total Non derivative liabilities | 10,687 | 1,642 | 1,728 | 14,057 |

| Contractual maturities of financial liabilities | Less than 1 Year | 1 - 2 Years | 2 Year and Above | Total |
|---|------------------|--------------|------------------|---------------|
| March 31, 2020 | | | | |
| Non - Derivative | | | | |
| Borrowings | 8,311 | 1,434 | 1,515 | 11,260 |
| Lease liability | 712 | 240 | 387 | 839 |
| Trade payables | 3,772 | - | - | 3,772 |
| Other financial liabilities | 1,239 | - | - | 1,239 |
| Total Non derivative liabilities | 13,534 | 1,674 | 1,902 | 17,110 |

(C) Market Risk

(i) Foreign currency risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade payables, deposits, investments, trade receivables, other financial assets and derivative financial instruments.

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



(Amount Rs in Lakhs, unless otherwise mentioned)

(a) Foreign currency risk exposure:

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

| Particulars | Foreign Currency | As at March 31, 2021 | | As at March 31, 2020 | |
|---|------------------|----------------------|-------------|----------------------|-------------|
| | | In foreign currency | Rs in Lakhs | In foreign currency | Rs in Lakhs |
| Financial Liabilities | | | | | |
| Trade payables and capex creditors | USD | 17 | 1,259 | 14 | 1,024 |
| Buyers credit | USD | - | - | 13 | 923 |
| Borrowing | USD | 13 | 986 | - | - |
| Derivative Liabilities | | | | | |
| Foreign exchange forward contract | | | | | |
| Buy foreign currency | USD | (11) | (822) | (19) | (1,491) |
| Net Exposure to Foreign Currency Liability | USD | 19 | 1,423 | 8 | 456 |
| Financial Assets | | | | | |
| Trade receivables | USD | (1) | (100) | (11) | (870) |
| Net Exposure to foreign currency Assets | USD | (1) | (100) | (11) | (870) |

(b) Sensitivity

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

| Particulars | Impact on profit after tax | |
|---|----------------------------|----------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| USD sensitivity | | |
| INR/USD - Increase by 5% (March 31, 2020 - 5%)* | (47) | 15 |
| INR/USD - Decrease by 5% (March 31, 2020 - 5%)* | 47 | (15) |
| * Holding all other variables constant | | |

(ii) Cash Flow and fair value interest rate risk

The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

(a) Interest Rate risk exposure

The exposure of the group's borrowings to interest rate changes at the end of the reporting period are as follows.

| Particulars | As at | As at |
|--------------------------|----------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| Variable rate borrowings | | |
| Fixed rate borrowings | 5,968 | 11,260 |
| Total Borrowings | 5,968 | 11,260 |

(b) Sensitivity

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

| Particulars | Impact on profit after tax | |
|---|----------------------------|----------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Interest Rate - Increase by 100 basis points* | (42) | (80) |
| Interest Rate - Decrease by 100 basis points* | 42 | 80 |
| * Holding all other variable constant | | |

(iii) Price Risk

The Group does not have any financial instrument which is exposed to change in price.

Note 32 : Capital Management**Risk Management**

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital.

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

Loan covenants

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

1. Standalone net worth to remain positive.
2. Standalone Debt Equity ratio of maximum 4:1.
3. Standalone Fixed asset coverage ratio should be greater than or equal to 1.17.
4. Consolidated net debt to EBITDA ratio should be less than 4 upto FY 2020 and 3 after FY 2020.
5. Consolidated Debt Service Coverage Ratio (DSCR) should be greater than 1.10.
6. Total Outside Liabilities/ Total Net Worth to be maintained below 3.75.
7. Ratio of Total Outside Liabilities (TOL) to Total Net worth (TNW) should be less than 4 as on March 31, 2021 and March 31, 2020 calculated for Tatanet Services Limited for loan taken by Tatanet Services Limited.

Group has complied with the above covenants 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.

Note 34 : Assets Pledge As Security

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Current Assets | | |
| Financial Assets | | |
| First Charge | | |
| Trade receivables (Including non-current) | 5,814 | 7,026 |
| Inventories | 1,138 | 1,052 |
| Cash & cash equivalents | 916 | 1,311 |
| Bank balances other than above | 35 | 32 |
| Loans | 60 | 141 |
| Other financial assets | 1,625 | 1,704 |
| Other current assets | 347 | 1,051 |
| Total Current Assets pledged as Security | 9,935 | 12,317 |
| Non Current Assets | | |
| First Charge | | |
| (i) Plant and machinery | 3,356 | 3,434 |
| (ii) Office equipment | 2 | 2 |
| (iii) Intangible assets | 167 | 178 |
| (iv) Capital work-in-progress | 362 | 281 |
| (v) Other financial assets | 17 | 17 |
| Total (A) | 3,904 | 3,912 |
| Second Charge | | |
| (i) Building | 82 | 96 |
| (ii) Plant and machinery | 591 | 982 |
| (iii) Office equipment | 4,239 | 6,103 |
| Total (B) | 4,912 | 7,181 |
| Total Non-Current Assets pledged as Security | 8,816 | 11,093 |
| Total Assets pledged as Security | 18,751 | 23,410 |



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Note 35 : Earnings per share (EPS)

| Sr. No. | Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---------|---|------------------------------|------------------------------|
| 1 | Net profit after tax attributable to equity shareholders (Rs. in Lakhs) | 1,236 | 1,438 |
| 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) | 5.42 | 6.30 |

Note 36 : Contingent liabilities

| Sr. No. | Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|--|-------------------------|-------------------------|
| a) | Claims against the group not acknowledged as debt comprises of: - Sales tax and service tax claims disputed by the group relating to issues of applicability and classification | 4,072 | 4,099 |
| b) | Claims from Vendor - Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authorities | 168 | 168 |
| c) | Income tax demand against the group not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which group is in appeal. | 559 | 559 |
| Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities | | | |

The Company does not have any contingent assets at the balance sheet date.

The above figures for contingent liabilities do not include amounts towards certain additional penalties/interest that may devolve on the Company in the event of an adverse outcome as the same is subjective and not capable of being presently quantified. Unless otherwise stated below, the management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable, further outflow of resources is not probable in either cases.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Note 37 : 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 (refer note 36).
- 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 | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Opening balance | 39 | 90 | 58 | 58 |
| Add: Provision during the year | 28 | 2 | - | - |
| (Less): Utilisation during the year | - | (26) | - | - |
| (Less): Reversal during the year | - | (27) | - | - |
| Add: Effects of unwinding of discounts on provision | - | - | - | - |
| Closing balance | 67 | 39 | 58 | 58 |
| Classified as current (refer note 19(b)) | 67 | 39 | 58 | 58 |



Nelco Limited

Notes to the consolidated financial statements for the year ended March 31, 2021
(Amount Rs in Lakhs, unless otherwise mentioned)

Note 38 : Income Tax

Components and movements of deferred tax asset (net) :

| Particulars | As at | Recognised in the statement of profit and Loss | MAT Credit Utilisation | As at | Recognised in the statement of profit and Loss* | MAT Credit Utilisation | As at | | | | | |
|--|---------------|--|------------------------|--------------|---|------------------------|--------------|----------|--------------|--------------|----------|----------------|
| | April 1, 2019 | | | (a) | | | (b) | (c) | (d= a+b+c) | (d) | (e) | March 31, 2021 |
| i. Items of deferred tax liabilities : | | | | | | | | | | | | |
| Property, plant and equipment and intangible assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Assets given on Finance Lease | 163 | 55 | - | 218 | (71) | - | 218 | - | 147 | - | - | 147 |
| Right-of-use assets | - | 241 | - | 241 | 403 | - | 241 | - | 644 | - | - | 644 |
| Amortisation of Processing charges on borrowing | 6 | (2) | - | 4 | (2) | - | 4 | - | 2 | - | - | 2 |
| Deferred tax on unrealised share of profit of associates | 36 | (36) | - | - | - | - | - | - | - | - | - | - |
| Total deferred tax liability (i) | 205 | 258 | - | 463 | 330 | - | 463 | - | 793 | - | - | 793 |
| ii. Items of deferred tax assets : | | | | | | | | | | | | |
| Disallowances under Section 43B of the Income Tax Act, 1961, provision for legal dispute and investment impairment | 224 | 26 | - | 250 | (36) | - | 250 | - | 214 | - | - | 214 |
| Provision for doubtful debts and deposits | 47 | (5) | - | 42 | 52 | - | 42 | - | 94 | - | - | 94 |
| Allowance u/s 35 DDA and 35DD of Income Tax Act, 1961 | 48 | (9) | - | 39 | (6) | - | 39 | - | 33 | - | - | 33 |
| Credit of Minimum alternate tax u/s 115 JAA of Income Tax Act, 1961 | 382 | - | - | 190 | - | (192) | 190 | - | 26 | (164) | - | 26 |
| Unabsorbed long term capital loss | 28 | (28) | - | - | - | - | - | - | - | - | - | - |
| Property, plant and equipment and Intangible assets | 175 | 102 | - | 277 | 115 | - | 277 | - | 392 | - | - | 392 |
| Lease liability | - | 228 | - | 228 | 424 | - | 228 | - | 652 | - | - | 652 |
| Others | 46 | 47 | - | 93 | 26 | - | 93 | - | 119 | - | - | 119 |
| Total Deferred Tax Assets (ii) | 950 | 361 | - | 1,119 | 575 | (192) | 1,119 | - | 1,530 | (164) | - | 1,530 |
| Net Deferred Tax Assets (ii-i) | 745 | 103 | - | 656 | 245 | (192) | 656 | - | 737 | (164) | - | 737 |

* Deferred tax credit of Rs 245 lakhs recognised for the year ended March 31, 2021 includes Rs. 94 lakhs pertains to earlier periods.

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---------------------------|---------------------------|
| (a) Income tax expense | | |
| Current tax | 597 | 499 |
| Current tax on profits for the year | 597 | 499 |
| Total current tax expense | | |
| Deferred tax | | |
| Decrease / (increase) in deferred tax assets | (575) | (169) |
| (Decrease) / increase in deferred tax liabilities | 330 | 258 |
| Total deferred tax expenses / (benefit) | (245) | 89 |
| Income tax expense | 352 | 588 |

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Note 39 : Reconciliation of tax expense and accounting profit multiplied by India's tax rates:

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|------------------------------|------------------------------|
| Profit before tax | | |
| Profit on sale of investment tax at special rate | 1,588 | 1,911 |
| Statutory tax rate (%) | - | 115 |
| Statutory Tax Rate (%) - Long Term Capital Gain | 29.12% | 29.12% |
| Tax at Indian tax rate | 23.30% | 23.30% |
| Deferred tax recognised for the first time | 462 | 583 |
| Impact on account of adoption of Ind AS 116 | | |
| Others | - | 17 |
| Deferred tax recognised for earlier years | 2 | - |
| WDV of property, plant and equipment* | | |
| Other Items | (94) | - |
| Additional Tax Benefit due to indexation benefit for calculation of long term capital gain | | |
| Tax on income at different rates | - | (66) |
| Others | (27) | (23) |
| Total tax expense | 9 | 77 |
| | 352 | 588 |

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

Note 40 : Capital and other Commitments

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid) | 299 | 707 |
| Estimated amount of contracts remaining to be executed on other account and not provided for (net of advance paid) | 1,618 | 206 |

Note 41 : Information in respect of "Construction Contracts" is as follows:-

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Contract revenue recognised during the year | - | - |
| Aggregate amount of contract costs incurred and recognised profits (less recognised losses) upto year end | - | - |
| Retention money for contracts in progress as at balance sheet date | - | - |
| Gross Amount due from Customers for contract work (Assets) as at balance sheet date | - | 45 |
| Gross Amount due to customers for contract work (Liability) as at balance sheet date | - | - |

Note 42 : Segment reporting

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



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Note 43 : Employee benefit obligations

Short-term employee benefits

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

Long-term employee benefits

i) Defined contribution plans

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

| Sr. No | Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--------|---|------------------------------|------------------------------|
| a) | Contribution to employees' superannuation fund | 20 | 21 |
| b) | Contribution to employees' state insurance scheme | 1 | 3 |
| | Total | 21 | 24 |

ii) Defined Benefit Plans

The Group operates the following funded/unfunded defined benefit plans:

-Provident Fund (Funded):

The Group makes Provident Fund contributions to defined benefit plans for eligible employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Group. The Rules of the Group's provident fund administered by the Trust requires that if the Board of Trustees are unable to pay interest at the rate declared by Central Government under para 60 of the Employees' Provident Fund Scheme, 1952 then the shortfall shall be made good by the Group. Having regard to the assets of the fund and the return on the investments, the Group does not expect any shortfall in the foreseeable future.

In terms of guidance note issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at March 31, 2021 and March 31, 2020, respectively.

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Plan assets at period end, at fair value | | |
| Present value of benefit obligation at period end | 2,516 | 2,346 |
| Asset recognized in Balance Sheet | 2,516 | 2,346 |
| | - | - |

The Plan assets have been primarily invested in government securities

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Government of India (GOI) bond yield | | |
| Remaining term to maturity of portfolio | 6.86% | 5.84% |
| Expected guaranteed interest rate | 11 years 8.50% | 11 years 8.65% |

The Group has contributed Rs 98 Lakhs and Rs 101 Lakhs during the year ended March 31, 2021 and March 31, 2020 respectively and the same has been recognized in the Statement of Profit and Loss.

Provident Fund Assessment as per recent Supreme court Judgment

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



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-Gratuity (Unfunded)

Gratuity is payable to all eligible employees of the Company as per the provisions of the Payment of Gratuity Act, 1972 or as per the Company's scheme, whichever is higher. The plan is unfunded.

Under the Act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity scheme provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit.

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

| Amount recognised in the statement of profit and loss | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2021 | As at March 31, 2020 |
| Current service cost | | |
| Interest cost (Net) | 36 | 29 |
| Total expense recognised in the statement of profit and loss | 63 | 53 |

| Amount recognised in other comprehensive income (OCI) | | |
|---|-------------------------|-------------------------|
| Particulars | As at March 31, 2021 | As at March 31, 2020 |
| Due to change in demographic assumptions | * | * |
| Due to change in financial assumptions | | |
| Due to experience | (1) | 16 |
| Total remeasurement (gains)/losses recognised in OCI | (27) | 15 |
| | (28) | 31 |

*figures are below rounding off norm adopted by the group

Change in Defined Obligation (DBO) during the year

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Present value of DBO at the beginning | | |
| Current service cost | 389 | 316 |
| Interest cost (Net) | 36 | 29 |
| Liabilities transferred In/acquisitions | 27 | 24 |
| Remeasurement (gain)/loss | - | 5 |
| Benefits paid | (28) | 31 |
| Present value of DBO at the end | 377 | 389 |

Principal Actuarial assumptions for valuation of gratuity liability

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------------|---|---|
| Discount rate | 6.86% | 6.84% |
| Expected rate of escalation in salary | 7.50% | 7.50% |
| Rate of employee turnover | a. For service 4 years and below - 8.00% p.a. | a. For service 4 years and below - 8.00% p.a. |
| | b. For service 5 years and above - 5.00% p.a. | b. For service 5 years and above - 5.00% p.a. |
| Mortality tables | Indian Assured Lives Mortality (2006-08) Ultimate | |

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

This plan typically exposes the Group to actuarial risks such as:

- 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.



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Sensitivity

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

| Particulars | Change in assumption | As at March 31, 2021 | | As at March 31, 2020 | |
|---------------------------------------|----------------------|------------------------|------------------------|------------------------|------------------------|
| | | Increase in assumption | Decrease in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1% | (22) | 26 | (22) | 26 |
| Expected rate of escalation in salary | 1% | 25 | (23) | 25 | (23) |
| Rate of employee turnover | 1% | (1) | 1 | * | * |

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

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Defined benefit liability and employers contributions

The weighted average duration of the projected benefit obligation is 8 years (2020 - 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------|----------------------|----------------------|
| 1st following year | 70 | 54 |
| 2nd following year | 23 | 21 |
| 3rd following year | 36 | 71 |
| 4th following year | 41 | 35 |
| 5th following year | 42 | 47 |
| Sum of years 6 to 10 | 135 | 148 |
| Sum of years 11 and above | 309 | 291 |

iii) Other Long-term employee benefits

Compensated absences which are accumulated and not expected to be availed within twelve months after the end of the reporting period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Compensated absences is recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date.

An amount of Rs. 52 Lakhs (previous year Rs. 73 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2021 towards Compensated absences.

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

Principal Actuarial assumptions for valuation of long-term compensated absences

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------------|--|--|
| Discount rate | 5.86% | 6.84% |
| Expected rate of escalation in salary | 7.50% | 7.50% |
| Rate of Employee Turnover | a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a. | a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a. |

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.



Note 44 : Related party transactions

(A) Promotor of holding company

Tata Sons Private Limited

(B) Parent Company / Holding Company

The group is controlled by the following entity

| Name | Type | Place of incorporation | Ownership interest | |
|--------------------------------|-------------------------|------------------------|----------------------|----------------------|
| | | | As at March 31, 2021 | As at March 31, 2020 |
| The Tata Power Company Limited | Immediate parent entity | India | 48.65% | 48.65% |

(C) Subsidiary Companies

Interest in subsidiaries are set out in note 46

(D) Associate 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)

Ms. Hema Hattangady (Independent Director upto January 27, 2020)

Mr.Kailasam Raghuraman (Independent Director upto January 27, 2020)

Mr.Krishnan Ramachandran (Independent Director upto January 27, 2020)

Mr. Rahul Chandrakant Shah (Non Executive Director upto October 24, 2019)

Mr. Anand Agrawal (Non Executive Director w.e.f October 24, 2019)

Mr. Ajay Kumar Pandey (Independent Director upto w.e.f January 28, 2020)

Dr. Lakshmi Nadkarni (Independent Director upto w.e.f January 28, 2020)

Mr. K. Narasimha Murthy (Independent Director upto w.e.f January 28, 2020)

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

| Particulars | Year ended | Year ended |
|---|----------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| (i) Executive Directors | | |
| Short-term employee benefits | 296 | 261 |
| Post-employment benefits | 8 | 8 |
| Long-term employee benefits* | - | - |
| (ii) Non Executive and Independent Director | | |
| Director sitting fees | 53 | 35 |
| Total compensation | 357 | 304 |

* The Group provides long term benefits in the form of Gratuity to Key managerial personnel along with all employees, cost of same is not identifiable separately and hence not disclosed.

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

| Sr.no. | Particulars | The Tata Power Company Limited (Holding Co.) | Tata Sons Private Limited (Promoter of Holding Co.) | Nelito Systems Limited (Associate) |
|---------------------------------------|-------------|--|---|------------------------------------|
| 1) Purchase : | | | | |
| a) Services / Royalties | | - | 20 | - |
| 2) Sales : | | (-) | (23) | (-) |
| a) Services | | 2 | - | - |
| b) Goods | | (11) | (-) | (-) |
| 3) Other income | | (-) | (-) | (-) |
| a) Dividend received | | - | - | - |
| b) Rent | | (-) | (-) | (6) |
| 4) Balance Outstanding as at year end | | (1) | (-) | (-) |
| a) Trade receivables | | 1 | - | - |
| b) Trade payables | | (12) | (-) | (-) |
| c) Other Payable | | (-) | 19 | (-) |
| | | (*) | (23) | (-) |
| | | (-) | (-) | (-) |

Note : (i) Figures in brackets pertain to the previous year ended March 31, 2020.

(ii) Related Party relationship is as identified by the group and relied upon by auditors.

(iii) * figures below rounding off norm adopted by the group.



Note 45 : Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

a. Net assets, i.e., total assets minus total liabilities

| Name of the entity in the Group | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---------------------------------|--------------|---------------------------------|--------------|
| | As % of consolidated net assets | Amount | As % of consolidated net assets | Amount |
| Parent | | | | |
| Nelco Limited | | | | |
| Indian Subsidiaries | 74.00% | 5,608 | 77.95% | 5,136 |
| Tatanet Services Limited | | | | |
| Nelco Network Products Limited | 33.75% | 2,558 | 31.14% | 2,052 |
| Indian Associate (Investment as per equity method) | (0.07%) | (6) | (0.10%) | (7) |
| Nelito Systems Limited ** | 0.00% | - | 0.00% | - |
| Adjustment on consolidation | | | | |
| | (7.68%) | (582) | (8.99%) | (592) |
| Total | 100.00% | 7,578 | 100.00% | 6,589 |

b. Share in profit or loss

| Name of the entity in the Group | Year ended March 31, 2021 | | Year ended March 31, 2020 | |
|---|--|--------------|--|--------------|
| | As % of consolidated net Profit and Loss | Amount | As % of consolidated net Profit and Loss | Amount |
| Parent | | | | |
| Nelco Limited | | | | |
| Indian Subsidiaries | 58.09% | 718 | 95.13% | 1,368 |
| Tatanet Services Limited | | | | |
| Nelco Network Products Limited | 40.94% | 506 | 39.22% | 564 |
| Indian Associate (Investment as per equity method) | 0.08% | 1 | (0.28%) | (4) |
| Nelito Systems Limited ** | 0.00% | - | 0.00% | - |
| Adjustment on consolidation | | | | |
| | 0.89% | 11 | (34.08%) | (490) |
| Total | 100.00% | 1,236 | 100.00% | 1,438 |

c. Share in Other Comprehensive Income

| Name of the entity in the Group | Year ended March 31, 2021 | | Year ended March 31, 2020 | |
|---|---|-----------|---|-------------|
| | As % of consolidated net Other Comprehensive Income | Amount | As % of consolidated net Other Comprehensive Income | Amount |
| Parent | | | | |
| Nelco Limited | | | | |
| Indian Subsidiaries | 100.00% | 28 | 100.00% | (31) |
| Tatanet Services Limited | | | | |
| Nelco Network Products Limited | 0.00% | - | 0.00% | - |
| Indian Associate (Investment as per equity method) | 0.00% | - | 0.00% | - |
| Nelito Systems Limited ** | 0.00% | - | 0.00% | - |
| Total | 100.00% | 28 | 100.00% | (31) |

* figures below rounding off norm adopted by the group.

d. Share in Total Comprehensive Income

| Name of the entity in the Group | Year ended March 31, 2021 | | Year ended March 31, 2020 | |
|---|---|--------------|---|--------------|
| | As % of consolidated net Total Comprehensive Income | Amount | As % of consolidated net Total Comprehensive Income | Amount |
| Parent | | | | |
| Nelco Limited | | | | |
| Indian Subsidiaries | 59.02% | 746 | 95.02% | 1337 |
| Tatanet Services Limited | | | | |
| Nelco Network Products Limited | 40.03% | 506 | 40.09% | 564 |
| Indian Associate (Investment as per equity method) | (0.08%) | 1 | (0.28%) | (4) |
| Nelito Systems Limited ** | - | - | 0.00% | 0 |
| Adjustment on consolidation | | | | |
| | (0.87%) | 11 | (34.83%) | (490) |
| Total | 100.00% | 1,264 | 100.00% | 1,407 |

* figures below rounding off norm adopted by the group.

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

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



Note 46 : Interest In other entities**(a) Subsidiaries**

The group's subsidiaries at March 31, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| Name of the entity | Place of business / Country of incorporation | Ownership interest held by the group | | Principal activities |
|--------------------------------|--|---|-------------------------|--|
| | | As at March 31, 2021 | As at March 31, 2020 | |
| Tatanet Services Limited | India | 100% | 100% | Providing Satellite Communication Services |
| Nelco Network Products Limited | India | 100% | 100% | Sale of VSAT Equipment's |

(b) Interests in associate

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

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

Note 47 : Finance lease receivables

The Company has given on finance lease VSAT equipment to its customer. Below is rental receivable by the Company

| Sr. | Particulars | As at | As at |
|-----|---|----------------|----------------|
| | | March 31, 2021 | March 31, 2020 |
| | Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows: | | |
| a. | Not Later than 1 year | 252 | 236 |
| b. | Later than 1 year but not later than 5 years | 186 | 221 |
| c. | Later than 5 years | - | - |
| | | 438 | 457 |

Note 48 : As a part of transition to Goods and Services Tax (GST) in June 2017, the Company and its subsidiary carried forward the Cenvat/Service tax/Sales tax input credit balance as on March 31, 2021 for future set-off against GST payable aggregating to Rs. 116 Lakhs. However, due to technical glitch on the GSTN portal, the Company and its subsidiary could not file the Tran 1 Form within the prescribed period including the extended filing period. The Company and its subsidiary filed a writ petition in the Hon'ble High Court of Bombay for allowing the carry forward of the input credit balances. However, vide its order dated March 20, 2020, the petition was dismissed and the claim of the Company was disallowed. With respect to its subsidiary, the petition is pending for hearing with the Hon'ble High Court of Bombay. In view of the multiple judgements by various High Courts in India on this matter which supports the Company's claim and based on the advice received from independent legal counsel, the Company expects to recover this input credit balance. The Company has filed Special Leave Petition in Hon'ble Supreme Court and which has been admitted by Supreme Court. In view of this, no provision has been made in the books of account against the recoverability of these balances.

Note 49 : The Group has considered the possible effects that may result from COVID-19 in the preparation of these consolidated financial statements. The Group continued to provide VSAT connectivity, maintenance services and VSAT equipment on lease. However, the deployment of new VSATs was lower than previous year due to slower economic revival across various sectors and restrictions in movement during the financial year. Considering the revival of economic activity, improvement in customer order flow and based on the information available, the management has evaluated and considered the possible impact of the aforesaid situation on the business of the Group, including adjustment to the financial results. Considering the above and Group's current financial position, there is no material uncertainty on the Group's ability to do business as a going concern and there are no impairment indicators for any of the assets of the Group. The Group continues to monitor any material changes to future economic conditions and they may be different from the estimates made as on the date of the financial results.



Note 50 : Corporate Social Responsibility

| Particulars | Year ended | Year ended |
|---|----------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| a) Gross amount required to be spent by the Company during the year | - | - |
| b) Amount approved by the Board to be spent during the year | 12 | - |
| c) Amount spend in cash during the year ending March 31, 2021 | 12 | - |
| (i) Construction/acquisition of an asset | - | - |
| (ii) On purpose other than (i) above | - | - |
| Contribution to Tata Education and Development Trust | - | - |
| Total (C=ii) | 12 | - |
| d) Amount yet to be paid in cash (d=a-c) | 12 | - |

Note 51 : There are no Micro and Small Enterprises to whom the Group owes dues, which are outstanding as at March 31, 2021. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Group.

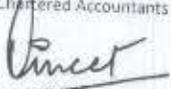
Note 52 : The audit of consolidated financial statements of the Company for the previous year was carried out by a firm of Chartered Accountants other than S.R. Batliboi and Associates LLP.

Note 53 : The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 54 : Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to the current year's classification

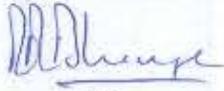
Signature to Notes forming part of Consolidated Financial Statements "1" to "54"

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

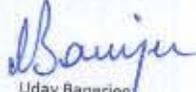

Vineet Kedia
Partner
Membership No. 212230



For and on behalf of the Board of Directors of
NELCO LIMITED

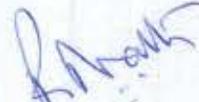


R. R. Bhinge
Chairman
(DIN: 00036557)

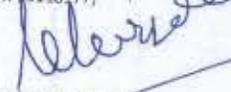


Uday Banerjee
Chief Financial Officer

Place : Mumbai
Date : April 28, 2021



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



Girish V. Kirkinda
Company Secretary & Head - Legal

Place : Mumbai
Date : April 28, 2021

