nelco

unlock potential

A TATA Enterprise

76th Annual Report 2018-19

OUR PURPOSE

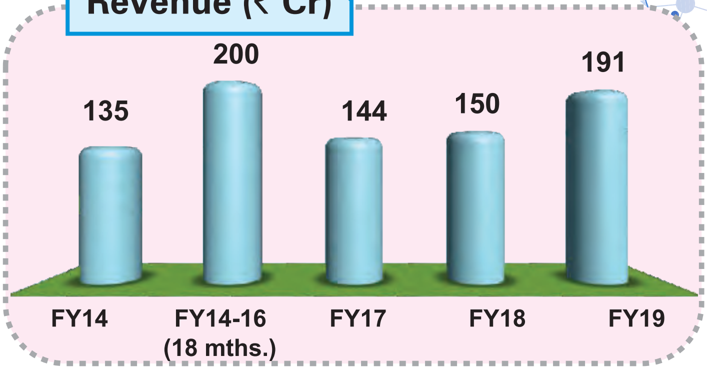
Bringing the benefits of the digital revolution to unserved and under-served customers

OUR VISION

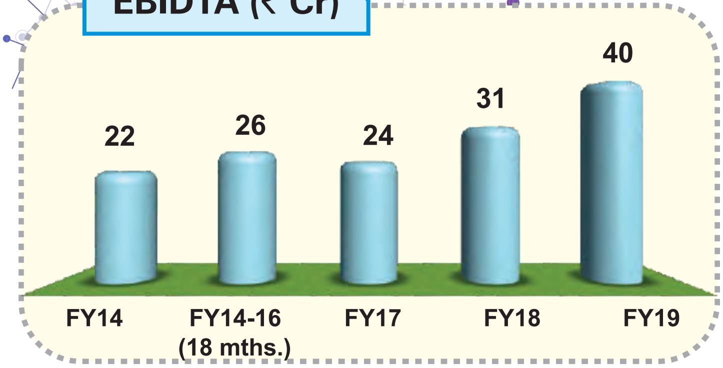
To be the most customer-centric digital solutions provider benefitting businesses and consumers, using satellite communications

HIGHLIGHTS OF NELCO-CONSOLIDATED

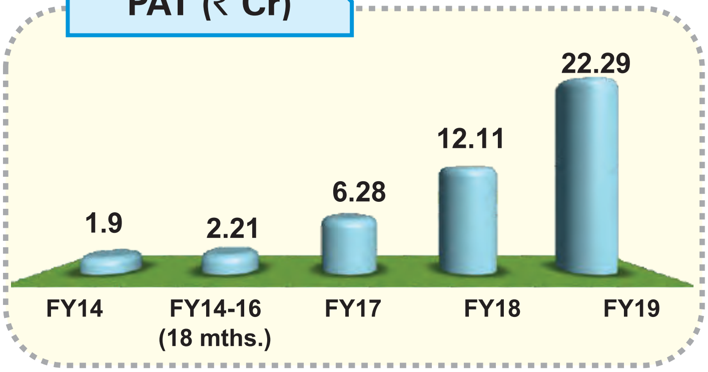
Revenue (₹ Cr)



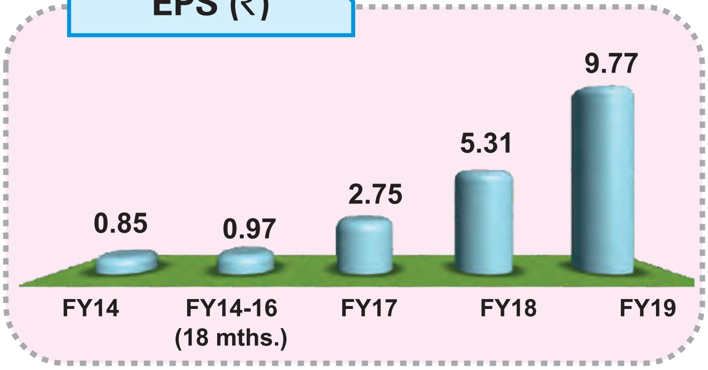
EBIDTA (₹ Cr)



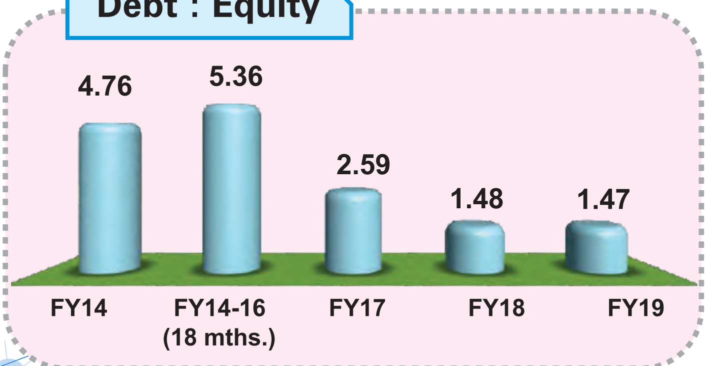
PAT (₹ Cr)



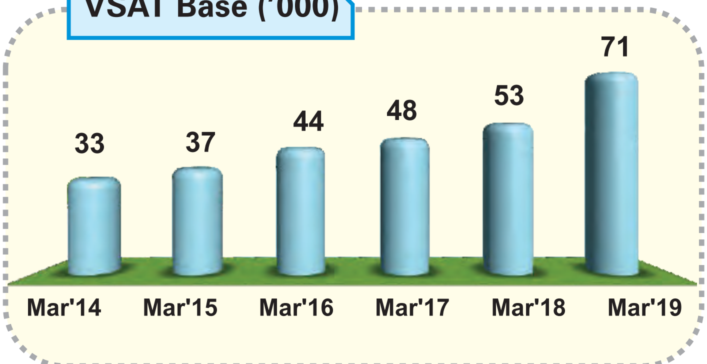
EPS (₹)



Debt : Equity



VSAT Base ('000)



BANKING: Enabling the remotest parts of the country for financial inclusion through ATMs and Bank branches

RENEWABLE ENERGY: Helping the sector to improve productivity and operational efficiency through a connected ecosystem

TELEMEDICINE: Enabling quality healthcare to rural and remote areas through Telemedicine solutions

MINING AND CONSTRUCTION: Enabling Enterprise applications at the remotest of the mines

AERO IN-FLIGHT CONNECTIVITY: Enabling internet connectivity on aircrafts for passengers

RURAL EDUCATION : Helping education institutes expand their reach to unserved areas through our solutions

OIL & GAS EXPLORATION: Enhancing productivity and enabling real time monitoring

MARITIME: Transforming shipping industry with improved crew welfare, passenger services and fleet operations

CORPORATE INFORMATION

(As on 27th April, 2019)

Chairman Emeritus	R. N. Tata
Board of Directors	Mr. R.R.Bhinge, Chairman Mr. K.Raghuraman Mr. K.Ramachandran Ms. Hema Hattangady Mr. Rahul Shah Mr. P.J.Nath, Managing Director & CEO
Chief Financial Officer	Mr. Uday Banerjee
Company Secretary & Head - Legal	Mr. Girish V Kirkinde
Share Registrars	TSR Darashaw Consultants Private Limited (formerly known as TSR Darashaw Limited) 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011. Tel : 022 66568484, Fax : 022 66568494 Email: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com
Statutory Auditors	Price Waterhouse Chartered Accountants LLP
Bankers	Bank of India Union Bank of India The Zoroastrian Co-Op. Bank Ltd. ICICI Bank Ltd. South Indian Bank Ltd. IDFC Bank
Registered Office	EL-6, TTC Industrial Area, MIDC Electronics Zone, Mahape, Navi Mumbai – 400 710 Email: services@nelco.in Investor relations : girish.kirkinde@nelco.in Website: www.nelco.in Tel: +91 22 6739 9100
Corporate Identity No. (CIN)	L32200MH1940PLC003164

SAVE TREES, SAVE THE EARTH

SUPPORT

'GREEN INITIATIVE'

Opt for receiving future Annual Reports in electronic mode and make the world a cleaner, greener and healthier place to live in.

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

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

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

Contents | **Page no.**

76th Annual General Meeting

Date : Wednesday, 24th July 2019

Time : 3.30 p.m.

Venue : Ebony, Hotel Regenza By Tunga, Ground Floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703

NOTICE

The SEVENTY SIXTH ANNUAL GENERAL MEETING of NELCO LIMITED will be held on Wednesday, the 24th day of July, 2019 at 3.30 p.m. at Ebony, Hotel Regenza By Tunga, Ground Floor, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai – 400 703 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2019 together with the Reports of the Board of Directors and the Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended 31st March, 2019 together with the Report of the Auditors thereon.

3. To declare a dividend on Equity Shares for the financial year ended 31st March, 2019.

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

SPECIAL BUSINESS:

5. Appointment of Mr. Rahul Shah as a Director

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

"**RESOLVED that** Mr. Rahul Shah (DIN: 03392443), who was appointed as an Additional Director of the Company with effect from 21st July 2018, by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), in respect of the business as set out in Item No. 5 above and the relevant details of the Directors seeking re-appointment under Item No. 4 & 5 above as required by Regulations 26(4) and 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and as required under Secretarial Standards - 2 on General Meetings issued by The Institute of Company Secretaries of India are annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("AGM") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.

   Members are requested to note that a person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting. Members, Proxies and Authorized Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

5. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 17th July 2019 to Wednesday, 24th July 2019 (both days inclusive). If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend will be made on or after 26th July 2019 as under:

i) To all Beneficial Owners in respect of shares held in electronic form as per the data as may be made available by National Securities Depository Limited and Central Depository Services (India) Limited (both collectively referred to as 'Depositories') as of the close of business hours on 16th July 2019;

ii) To all Members in respect of shares held in physical form after giving effect to valid transmission and transposition requests lodged with the Company/Registrar and Share Transfer Agent on or before the close of business hours on 16th July 2019.

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

Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/ deletion in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend to their DPs.

6. Members are requested to notify immediately any change in their addresses, email addresses, telephone/mobile numbers, Permanent Account Number (PAN), Nominations, Power of Attorney, and/or the Bank Mandate details to their DPs in case the shares are held in electronic form and to Company's Registrars and Share Transfer Agents, TSR Darashaw Limited (TSRDL) in case the shares are held in physical form.

7. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.

8. Members are requested to note that, dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on www.iepf.gov.in. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules. For details of unclaimed dividend and shares transferred to IEPF please refer to Company's website viz. www.nelco.in. Members who have not yet encashed their dividend warrant(s) for the financial year 2011-12, are requested to make their claims to the Company accordingly, without any delay.

9. The Notice of the AGM along with the Seventy Sixth Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that the Notice and Annual Report 2018-19 will also be available on the Company's website viz. www.nelco.in.

10. The route map showing directions to reach the venue of the Seventy Sixth AGM is annexed.

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

12. Voting through electronic means

I. In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Members are provided with the facility to cast their vote electronically through the e-voting services provided by National Securities Depository Limited (NSDL) on all the resolutions set forth in this Notice.

II. Members are provided with the facility for voting through "tablet based voting" at the AGM and Members attending the meeting who have not already cast their vote by remote e-voting are eligible to exercise their right to vote at the meeting. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and votes cast at the AGM shall be considered invalid.

III. Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on 21st July 2019 (9.00 a.m. IST) and ends on 23rd July 2019 (5.00 p.m. IST). Members holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 17th July 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

V. Process and manner for Members opting for remote e-voting are as under:

The instructions for remote e-voting are as under:

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

Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/
Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

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

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

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

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

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

4. Your User ID details are given below:

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

5. Your password details are given below:

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

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

   c) How to retrieve your 'initial password'?

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

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

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

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

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

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

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

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

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

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

<u>Details on Step 2 are given below:</u>

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

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

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

3. Select "EVEN" of company for which you wish to cast your vote.

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

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

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

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

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

<u>General Guidelines for shareholders:</u>

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to nelco.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

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

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

Other Instructions:

(i) The voting rights of Members shall be in proportion to the shares held by them in the paid-up equity share capital of the Company as on cut-off date 17th July 2019. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting and voting through electronic voting system or polling paper at the meeting.

(ii) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 17th July 2019, may obtain the login ID and Password by sending a request at evoting@nsdl.co.in or nelcoagm2019@tsrdarashaw.com.

(iii) Mr. P.N. Parikh, Company Secretary (FCS No. 327) or failing him Mr. Mitesh Dhabliwala, Company Secretary (FCS No. 8331) of M/s. Parikh and Associates, Practicing Company Secretaries, have been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting at the AGM in a fair and transparent manner.

(iv) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "e-voting" or "tablet based voting" for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

(v) The Scrutinizer shall, after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours from the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.

(vi) The results declared along with the Scrutinizer's Report, shall be placed on the Company's website viz. www.nelco.in and on the website of NSDL immediately. The Company shall simultaneously forward the result to BSE Limited and The National Stock Exchange of India Limited. The results shall also be displayed on the notice board at the Registered Office of the Company.

(vii) In case of grievances connected with facility for voting by electronic means, Members are requested to contact Mr. Amit Vishal, Senior Manager at amitv@nsdl.co.in or evoting@nsdl.co.in or on 022 2499 4360. Members may also write to him at NSDL, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

By Order of the Board of Directors

Girish V. Kirkinde
Company Secretary & Head - Legal

Navi Mumbai, 27th April 2019

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

EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No. 5 of the accompanying Notice dated 27th April 2019.

Item No. 5

The Board of Directors, on the recommendation of Nominations and Remuneration Committee, appointed Mr. Rahul Shah as an Additional Director of the Company with effect from 21st July 2018. Pursuant to the provisions of Section 161(1) of the Act, Mr. Shah holds office upto the date of this AGM and is eligible to be appointed as a Director, whose office shall be liable to retire by rotation. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Member, proposing Mr. Shah's candidature for the office of Director.

Mr. Rahul Shah, aged 50 years, joined TATA Group through the Tata Administrative Service in 1990 after completing his MBA from Symbiosis Institute of Business Management, Pune. He has held several challenging assignments in different Tata companies spanning the media, telecommunications and power sectors during his 28 years with TATA Group.

He joined The Tata Power Co. Ltd. (TPC) in 2007 and was responsible for evaluating and developing new business opportunities in generation, transmission and distribution in India. From 2011 to early 2018, as CEO and Executive Director of Tata Power Renewable Energy Ltd., he led the growth of the portfolio to 2.3 GW, making it one of the largest and most profitable renewable energy companies in India. Mr. Shah also led the development of corporate strategy, new business services, business collaborations and business excellence in TPC. He represents TPC's interest as a nominee Director on Boards of subsidiary and JV companies of TPC. In his present role, Mr. Shah is Chief Operation Officer at Tata Projects Ltd. He is also on the Board of TCC Construction Pvt. Ltd.

The Board commends the Resolution at Item No. 5 of the accompanying Notice for approval by the Members of the Company.

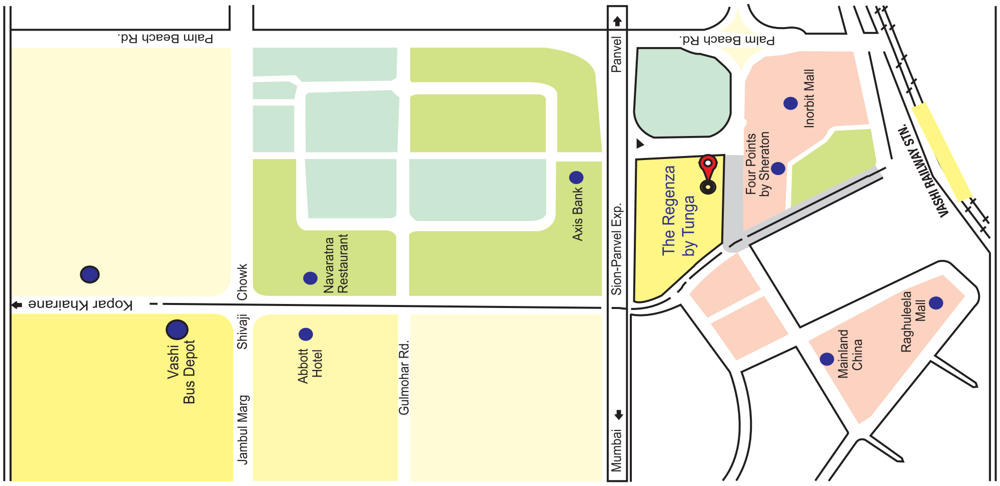
Other than Mr. Shah and his relatives, none of the Directors or KMP of the Company or their respective relatives are concerned or interested in the Resolution at Item No. 5 of the accompanying Notice. Mr. Shah is not related to any other Director or KMP of the Company.

By Order of the Board of Directors

Girish V. Kirkinde
Company Secretary & Head - Legal

Navi Mumbai, 27th April 2019

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



Venue:
Ebony, Hotel Regenza By Tunga,
Ground Floor, Plot No.37,
Sector 30-A, Vashi, Navi Mumbai – 400 703

Landmark:
Near Inorbit Mall, Vashi,

Distance:
from Vashi Railway Station: 650 meters

Details of the Director seeking re-appointment at the forthcoming Annual General Meeting [Pursuant to Regulations 26 (4) and 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards - 2 on General Meetings.

Name of the Director	Mr. R. R. Bhinge	Mr. Rahul Shah
Date of Birth	29th May 1952	9th September 1967
Date of Appointment	29th August 2003	21st July 2018
Expertise in Specific Functional Area.	He has over 44 years of professional experience. He was with Nelco for 14 years and during his tenure with the Company he had multi-functional operating experience in finance, marketing, operations and profit centre management. He was an author of the 1990 Strategic Plan for Tata Industries Ltd. and was responsible for its implementation. He participated in various Joint Venture planning and negotiations. He involved in all consultancy assignments undertaken in various industries by Tata Strategic Management Group (TSMG) since 1991. He retired as Executive Director of Tata Industries Ltd.	General Management, Business Leadership, Power & Infra Sectors.
Qualifications	B.Tech.Hons.(Electrical) from IIT, Mumbai. Post Graduation in Business Administration from IIM.	B.Com., M.B.A.
Relationship between Directors inter se	Mr. Bhinge is not related to any other Directors of the Company.	Mr. Shah is not related to any other Directors of the Company.
Directorship held in other Companies (excluding Foreign Companies)	• Infiniti Retail Ltd. • Tatanet Services Ltd. • Nelco Network Products Ltd. • Mahindra Consulting Engineers Ltd. • Sarotam Industrial Goods Retail Distribution Pvt. Ltd.	• TCC Construction Pvt. Ltd.
Committee positions held in other Companies	**Audit Committee** Member : Infiniti Retail Ltd. **Nominations & Remuneration Committee** Member : Infiniti Retail Ltd. **Corporate Social Responsibility Committee** Chairman : Infiniti Retail Ltd. **Executive Committee** Chairman: Infiniti Retail Ltd	Nil
Remuneration	Except sitting fees for attending the meetings of Board and Committees as mentioned in Report on Corporate Governance, no other remuneration is paid.	Except sitting fees for attending the meetings of Board and Committees as mentioned in Report on Corporate Governance, no other remuneration is paid.
No. of meetings of Board attended during the year	8 (Eight)	5 (Five)
No. of shares held (a) Own (b) For other persons on a beneficial basis	 NIL NIL	 NIL NIL

DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting their Seventy Sixth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March 2019.

The Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench has approved, the Composite Scheme of Arrangement and Amalgamation (Scheme) involving the internal restructuring of the various businesses of the Company and its two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) and Nelco Network Products Ltd.(NNPL). The necessary steps for obtaining approvals from Department of Telecommunications (DoT) are being taken after which the Scheme will become effective. In the first phase of the Scheme, Nelco will transfer its two businesses to NNPL on a going concern basis by way of slump sale. These businesses are (a) ISSS and (b) sale and maintenance of VSAT and related equipment. In the second phase, TNSL will amalgamate with Nelco. Post the said restructuring, the VSAT Communication service business will be in Nelco, which is the listed parent entity and the related equipment business will be in NNPL. The VSAT license will be transferred from TNSL to Nelco.

1. Financial Results

Pending the DoT approval, the Scheme has not been given effect to in the financial results for the year ended 31st March 2019.

(₹ in lakhs)

Sr. No.	Particulars	Standalone		Consolidated	
		FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
A	**Continuing Operations**				
a	Net Sales / Income from Other Operations	3,357	3,190	19,101	14,961
b	Operating Expenditure	2,914	3,064	15,502	12,448
c	Operating Profit	443	126	3,599	2,513
d	Add:- Other Income	245	290	428	494
e	Less:- Finance Cost	439	478	738	593
f	Profit before Depreciation and Tax	249	(62)	3,289	2,414
g	Less :- Depreciation / Amortization/ Impairment	93	61	1,296	949
h	Less : Minority Interest	-	-	-	-
i	Add : Share of Profit of Associates	-	-	9	57
j	Net Profit / (Loss) after Minority interest and Share of Profit of Associates	156	(123)	2,002	1,522
k	Exceptional items	-	-	-	-
l	Current / Deferred Tax Expenses	(779)	-	(227)	311
m	Net Profit / (Loss) after Tax, Minority interest and Share of Profit of Associates from Continuing operations	935	(123)	2,229	1,211
B	**Discontinuing Operations* (being transferred to Wholly Owned Subsidiary)**				
n	Profit from Discontinuing operations (before exceptional item and tax)	1,192	1,274	-	-
o	Add:- Exceptional Profit	-	-	-	-
p	Tax Expenses	355	174	-	-
q	Profit after Tax from Discontinuing operations	837	1100	-	-
C	**Profit after tax from Total operations**	1,772	977	2,229	1,211
r	Add : Other Comprehensive Income/ (expenses)	(21)	(18)	(22)	(21)
s	Total Comprehensive Income	1,751	959	2,207	1,190

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

2. Dividend

Based on the Company's performance, the Directors are pleased to recommend for approval of the Members a dividend of 15% (₹ 1.50 per share of ₹10/- each) for FY2018-19.

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

3.1 Standalone

On a Standalone basis, your Company achieved revenue of ₹ 3,357 Lakhs in FY 2018-19 from Continuing Operations as against ₹ 3,190 Lakhs in FY 2017-18. On a total operation basis, your Company achieved revenue of ₹ 12,632 Lakhs in FY 2018-19 as against ₹ 9,363 Lakhs in FY 2017-18.

In FY 2018-19 the Company earned a net profit after tax of ₹ 1,772 Lakhs from total operations as against profit of ₹ 977 Lakhs in FY 2017-18. This profit was higher due to higher margin in service income of VSAT division, reduction of losses in Automation & Control division and reduction in interest expenses.

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

3.2 Consolidated

On a Consolidated basis, revenue from Operations was ₹ 19,101 Lakhs in FY 2018-19 as against ₹ 14,961 Lakhs in FY 2017-18 i.e. increase by 28% over previous year.

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

The revenue from Automation & Control segment was ₹ 361 Lakhs in FY 2018-19 as against ₹ 243 Lakhs in FY 2017-18. The segment loss was ₹ 284 Lakhs in FY 2018-19 as against loss of ₹ 340 Lakhs in FY 2017-18. This segment is being operated on a restricted mode and currently completing only its existing contractual obligations.

The revenue from Network Systems segment was ₹ 18,740 Lakhs in FY 2018-19 as against ₹ 14,718 Lakhs in FY 2017-18. The segment profit was ₹ 4,119 Lakhs in FY 2018-19 as against profit of ₹ 3,633 Lakhs in FY 2017-18.

The Company added 23,844 VSATs during FY 2018-19 and the installed base is approximately 71,500 as on 31st March 2018.

The Company earned a net profit after tax of ₹ 2,229 Lakhs from total operations as against profit of ₹ 1,211 Lakhs in FY 2017-18. There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the year under review and the date of this Report.

3.3 Operations

The Consolidated revenue (% wise) from each segment was as under:

	FY2018-19	FY2017-18
Network Systems comprising of VSAT and SATCOM business	98.11%	98.38%
Automation & Control	1.89%	1.62%

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

4. Reserves

The Board of Directors has not proposed any amount for transfer to reserves for the year ended 31st March 2019.

5. Subsidiary and Associate Company

5.1 The Company has two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) & Nelco Network Products Ltd. (NNPL) and one Associate Company i.e. Nelito Systems Ltd. (NSL).

TNSL holds the VSAT License as well as the Inflight & Maritime Communication (IFMC) licence issued by Department of Telecommunication (DoT). The Revenue of TNSL for FY 2018-19 was ₹ 9,827 Lakhs against ₹ 8,788 Lakhs for FY 2017-18. The Profit after tax was ₹ 468 Lakhs against ₹ 211 Lakhs in the previous year. The profit was higher mainly due to increase in overall turnover of the Company against increase in cost.

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

5.3 During the year the National Company Law Tribunal ("NCLT") approved the scheme vide its order dated November 2, 2018 (the "Scheme"). As required by the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval has been pending. The RoC records were, however, updated to reflect the Scheme as effective and Company as "amalgamated" with the Nelco Limited. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate Company to its earlier status and cancel the effect of the Scheme with immediate effect. The hearing on this matter is ongoing. The Scheme will be given effect to in the financial statements on receipt of all necessary approvals.

5.4 The Board of Directors of the Company at its meeting held on 21st September, 2018 has decided to exit from Nelito Systems Limited (an Associate Company). Considering the intent of the Board, this investment in the Associate has been classified as 'Assets classified as held for sale' in accordance with IND AS 105. This decision has an impact on the way Company account for its investment in Associate. The Company has stopped recognising its share of profit/ loss in Associate and valued its investment in Associate at cost or realisable value whichever is lower.

There has been no major change in business of the aforesaid Companies. Also, none of the existing Subsidiaries or Associates of the previous year ceased to be Subsidiary/ Associate of the Company during the year under review. The report on the performance and financial position of each of the Subsidiaries and Associate Company has been provided in Form AOC-1.

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

6. Directors and Key Managerial Personnel

In terms of Section 149 of the Companies Act, 2013 ("Act") the Members at the AGM held on 28th January 2015 appointed the following Independent Directors of the Company till 27th January 2020:

- Mr. K.Raghuraman
- Mr. K.Ramachandran
- Ms. Hema Hattangady

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr. R.R. Bhinge, Director retires by rotation at the ensuing AGM and is eligible for re-appointment. Additional information and brief profile as stipulated under SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 (Listing Regulations) and Secretarial Standards - 2 on General Meetings with respect to Mr. Bhinge being a Director seeking re-appointment is annexed to the Notice of AGM.

On the recommendation of the Nominations, HR & Remuneration Committee, the Board of Directors of the Company approved the appointment of Mr. Rahul Shah as an Additional Director effective from 21st July 2018 who holds the office till the ensuing AGM. His reappointment has been placed for approval of the Members at the ensuing AGM scheduled on 24th July 2019.

Mr. S.Ramakrishnan resigned from the Directorship with effect from 21st July 2018 to facilitate restructuring of the Board as per the advice of The Tata Power Company Ltd., the Holding Company. The Board places on record its deep sense of appreciation of the valuable contribution to the Company made by Mr. Ramakrishnan during his tenure as a Board member.

In terms of Section 203 of the Act, the Board has designated the following persons as Key Managerial Personnel of your Company:

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

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

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the Act and Listing Regulations.

Governance Guidelines:

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

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

As required under the Act and Listing Regulations, the Board has carried out formal annual evaluation of the performance of the Board, its Committees and of individual directors.

The following process was adopted for Board Evaluation:

- Feedback was sought from each Director about his/her views on the performance of the Board covering various criteria such as degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, quality of relationship between the Board and the Management and efficacy of communication with external stakeholders. The Nominations, HR and Remuneration Committee (NRC) then discussed the above feedback received from all the Directors.
- Based on the inputs received, the Chairman of the NRC also made a presentation to the Independent Directors at their meeting, summarizing the inputs received from the Directors about Board performance, and of the Chairman. The performance of the non-independent non-executive Directors and Board Chairman was also reviewed by them.
- Post the meeting of the Independent Directors, their collective feedback on the performance of the Board (as a whole) was discussed by the Chairman of the NRC with the Chairman of the Board. It was also presented to the Board and a plan for improvement was agreed upon.
- Every statutorily mandated Committee of the Board conducted a self-assessment of its performance and these assessments were presented to the Board for consideration. Areas on which the Committees of the Board were assessed included degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of meetings. Feedback was provided to the Directors as appropriate. Significant highlights, learning and action points arising out of the evaluation were presented to the Board.

7.1 Committees of the Board

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

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

Details of composition, terms of reference and number of meetings held for respective Committees are given in the Report on Corporate Governance which forms part of the Annual Report.

The details of the familiarization programs for Independent Directors are disclosed on the Company's website and the web link for the same is: https://www.nelco.in/pdf/Policies/programme-for-familiarisation-development-of-board-members-fy2018-19.pdf

The Board has laid down separate Codes of Conduct for Non-Executive Directors and Senior Management personnel of the Company and the same are posted on the Company's website. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. The Managing Director & CEO has also confirmed and certified the same. The certification is reproduced at the end of the Report on Corporate Governance.

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

In terms of Section 178(3) of the Act and Part D of Schedule II of Listing Regulations, the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Board has adopted the Policy on Board Diversity, which is reproduced in Annexure-I forming part of this report and Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company is available on the websites of the Company at https://www.nelco.in/pdf/Policies/Remuneration%20Policy%20for%20Directors,%20KMP%20and%20Other%20employees.pdf.

Silent Features of this policy are as under:-

- The philosophy for remuneration of Directors, Key Managerial Personnel ("KMP") and all other employees of Nelco Ltd. ("company") is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.
- Independent Directors ("ID") and non-independent non-executive directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
- Overall remuneration should be reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay the remuneration.
- The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
- The extent of overall remuneration to Managing Director ("MD")/ Executive Directors ("ED")/ KMP/ rest of the employees should be sufficient to attract and retain talented and qualified individuals suitable for every role.
- The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders.
- In addition to the basic/ fixed salary, the company provides to other KMPs and employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible and also performance linked bonus.
- Remuneration is payable to Director for services rendered in professional capacity and which NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

There is no change in the aforesaid policies during the year under review

Except the Performance Linked Payment (PLP) which is a part of his Cost to the Company (CTC), the Managing Director &CEO has neither received any commission from the Company nor from its Holding or Subsidiary Company.

7.3 Particulars of Employees and Remuneration

The information required under Section 197(12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in Annexure - II (A) forming part of this Report.

The information required under Rule 5 (2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the Annexure II (B) forming pat of this Report. In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure II (B). Any Member interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. None of the employees listed in the said Annexure II (B) is related to any Director of the Company.

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

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

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

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

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

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

8.2 Income Tax matters of Nelco Ltd

Income Tax Department has reduced certain liabilities of ₹ 1,893 Lakhs while computing long term Capital Gain on a business sold under slump sale for Assessment Year 2011-12, due to which a Tax demand of ₹ 631 Lakhs has been raised on the Company. The said liabilities are not directly related to the businesses sold and as such the Company has gone in appeal against the demand. During the year, Company has received order from CIT(Appeals) rejecting claims of the Company and confirming tax demand. Company is in process of filling appeal against order of the CIT(Appeals).

8.3 Corporate Governance

Pursuant to Listing Regulations and relevant provisions of the Act, a Management Discussion and Analysis Statement, Report on Corporate Governance and Auditors' Certificate are included in the Annual Report.

8.4 Vigil Mechanism

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

Pursuant to Section 177(9) of the Act, a vigil mechanism has been established for Directors and employees to report to the management the instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chief Ethics Counsellor (CEC) as well as the Chairman of the Audit Committee of the Company.

9. Risks and Concerns

The Company is faced with risks of different types, all of which need different approaches for mitigation. Details of various risks faced by the Company are provided in Management Discussion & Analysis.

9.1 Risk Management Framework and Internal Financial Controls

Risk Management framework: The Company and its Subsidiary have Risk Management framework to inform the Audit Committee and Board members about risk assessment and minimization procedures and periodical review to ensure that Executive Management controls risks by means of properly designed framework.

The Company has also established a risk management policy based on which risks are identified and assessed across its businesses. The Risk Management Committee which comprises of the CEO, CFO, Senior Lead –Business Analytics and Risk Management and key business and operations heads, ensures that existing and future risk exposures of the Company are identified, assessed, quantified, minimized, managed and appropriately mitigated. The Company's framework of risk management process provides clear basis for informed decision making at all levels of the organization on an ongoing basis, having duly evaluated likely risks and their mitigation plans being controllable and within risk appetite of the Company. There are no elements of risk, which in the opinion of the Board may threaten the existence of the Company.

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

As per the Audit Committee Charter adopted by the Board and as per provisions of Section 177 of the Companies Act, 2013 (the Act) one of the responsibilities of the Audit Committee is to review the effectiveness of the Company's Internal control system, including Internal Financial Controls. Internal controls have been discussed in detail in Management Discussion & Analysis in this report.

Process Robustness: The Company assesses the process maturity and robustness for its key functions on the following:

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

The Company also carries out internal audits and process deep-dives through external agencies to establish and improve efficiency and effectiveness of processes in various key functions. In addition, the statutory auditors carry out an audit at quarterly intervals and these reports have not reported any adverse findings.

10. Sustainability

10.1 Corporate Social Responsibility

Your Company has formed a CSR committee comprising of the following Directors:
Mr. R. R. Bhinge, Chairman
Mrs. Hema Hattangady and
Mr. P. J. Nath

As the Company during the year under review has not earned net profit calculated as defined in Section 198 of the Act., it is not mandatorily required to spend any amount on CSR activity. However, as a good Corporate practice it has taken a project which involve installing 15 VSATs in identified schools in some remote areas, which will be used for downloading educational content during off-peak hours at night. The Company has formulated the policy on CSR which is available on Company's websites: https://www.nelco.in/pdf/Policies/CSR%20Policy.pdf.

10.2 Safety, Health and Environment:

Nelco places utmost importance to the Safety agenda. An office Fire Evacuation Drill is regularly conducted covering all staff working at its Mahape office to check emergency preparedness. Existing safety policy, system, roles, site safety inspection and action planning, statutory compliances & records, counsel to Safety Committee & safety promotional activities were taken up with consultation of Occupational Health, Safety & Environment (OHSE) Management consultant. Office safety drawing documentation was completed and training & awareness sessions were conducted periodically. Inspection of Mahape office was conducted by OHS consultant and initial observations were communicated for discussion with Safety Committee and action on gaps monitored on periodic basis. The Occupation Health, Safety and Environment Policy was revised and safety processes & procedures drafted. Safety standards are maintained across all office locations. During National Safety Week, safety training, awareness sessions and promotion campaigns were conducted for Nelco employees, contract staff, suppliers & customers. Free health check-up camp through local hospital, regular health consultation through company doctor and annual health check-up through medical service provider were organised for employees. Proactive initiatives have been taken towards energy conservation and reduction of carbon footprint like conversion of office lighting at Mahape office from conventional to LED, Air Conditioner Refrigerants from R22 to R32, tree plantation, etc.

11. Human Resources

As on 31st March 2019, the Company had employee strength of 166. During the year under review, 41 employees were recruited, and 24 employees were separated.

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

- Employee Engagement: Higher employee engagement leads to higher business productivity and Nelco is cognisant of the fact. It conducted the annual employee engagement survey for all permanent employees. It utilises multiple platforms like Voices, Engagement Action Planning, Open House, Employee Connect, HR Connect, Manager connect, Skip level meetings, weekly review meetings like AHM (All Hands Meet) that encourage open communication amongst all employees and allow them to voice their opinion in the Company.

- Reward & Recognition schemes like individual/ team quarterly performance awards, HoD spot awards, Nelco Innovista awards and peer recognition are various ways that the Company recognizes employee contributions.

- Engagement activities are planned based on a calendar and implemented on monthly basis covering all locations. Employee recreation and team-building activities like sports, festivals, picnics and team outings are also planned across locations to ensure employee engagement. As per Maternity Benefit Act, 2017, creche facility has been created at Mahape premises to enable new mothers to manage office work as well as child care as required by them.

- Capability Development: Company focuses on capability building of both functional, managerial and behavioural skills. Innovation in working is encouraged through competitions like Reimagine Nelco, Tata Innovista and Tata Business Leadership Awards, where employees showcase creative ideas/actions in process or technology. Training needs are primarily sourced through performance appraisals with respective managers and through dynamic business requirements. Training programmes are facilitated by both internal and external trainers. . Focused group training was organised to address specific emerging business needs like key account management & solutions selling. e-learning solution was implemented on anytime-anywhere basis to provide instant access to training content to employees and increase training coverage. Effectiveness of training programmes are monitored to ensure achievement of training objectives. Employees were also encouraged to take up relevant educational courses on self-learning basis.

- Performance & Talent Management: Employee performance is monitored through rigorous goal setting and audit, quarterly performance dialogues and developing manager capability on performance coaching. Continuous dialogue is encouraged between managers and their teams. Career discussions with high performers and new promotees were organised. Performance enablement programme was organised for employees whose performance did not meet expectations. Performance coaching workshop for people managers was organised. Development Centre was conducted at TMTC, Pune, focusing on evaluation and development of all its senior leaders based on Tata leadership competencies.

- Succession Planning: Successors and caretakers have been identified for critical positions in the Company to ensure business continuity. Based on the outcome, decisions to hire capable person for specific positions have also been recommended.

- The Company has an instituted Policy on Prevention of Sexual Harassment which seeks to govern guidelines and grievance redressal procedures as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. As per policy, a Complaints Redressal Committee/ Internal Complaints Committee has been formed at Nelco with inclusion of an external lady member. POSH theme training was conducted for employees and allied resources. No complaints related to POSH have been received in the current year.

12. Credit Rating

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

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

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

14. Foreign Exchange – Earnings and Outgo.

(₹ in lakhs)

Particulars – Standalone	Year ended 31st March 2019	Year ended 31st March 2018
Foreign Exchange Earnings	44.31	215.39
Foreign Exchange Outflow	5,367.24	2,302.88

15. Auditors

At the 74th Annual General Meeting (AGM), the Members appointed Price Waterhouse Chartered Accountants LLP, Chartered Accountants (ICAI Firm Registration No. 012754N/N500016) as Statutory Auditors to hold the office for the period of five years from the conclusion of 74th AGM till the conclusion of 79th AGM of the Company to be held in the year 2022 on such remuneration as may mutually agreed between the Board of Directors of the Company and the Auditors.

16. Auditors' Report

The Auditors Report does not contain any qualifications, reservations or adverse remarks. The consolidated financial statements of the Company have been prepared in accordance with Indian Accounting Standard 110 Consolidated Financial Statements, Indian Accounting Standard 28 Accounting in Associates and Joint Ventures and other applicable Indian Accounting Standard prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other provisions of the Companies Act, 2013 as amended from time to time. The Notes to the Accounts referred to in the Auditors' report are self-explanatory and therefore do not call for any further clarification under section 134(3)(f) of the Act.

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

17. Maintenance of cost records

As specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, the Company has made and maintained cost accounts and records.

18. Secretarial Audit Report

M/s. Bhandari & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditors to conduct Secretarial Audit of records and documents of the Company for the year ended 31st March 2019. The Secretarial Audit Report confirms that the Company has generally complied with the provisions of the Act, Rules, Regulations, and Guidelines, etc. The Secretarial Audit Report is given in Annexure - IV forming part of this report. There are no remarks, qualifications or reservations in the Secretarial Audit Report. The Company confirms compliance with the requirements of Secretarial Standards 1 and 2.

19. Conservation of Energy and Technology Absorption

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

20. Related Party Transactions

All related party transactions entered during the year under review were on an arm's length basis and were in the ordinary course of business. There were no other materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel and Body Corporate(s) which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of these Related Party Transactions as required under Section 134 (3) (h) of the Act in Form AOC 2 is not applicable for the year under review. The Directors draw attention of the Members to Note no. 38 to the Financial Statements (Standalone) which sets out related party disclosures.

In line with the requirements of the Act and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Related Party Transactions and the same is available on the Company's website: https://www.nelco.in/pdf/Policies/Related%20Party%20Transaction%20Policy.pdf

Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results.

21. Deposits

The Company has not accepted any deposits from the public during the period under review.

22. Extract of Annual Return

Pursuant to Section 92 of the Act and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9, is given in Annexure-VI forming part of this report. The Annual Return in Form MGT-7 for the year ended 31st March 2018 filed with ROC is uploaded on the Company's website: https://www.nelco.in/pdf/disclosure-of-events/annual-return.pdf.

23. Directors' Responsibility Statement

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

Accordingly, pursuant to Section 134(5) of the Companies Act 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) in the preparation of the annual accounts for the period ended 31st March 2019 the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the Company for the period ended 31st March 2019 and of the profit of the Company for that period;

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

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

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

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

24. Acknowledgment

On behalf of the Directors of the Company, I would like to place on record our deep appreciation to our Shareholders, Customers, Business Partners, Vendors, Bankers and Financial Institutions. The Directors are thankful to the Government of India and the various Ministries and Regulatory Authorities. We appreciate and value the contributions made by all our employees.

On behalf of the Board of Directors,

R.R. Bhinge
Chairman

Mumbai, 27th April, 2019.

Annexure – I : Board Diversity Policy

(Ref: Board's Report, Section 7.2)

1. PURPOSE

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

2. SCOPE

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

3. POLICY STATEMENT

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

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

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

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

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

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

Accordingly, the Committee shall:

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

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

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

4. RESPONSIBILITY AND REVIEW

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

Annexure- II(A): Disclosure of Managerial Remuneration

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

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

Name of the Director	Ratio of Director's remuneration to the median remuneration of the employees of the Company for the financial year
Non-Executive Directors	
Mr. R. R. Bhinge	1.1
Mr. K. Ramachandran	1.1
Mr. S. Ramakrishnan	0.5
Ms. Hema Hattangady	1.4
Mr. K. Raghuraman	1.4
Mr. R. Shah	0.2
Executive Director	
Mr. P. J. Nath	30.3

Note: Remuneration includes sitting fees and Performance Linked Payment (PLP) wherever applicable. The PLP for FY 2017-18 will be paid during FY 2018-19.

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

Name of the Director and Key Managerial Personnel	Percentage increase in remuneration in the financial year
Mr. R. R. Bhinge	49%
Mr. K. Ramachandran	23%
Mr. S. Ramakrishnan*	-58%
Ms. Hema Hattangady	53%
Mr. K. Raghuraman	31%
Mr. P. J. Nath, Managing Director & CEO	32.21%
Mr. Uday Banerjee, Chief Financial Officer	13.61%
Mr. Girish Kirkinde, Company Secretary	8%

* Mr. S.Ramakrishnan ceased to be the Director of the Company w.e.f. 21st July 2018

(c) Percentage increase in the median remuneration of employees in the Financial year 2017-18: 19.37%

(d) Number of permanent employees on the rolls of Company as on 31st March 2019: 166.

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

	% change in remuneration
Average increase in salary of employees (other than managerial personnel)	9.29% (on CTC)
Average increase in remuneration of managerial personnel	23.02% (on CTC)

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

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

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

(Ref: Board's Report Section 13)

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

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

c) The Company has not provided corporate guarantees during the year are as under as a collateral security. However the amount of Corporate guarantee given earlier was reduced by ₹ 850 Lakhs (from ₹ 4,625 Lakhs to ₹ 3,775 Lakh) to during the year as under

Sl. No	Financial year	Guarantee given in favour of	(Amount ₹ in Lakhs)	Nature of Transactions
1	Year ended March 31, 2019	Axis Bank Ltd.	850.00	Revocation of guarantees upon repayment of Rupee Term Loan given by the Bank to Tatanet Services Ltd. (wholly owned subsidiary of the Company)

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

Annexure – IV Secretarial Audit Report

(Ref: Board's Report Section 18)

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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

To
The Members,
NELCO LIMITED
CIN: L32200MH1940PLC003164

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

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

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

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

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

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

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;

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

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;

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

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

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

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

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

We further report that -

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

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

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

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

We further report that during the audit period, the Company has undertaken following events/actions –

1. The Meeting of the Equity Shareholders of the Company convened by the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") was held on May 18, 2018 in the matter of the Composite Scheme of Arrangement and Amalgamation amongst Nelco Limited (Transferor or amalgamated Company), Tatanet Services Limited (Amalgamating Company) and Nelco Network Products Limited (Transferee Company) and their respective Shareholders and Creditors (Scheme) and the Composite Scheme was approved by the shareholders with requisite majority.
2. NCLT at its final hearing held on November 2, 2018 approved the Scheme. The order approving the Scheme was received on December 13, 2018. As per the said order, the Company informed the ROC about the approval of the Scheme stating that approval of the Department of Telecommunications ("DoT") which is one of the conditions as per NCLT Order has not been received and hence the Scheme has not yet been effective. The RoC records on the MCA web portal were, however, updated to reflect the Scheme as effective which inter alia has also resulted into Tatanet Services Limited mentioning as "Amalgamated" with the Company. Based on the legal advice, the Company has approached NCLT to direct RoC to amend its records as if the Scheme has not been effective including to reinstate TNSL to its earlier status as "Active".
3. At its meeting held on March 27, 2019, the Board of Directors of the Company accorded in principle approval to sale Company's entire Investment of 2,53,665 equity shares (representing 12.30% in equity share capital) of Nelito Systems Ltd. at a consideration of Rs. 6.77 crores to DTS Corporation, Japan subject to approvals and consents required under applicable laws and on the terms and conditions contained in the Share Purchase and Sale Agreement and other incidental documents to be negotiated, finalized and executed in that regard.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
Mumbai| April 27, 2019

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

'Annexure A'

To
The Members,
NELCO LIMITED
CIN: L32200MH1940PLC003164

Our Secretarial Audit Report for the Financial Year ended on March 31, 2019 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; CP. No: 366
Mumbai | April 27, 2019

Annexure V – Conservation of Energy and Technology Absorption

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

A. Conservation of Energy

(i) The steps taken for impact on conservation of energy: Although energy is not a major element of the cost for the Company, constant endeavours have been made to conserve energy and consequently minimize power and diesel costs.

(ii) The steps taken by the Company for utilizing alternate sources of energy: Power requirement of company is too low to utilize alternate sources of energy at the current juncture.

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

B. Technology Absorption

(i) Efforts made towards Technology Absorption:

The major thrust of technology absorption has been in the areas of VSAT services. The company is technology agnostic and always endeavours to deploy latest technology available in the market. Currently, Proof of Concept (POC) is going on for new breed of baseband technology from Newtech. The Company's wholly owned subsidiary, Tatanet Services Ltd has recently received permission to provide Inflight and Maritime services (IFMC) in India. Company is getting ready in terms of building of infrastructure and skill/resources augmentation to provide these services at the earliest to have first mover advantage. The new satellite transponder capacities are also being obtained from ISRO for the IFMC services Company is building strategic partnerships with global In-Flight Communication and Maritime players to provide seamless global IFMC service to its customers.

Future plan of action: As the regulations in India are opening up and High Throughput Satellites (HTS) are being allowed for commercial use, the Company plans to utilise the same to serve market segments which it could not serve earlier due to constraints of the existing satellite technologies. The Company is making endeavour in building expertise in Network Planning, Design and Management of satellite networks using High Throughput satellites (HTS) and varied latest technologies for satellite communications. The Company is building expertise to use data analytics and other digital technologies for improving quality of service and customer experience.

Technology absorption, adaptation and innovation: Constant endeavours are being made towards technology absorption, adaptation and innovation. The focus has been on improving the quality of the services as well as creating new complementary services and solutions adapted to suit the customers' requirements for specific industry segments.

(ii) Benefits derived:

The Company has increased its customer base in the different market segments, mainly Oil Retail, Banking & Financial Services and Oil & Gas Exploration services using the infrastructure created with these technologies.

(iii) Expenditure incurred on Research and Development

a. Revenue and recurring expenditure: Nil

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

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

b. Year of Import: NA

c. Has technology been fully absorbed : NA

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

C. Foreign Exchange earnings and outgo (Standalone)

	₹ In Lakhs
Total foreign exchange earned:	44.31
Total foreign exchange used:	5,367.24

Annexure – VI Extract of Annual Return

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

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2019 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN: L32200MH1940PLC003164

ii) Registration Date: 31st August 1940

iii) Name of the Company: Nelco Limited

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

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

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

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

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held(*)	Applicable Section
1.	The Tata Power Company Limited, 3rd floor, Bombay House, 24, Homi Mody Street, Fort, Mumbai – 400 001	L28920MH1919PLC000567	Holding	48.64	2(46)
2.	Af-Taab Investment Company Limited, C/o The Tata Power Company Limited, Corporate Centre, "B" Block, 34, Sant Tukaram Road, Carnac Bunder Mumbai – 400 009	U65990MH1979PLC021037	Holding	1.44	2(46)
3.	Tatanet Services Limited, MIDC, Plot No. EL-6, TTC Industrial Area, Electronic Zone, Mahape , Navi Mumbai – 400710	U67120MH1987PLC044351	Subsidiary	100	2(87)
4.	Nelco Network Products Limited MIDC, Plot No. EL-6, TTC Industrial Area, Electronic Zone, Mahape , Navi Mumbai – 400710	U32309MH2016PLC285693	Subsidiary	100	2(87)
5.	Nelito Systems Limited 205-208, Millennium Business Park, Bldg 2, Sector 1, Mahape, Navi Mumbai 400701	U72900MH1995PLC088816	Associate	12.30	2(6)

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

(i) Category-wise Share Holding

Category code (I)	Category of Shareholder (II)	Number of shares held at the beginning of the year 1st April, 2018				Number of shares held at the end of the year 31st March, 2019				% Change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
(A)	**Promoters**									
(1)	**Indian**									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Cental Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate	1,14,19,090	10,200	1,14,29,290	50.09	1,14,19,090	10,200	1,14,29,290	50.09	0.00
(e)	Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (1)	**1,14,19,090**	**10,200**	**1,14,29,290**	**50.09**	**1,14,19,090**	**10,200**	**1,14,29,290**	**50.09**	**0.00**
(2)	**Foreign**									0.00
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)		**1,14,19,090**	**10,200**	**1,14,29,290**	**50.09**	**1,14,19,090**	**10,200**	**1,14,29,290**	**50.09**	**0.00**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds	0	600	600	0.00	0	600	600	0.00	0.00
(b)	Banks / Financial Institutions	1,36,283	12,990	1,49,273	0.65	40,391	12,990	53,381	0.23	-0.42
(c)	Central Government	52,182	0	52,182	0.23	52,182	19,240	71,422	0.31	0.08
(d)	State Governments(s)	0	19,240	19,240	0.08	0	0	0	0.00	-0.08
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	- Alternative Investment Fund	0	0	0	0.00	0	0	0	0.00	0.00
	- OCBs/Foreign Cos	0	8,68,760	8,68,760	3.81	0	8,68,760	8,68,760	3.81	0.00
	Sub-Total (B) (1)	**1,88,465**	**9,01,590**	**10,90,055**	**4.78**	**92,573**	**9,01,590**	**9,94,163**	**4.36**	**-0.42**
(2)	**Non-Institutions**									
(a)	Bodies Corporate									
i	Indian	13,03,739	5,380	13,09,119	5.74	7,09,512	5,380	7,14,892	3.13	-2.60

Category code (I)	Category of Shareholder (II)	Number of shares held at the beginning of the year 1st April, 2018				Number of shares held at the end of the year 31st March, 2019				% Change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
ii	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	68,01,041	3,14,319	71,15,360	31.18	57,73,505	2,88,391	60,61,896	26.57	-4.62
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	16,58,836	0	16,58,836	7.27	29,91,175	0	29,91,175	13.11	5.84
(c)	Any Other (Specify)									
	- Directors & their Relatives	0	0	0	0.00	0	0	0	0.00	0.00
	- Trust	300	0	300	0.00	200	0	200	0.00	0.00
	FPI-CORPS	14,479	0	14,479	0.06	3,53,000	0	3,53,000	1.55	1.48
	Foreign National - DR	800	0	800	0.00	0	0	0	0.00	0.00
	Alternate Invest Fund	0	0	0	0.00	83,083	0	83,083	0.36	0.36
	IEPF Account	1,86,493	0	1,86,493	0.82	1,86,493	0	1,86,493	0.82	0.00
	- BC NBFC	13,668	0	13,668	0.06	4,208	0	4,208	0.02	-0.04
	Sub-total (B) (2)	**99,79,356**	**3,19,699**	**1,02,99,055**	**45.13**	**1,01,01,176**	**2,93,771**	**1,03,94,947**	**45.56**	**0.42**
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**1,01,67,821**	**12,21,289**	**1,13,89,110**	**49.91**	**1,01,93,749**	**11,95,361**	**1,13,89,110**	**49.91**	**0.00**
	TOTAL (A)+(B)	**2,15,86,911**	**12,31,489**	**2,28,18,400**	**100.00**	**2,16,12,839**	**12,05,561**	**2,28,18,400**	**100.00**	**0.00**
(C)	Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
1	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
2	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	**2,15,86,911**	**12,31,489**	**2,28,18,400**	**100.00**	**2,16,12,839**	**12,05,561**	**2,28,18,400**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Number of shares held at the beginning of the year 1st April, 2018			Number of shares held at the end of the year 31st March, 2019			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	The Tata Power Company Limited	1,10,99,630	48.64	0.00	1,10,99,630	48.64	0.00	0.00
2	Aftaab Investment Company Limited	3,28,310	1.44	0.00	3,28,310	1.44	0.00	0.00
3	Titan Industries Limited	1000	0.00	0.00	1000	0.00	0.00	0.00
4	Tata Investment Corporation Ltd	350	0.00	0.00	350	0.00	0.00	0.00
	TOTAL	**1,14,29,290**	**50.09**	**0**	**1,14,29,290**	**50.09**	**0.00**	**-0.01**

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

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2017		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.1	The Tata Power Company Limited	01-Apr-2018	At the beginning of the year	1,10,99,630	48.64	1,10,99,630	48.64
1.1		30-Mar-2019	At the end of the year	0	0.00	1,10,99,630	48.64
1			Total :	1,10,99,630	48.64	1,10,99,630	48.64
2.1	Af-Taab Investment Company Limited	01-Apr-2018	At the beginning of the year	3,18,460	1.40	3,18,460	1.40
2.1		30-Mar-2019	At the end of the year	0	0.00	3,18,460	1.40
2.2	Aftaab Investment Company Limited	01-Apr-2018	At the beginning of the year	9,850	0.04	9,850	0.04
2.2		30-Mar-2019	At the end of the year	0	0.00	9,850	0.04
2			Total :	3,28,410	1.44	3,28,410	1.44
3.1	Titan Company Limited	01-Apr-2018	At the beginning of the year	1,000	0.00	1,000	0.00
3.1		30-Mar-2019	At the end of the year	0	0.00	1,000	0.00
3			Total :	1,000	0.00	1,000	0.00
4.1	Tata Investment Corporation Limited	01-Apr-2018	At the beginning of the year	350	0.00	350	0.00
4.1		30-Mar-2019	At the end of the year	0	0.00	350	0.00
4			Total :	350	0.00	350	0.00

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

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2018		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.1	M/S Schlumberger Limited	01-Apr-2018	At the beginning of the year	8,66,460	3.80	8,66,460	3.80
1.1		30-Mar-2019	At the end of the year	0	0.00	8,66,460	3.80
1			**Total :**	**8,66,460**	**3.80**	**8,66,460**	**3.80**
2.1	Prasoon Harshad Bhatt	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
2.1		16-Nov-2018	Increase	2,041	0.01	2,041	0.01
2.1		23-Nov-2018	Increase	2,702	0.01	4,743	0.02
2.1		07-Dec-2018	Decrease	-4,743	-0.02	0	0.00
2.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
2.2	Prasoon Harshad Bhatt	01-Apr-2018	At the beginning of the year	2,25,000	0.99	2,25,000	0.99
2.2		18-May-2018	Increase	57,847	0.25	2,82,847	1.24
2.2		25-May-2018	Increase	1,47,343	0.65	4,30,190	1.89
2.2		01-Jun-2018	Increase	1,72,810	0.76	6,03,000	2.64
2.2		08-Jun-2018	Increase	82,800	0.36	6,85,800	3.01
2.2		06-Jul-2018	Increase	26,100	0.11	7,11,900	3.12
2.2		27-Jul-2018	Increase	900	0.00	7,12,800	3.12

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2018		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
2.2		03-Aug-2018	Decrease	-27,000	-0.12	6,85,800	3.01
2.2		07-Sep-2018	Decrease	-14,400	-0.06	6,71,400	2.94
2.2		23-Nov-2018	Increase	33,381	0.15	7,04,781	3.09
2.2		30-Nov-2018	Increase	576	0.00	7,05,357	3.09
2.2		07-Dec-2018	Increase	20,943	0.09	7,26,300	3.18
2.2		14-Dec-2018	Increase	22,044	0.10	7,48,344	3.28
2.2		21-Dec-2018	Increase	13,956	0.06	7,62,300	3.34
2.2		30-Mar-2019	At the end of the year	0	0.00	7,62,300	3.34
2			**Total :**	**2,25,000**	**0.99**	**7,62,300**	**3.34**
3.1	Massachusetts Institute Of Technology	01-Apr-2018	At the beginning of the year	**0**	**0.00**	**0**	**0.00**
3.1		17-Aug-2018	Increase	20,000	0.09	20,000	0.09
3.1		24-Aug-2018	Increase	1,55,077	0.68	1,75,077	0.77
3.1		31-Aug-2018	Increase	15,000	0.07	1,90,077	0.83
3.1		07-Sep-2018	Increase	45,000	0.20	2,35,077	1.03
3.1		14-Sep-2018	Increase	9,923	0.04	2,45,000	1.07
3.1		21-Sep-2018	Increase	5,000	0.02	2,50,000	1.10
3.1		28-Sep-2018	Increase	50,000	0.22	3,00,000	1.31
3.1		05-Oct-2018	Increase	1,086	0.00	3,01,086	1.32
3.1		12-Oct-2018	Increase	20,000	0.09	3,21,086	1.41
3.1		19-Oct-2018	Increase	55,000	0.24	3,76,086	1.65
3.1		26-Oct-2018	Increase	5,000	0.02	3,81,086	1.67
3.1		16-Nov-2018	Decrease	-2,511	-0.01	3,78,575	1.66
3.1		23-Nov-2018	Decrease	-23,456	-0.10	3,55,119	1.56
3.1		30-Nov-2018	Decrease	-8,546	-0.04	3,46,573	1.52
3.1		07-Dec-2018	Decrease	-9,979	-0.04	3,36,594	1.48
3.1		21-Dec-2018	Decrease	-35,508	-0.16	3,01,086	1.32
3.1		15-Feb-2019	Increase	38,250	0.17	3,39,336	1.49
3.1		22-Feb-2019	Increase	5,000	0.02	3,44,336	1.51
3.1		01-Mar-2019	Increase	6,750	0.03	3,51,086	1.54
3.1		29-Mar-2019	Increase	1,914	0.01	3,53,000	1.55
3.1		30-Mar-2019	At the end of the year	0	0.00	3,53,000	1.55
3			**Total :**	**0**	**0.00**	**3,53,000**	**1.55**
4.1	Tarbir Shahpuri	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
4.1		10-Aug-2018	Increase	1,39,069	0.61	1,39,069	0.61
4.1		17-Aug-2018	Increase	81,180	0.36	2,20,249	0.97
4.1		24-Aug-2018	Increase	37,013	0.16	2,57,262	1.13
4.1		31-Aug-2018	Increase	35,125	0.15	2,92,387	1.28
4.1		07-Sep-2018	Increase	81,250	0.36	3,73,637	1.64
4.1		14-Sep-2018	Decrease	-20,210	-0.09	3,53,427	1.55
4.1		28-Sep-2018	Increase	49,073	0.22	4,02,500	1.76
4.1		29-Sep-2018	Increase	20,000	0.09	4,22,500	1.85
4.1		05-Oct-2018	Increase	5,000	0.02	4,27,500	1.87
4.1		02-Nov-2018	Decrease	-27,500	-0.12	4,00,000	1.75
4.1		21-Dec-2018	Decrease	-25,636	-0.11	3,74,364	1.64
4.1		25-Jan-2019	Decrease	-6,864	-0.03	3,67,500	1.61
4.1		01-Feb-2019	Decrease	-3,500	-0.02	3,64,000	1.60
4.1		22-Feb-2019	Decrease	-5,987	-0.03	3,58,013	1.57
4.1		01-Mar-2019	Decrease	-8,013	-0.04	3,50,000	1.53
4.1		30-Mar-2019	At the end of the year	0	0.00	3,50,000	1.53
4			**Total :**	**0**	**0.00**	**3,50,000**	**1.53**

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2018		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
5.1	Parul Prasoon Bhatt	01-Apr-2018	At the beginning of the year	2,25,000	0.99	2,25,000	0.99
5.1		18-May-2018	Increase	7,239	0.03	2,32,239	1.02
5.1		25-May-2018	Decrease	-3,639	-0.02	2,28,600	1.00
5.1		30-Mar-2019	At the end of the year	0	0.00	2,28,600	1.00
5			**Total :**	**2,25,000**	**0.99**	**2,28,600**	**1.00**
6.1	Janardan Kumar Kothari	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
6.1		06-Apr-2018	Increase	1,00,000	0.44	1,00,000	0.44
6.1		27-Apr-2018	Decrease	-20,000	-0.09	80,000	0.35
6.1		15-Jun-2018	Increase	67,319	0.30	1,47,319	0.65
6.1		22-Jun-2018	Increase	2,681	0.01	1,50,000	0.66
6.1		01-Mar-2019	Increase	6,150	0.03	1,56,150	0.68
6.1		30-Mar-2019	At the end of the year	0	0.00	1,56,150	0.68
6			**Total :**	**0**	**0.00**	**1,56,150**	**0.68**
7.1	Jaya Harshad Bhatt	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
7.1		07-Sep-2018	Increase	22,140	0.10	22,140	0.10
7.1		14-Sep-2018	Decrease	-540	0.00	21,600	0.09
7.1		21-Sep-2018	Increase	23,400	0.10	45,000	0.20
7.1		28-Sep-2018	Increase	34,920	0.15	79,920	0.35
7.1		05-Oct-2018	Decrease	-23,020	-0.10	56,900	0.25
7.1		12-Oct-2018	Increase	43,900	0.19	1,00,800	0.44
7.1		16-Nov-2018	Increase	90	0.00	1,00,890	0.44
7.1		30-Nov-2018	Increase	8,280	0.04	1,09,170	0.48
7.1		07-Dec-2018	Increase	29,430	0.13	1,38,600	0.61
7.1		14-Dec-2018	Increase	4,500	0.02	1,43,100	0.63
7.1		30-Mar-2019	At the end of the year	0	0.00	1,43,100	0.63
7.2	Jaya Harshad Bhatt	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
7.2		10-Jul-2018	Increase	22,500	0.10	22,500	0.10
7.2		27-Jul-2018	Decrease	-22,500	-0.10	0	0.00
7.2		30-Mar-2019	At the end of the year	0	0.00	0	0.00
7			**Total :**	**0**	**0.00**	**1,43,100**	**0.63**
8.1	Roopa Corporate Services Pvt. Ltd.	01-Apr-2018	At the beginning of the year	1,23,023	0.54	1,23,023	0.54
8.1		06-Jul-2018	Increase	150	0.00	1,23,173	0.54
8.1		30-Mar-2019	At the end of the year	0	0.00	1,23,173	0.54
8			**Total :**	**1,23,023**	**0.54**	**1,23,173**	**0.54**
9.1	Veena Naraindas Shobhani	01-Apr-2018	At the beginning of the year	9,999	0.04	9,999	0.04
9.1		04-May-2018	Increase	31,500	0.14	41,499	0.18
9.1		05-Oct-2018	Increase	24,080	0.11	65,579	0.29
9.1		30-Mar-2019	At the end of the year	0	0.00	65,579	0.29
9.2	Veena Shobhani	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
9.2		11-May-2018	Increase	5,276	0.02	5,276	0.02

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2018		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
9.2		25-May-2018	Increase	1,800	0.01	7,076	0.03
9.2		08-Jun-2018	Decrease	-4,000	-0.02	3,076	0.01
9.2		06-Jul-2018	Increase	2,570	0.01	5,646	0.02
9.2		10-Jul-2018	Increase	1,200	0.01	6,846	0.03
9.2		17-Aug-2018	Decrease	-3,770	-0.02	3,076	0.01
9.2		07-Sep-2018	Increase	2,338	0.01	5,414	0.02
9.2		21-Sep-2018	Increase	1,594	0.01	7,008	0.03
9.2		28-Sep-2018	Increase	462	0.00	7,470	0.03
9.2		05-Oct-2018	Increase	4,100	0.02	11,570	0.05
9.2		12-Oct-2018	Increase	13,412	0.06	24,982	0.11
9.2		30-Mar-2019	At the end of the year	0	0.00	24,982	0.11
9			**Total :**	**9,999**	**0.04**	**90,561**	**0.40**
10.1	I Wealth Fund I	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
10.1		03-Aug-2018	Increase	30,000	0.13	30,000	0.13
10.1		10-Aug-2018	Increase	50,000	0.22	80,000	0.35
10.1		07-Sep-2018	Decrease	-20,000	-0.09	60,000	0.26
10.1		14-Sep-2018	Decrease	-48,578	-0.21	11,422	0.05
10.1		21-Sep-2018	Decrease	-6,000	-0.03	5,422	0.02
10.1		28-Sep-2018	Decrease	-5,422	-0.02	0	0.00
10.1		02-Nov-2018	Increase	53,847	0.24	53,847	0.24
10.1		09-Nov-2018	Increase	20,000	0.09	73,847	0.32
10.1		16-Nov-2018	Increase	3,000	0.01	76,847	0.34
10.1		23-Nov-2018	Decrease	-5,000	-0.02	71,847	0.31
10.1		07-Dec-2018	Decrease	-10,000	-0.04	61,847	0.27
10.1		28-Dec-2018	Decrease	-12,884	-0.06	48,963	0.21
10.1		11-Jan-2019	Increase	15,000	0.07	63,963	0.28
10.1		18-Jan-2019	Increase	19,269	0.08	83,232	0.36
10.1		01-Feb-2019	Decrease	-149	0.00	83,083	0.36
10.1		30-Mar-2019	At the end of the year	0	0.00	83,083	0.36
10			**Total :**	**0**	**0.00**	**83,083**	**0.36**

(v) Shareholding of Directors and Key Managerial Personnel

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2018		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.1	MR.R.R.BHINGE	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
1.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
1			Total :	0	0.00	0	0.00
2.1	MR.K.RAGHURAMAN	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
2.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
2			Total :	0	0.00	0	0.00
3.1	MR.K.RAMACHANDRAN	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
3.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
3			Total :	0	0.00	0	0.00
4.1	MS.HEMA HATTANGADY	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
4.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
4			Total :	0	0.00	0	0.00
5.1	MR.P.J.NATH	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
5.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
5			Total :	0	0.00	0	0.00
6.1	MR. RAHUL SHAH	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
6.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
6			Total :	0	0.00	0	0.00
7.1	MR.S.RAMAKRISHNAN	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
7.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
7			Total :	0	0.00	0	0.00
8.1	MR.UDAY BANERJEE CHIEF FINANCIAL OFFICER	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
8.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
8			Total :	0	0.00	0	0.00
9.1	MR.GIRISH V.KIRKINDE COMPANY SECRETARY & HEAD - LEGAL	01-Apr-2018	At the beginning of the year	0	0.00	0	0.00
9.1		30-Mar-2019	At the end of the year	0	0.00	0	0.00
9			Total :	0	0.00	0	0.00

V) INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	928	3,513	-	4,441
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1	-	1
Total (i+ii+iii)	**928**	**3,514**	**-**	**4,442**
Change in Indebtedness during the financial year				
- Addition	4,022	14,150	-	18,172
- Reduction	(457)	(14,395)	-	(14,852)
Net Change	3,565	(245)	-	3,320
Indebtedness at the end of the financial year				
i) Principal Amount	4,493	3,269	-	7,762
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**4,493**	**3,269**	**-**	**7,762**

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No	Particulars of Remuneration	Mr. P. J. Nath, Managing Director & CEO	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	225.65	225.65
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	4.77	4.77
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	- as % of profit		
	- others, specify…		
5.	Others, please specify	Nil	Nil
6.	Total (A)	230.42	230.42
7.	Ceiling as per the Act	No ceiling as it is approved by shareholders by passing special resolution	

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

Sl. No.	Name of Directors	Particulars of Remuneration			Total Amount
		Fee for attending board / committee Meetings (*)	Commission payable for FY 2018-19	Others, please specify	
I.	Independent Directors				
1.	Mr. K.Raghuraman	11.00	-	-	11.00
2.	Mr. K.Ramachandran	8.50	-	-	8.50
3.	Ms. Hema Hattangady	11.00	-	-	11.00
	Total (I)	30.50	-	-	30.50
II.	Other Non-Executive Directors				
1.	Mr. S.Ramakrishnan	3.50	-	-	3.50
2.	Mr. R. R. Bhinge	8.50	-	-	8.50
3.	Mr. Rahul Shah	1.80	-	-	1.80
	Total (II)	13.80	-	-	13.80
	Total Managerial Remuneration (I + II)	44.30	-	-	44.30
	*Overall Ceiling as per the Act (@1% of profit calculated under Section 198 of the Companies Act, 2013)		Not applicable as no commission paid to any non-Executive Director		

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Girish Kirkinde, Company Secretary & Head - Legal	Mr. Uday Banerjee, CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45.19	65.77	110.96
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.20	3.97	6.17
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify…	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
6	**Total**	**47.39**	**69.74**	**117.13**

VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC SITUATION

India continues to be the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). As per World Bank it has the potential to be one of the top three economic powers of the world over the next 10-15 years.

The Indian economy faced some macro-economic challenges during 2018-19, such as high volatility in crude oil prices, fluctuations of INR, problems in the NBFC sector, FII outflows, the US-China trade war and monetary tightening by the US Federal Reserve. India's GDP has grown at around 7.2 per cent in the fiscal year 2018-19 and is expected to grow at 7.5 per cent in the following two years, as per World Bank forecasts. India also improved its position in the World Bank's Ease of Doing Business Index. As per World Bank, India's growth has been fuelled by domestic demand with exports being lower than potential.

The Government's vision is to drive India to higher economic growth and become a five trillion-dollar economy in the next five years. The Government plans to develop the next generation physical, social and digital infrastructure including urban transport, gas and electric transmission, inland waterways, energy security through renewable energy and oil exploration and digitising of the overall economy, amongst others. An impetus is also being given to technological development and the space programme. Further, the Government is launching programs for a comprehensive and distress-free healthcare scheme even in the remotest parts of the country, covering a large part of its population.

India is likely to become the world's third largest air travel market by 2024-25 as per projections from International Air Transport Association (IATA). The Indian aviation industry faced volatility in the last year largely due to concurrent occurrence of high fuel prices, low yields, implosion of the country's second largest airline and persistent technical glitches besetting two of the most popular passenger aircraft models flown by India's airlines.

India stands out with greater than 7% GDP growth and favourable demographics for supporting growth from a long-term perspective. India's growth trajectory holds immense potential for global stakeholders to establish energy, infrastructure and technology collaborations in the country.

Considering all these factors the demand for digital solutions in the country will remain strong in the coming years.

COMPANY STRATEGY AND DIRECTIONS:

Business Strategy:

The focus of the Company is to grow the Satellite Communication (SatCom) services business in India and beyond. The Company aims to bring the benefits of the digital revolution to unserved and under-served customers using SatCom in areas where it is difficult to offer these services by any other medium. The intent of the Company is to be the most customer-centric digital solutions provider using SatCom.

The Company will continue to operate the residual business of the past, which mainly comprises of Integrated Security & Surveillance Solutions (ISSS), in a restricted mode to fulfil existing contractual obligations towards warranty and maintenance services.

SATELLITE COMMUNICATION BUSINESS STRATEGY AND DIRECTIONS:

The Company is a major SatCom service provider in India, providing highly reliable B2B data connectivity solutions across the country. The Company has been playing an important role in the development and growth of important industry segments like Banking & Financial Services, Renewable Energy, Mining, offshore Oil & Gas exploration etc., by providing SatCom services for business-critical applications in the remotest locations through Very Small Aperture Terminals (VSATs) or SatCom terminals.

The Company had identified digital communication services in Aircraft and Ships as important growth areas. During the year the Company has obtained the In-flight and Maritime Communication (IFMC) license from Government of India and will soon offer Internet services on aircrafts and ships in Indian airspace and water respectively, using SatCom technology.

Industry structure and development:

Commercial SatCom services in India are offered under license from Department of Telecom, Government of India (DoT), hereinafter referred as 'VSAT license'. However, the satellite transponder space required to provide such service is provisioned by Indian Space Research Organization (ISRO), which is part of Department of Space, Govt of India, through Antrix (a company owned by ISRO). Antrix arranges for the transponder space in satellites belonging to ISRO and sometimes from foreign satellite operators when there are no capacities available on the ISRO satellites. The SatCom services are currently used mainly for data communication, though they can be used for voice communication in a closed user group (CUG) but without any connection to the PSTN (Public Switched Telephone Network).

SatCom service providers with VSAT license are required to set up satellite gateways in India for providing their services. The gateway consists of a large satellite antenna and the required electronics which are proprietary in nature and offered by a handful of global technology companies. The SatCom terminals (like VSATs) at remote locations need to be of the same technology as what is deployed in the central satellite gateway.

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

Satellite technology is evolving rapidly. The development of High Throughput Satellites (HTS) has significantly increased the availability of satellite transponder capacity and is bringing down unit cost of satellite bandwidth. Similarly, there has been significant advancement in antenna technology, a major step being small foot-print flat-panel antenna. These developments have led to many new mobility applications like connected cars becoming viable using SatCom. These new technologies are being introduced in India and will become commercially available in the next few years.

The B2B SatCom services sector has been growing at around 8% pa in India. However, the growth rate is likely to improve in coming years due to the impact of the IFMC policy and availability of newer satellite technologies in the country.

There are currently four main VSAT license holders in the country with diverse backgrounds. There has been no new entrant in this sector in the country in more than a decade. All the four main VSAT license holders have obtained IFMC license. Moreover, there may be more companies obtaining IFMC license to offer these services by having commercial agreements with existing VSAT license holders as per the IFMC policy.

Market opportunities:

In India, the SatCom continues to be the most preferred mode of B2B data communication in remote and rural locations due to its ability to offer predictable, reliable and high availability services at price points which are similar across the country.

Currently there are about 115,000 ATMs using SatCom terminals, which is likely to grow to around 200,000 in the next 4 years. This is making it possible to introduce newer digital applications in ATMs, which will give a further boost to SatCom.

Oil & gas exploration is likely to grow in future owing to the Government's drive to reduce import of crude oil. SatCom services play a major role in providing reliable data services for this sector.

The Government's mandate to automate and connect oil retail outlets across the country has created large opportunities for the SatCom services sector. The three major PSU Energy companies have already contracted for deploying approximately 45,000 SatCom terminals in their oil retail outlets. The Government has announced opening of another 50,000 oil retail outlets, which will have a positive impact for SatCom. The potential for deploying SatCom services in Government services is likely to increase in future due to the thrust on Panchayat connectivity, education, healthcare, public distribution system and water management especially in rural and remote locations.

The prospects for SatCom services in India are also bright in the coming years due to the large potential for IFMC services - Maritime as well as Aero in-flight connectivity (Aero IFC) services. Aero IFC is a high growth segment globally. Of the 12,500 commercial aircrafts in the world, over 6,000 are connected today. India is likely to be the world's third largest air travel market by 2024, as per IATA reports. Increase in passenger air traffic and a growing aircraft fleet will drive the adoption of Aero IFC in India. Maritime is an established $2 billion services revenue market globally, as per various industry reports. Asia is one of the largest markets due to large volume of commercial shipping vessels operating in the region. The Maritime industry is also poised to grow in India. The Company believes that the IFMC services will give a significant boost to the growth of the Indian SatCom services sector in the next 4 – 5 years' time.

HTSs are likely to be available in India for commercial use within the next 1 – 2 years' time, with ISRO also planning to launch such satellites for commercial use. This will make many more applications viable using SatCom in the country in line with the global trend.

The availability of Low Earth Orbit (LEO) satellites in future will enhance growth of SatCom services due to availability of large capacity low-latency satellite bandwidth.

Entering new markets and Launching services

The Company will be launching the Aero IFC and Maritime communication services in FY2019-20 using its IFMC license. The Company believes that both these sectors have high growth potential in India, though with different off-take rates.

The Company believes that the Maritime sector will take off faster due to the large latent demand, readiness of the sector and the availability of the infrastructure. Though Aero IFC market has long term potential, there are likely to be initial delays due to complexities associated with getting the infrastructure ready, including making the aircraft enabled for SatCom. The IFMC services also offer opportunities to serve markets beyond India, which the Company plans to pursue in the coming years. The Company is in the process of forming alliances with Indian and global players for faster roll-out of these services.

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

Strengthening presence in the existing market segments

The Company has established itself as a preferred Satcom service provider in many of the B2B market segments, like ATMs and offshore oil & gas exploration. The Company has strengthened its presence in the Banking & Finance segment with a base of approximately 50,000 SatCom terminals for off-site ATMs and bank branches. The Company had more than 70% market share of the incremental SatCom deployment in off-site ATMs. The Company is also a leader in providing SatCom services to offshore oil rigs.

There are multiple Enterprise segments which need reliable data connectivity in remote locations due to their business-critical needs. The Company's endeavour is to address these needs with its SatCom services.

The Company has been pursuing new segments like Renewable Energy, Oil Retail and Education services. The Company has signed multi-year contracts with all three major PSU energy companies for deploying SatCom terminals in approx. 17,500 oil retail outlets across the country, of which it has already installed at 13,465 outlets. The Company is also working on creating solutions for segments like telemedicine and mining, that seem attractive.

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

Differentiated Enterprise Offerings:

The Company has been continuously augmenting its solutions, which has helped it to become a preferred SatCom service provider in the country. The Company plans to build layers of complementary products and services, beyond connectivity, to better serve the needs of its customers and thereby gain sustainable competitive advantage. The emphasis is around analytics and digital technologies, which would help its customers achieve their end objectives. The Company will leverage its existing alliances as well as build newer alliances for developing capabilities in these areas.

Investing in augmenting infrastructure

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

The Company currently has four satellite gateways in Mahape (two each for Extended-C band and Ku band) and one satellite gateway in Dehradun for Ku band. The Company has deployed the latest technologies for these gateways, which is helping in catering to a wide range of market segments.

The Company plans to further augment its infrastructure in FY2019 - 20 for serving the Maritime and Aero IFC markets. The Company is also building expertise in HTS technologies and creating business models for new applications to enable speedy deployment of these technologies, when these are available commercially. The Company continues to drive performance improvement through TL9000, ISO 20000 and ISO27001 certifications.

ISSS BUSINESS STRATEGY & DIRECTIONS:

The Company was providing Systems Integration solutions and services to mainly Government and PSU customers under its Integrated Security Surveillance Solutions (ISSS) business. The Company had taken a decision to stop bidding for any new projects for ISSS business and to taper off the business. As such the Company is currently only fulfilling the existing contractual obligations towards its customers, mainly in terms of warranty and maintenance services.

SEGMENT WISE PERFORMANCE

The Company has two reportable segments viz. (1) Network Systems consisting of SatCom Services (including equipment sale, maintenance and other allied services) and (2) Automation & Control consisting of Integrated Security and Surveillance Solutions (ISSS). The Company has a wholly owned subsidiary – Tatanet Services Ltd. (TNSL), for delivering SatCom services. The revenue of TNSL is included within the consolidated Network Systems revenue.

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

The current period of review for the Company is 1st April 2018 to 31st March 2019.

Network Systems

Satellite Communication Business revenue:

During the period under review, the revenue for the SatCom business on consolidated basis was ₹ 18,740 Lakhs as against ₹ 14,718 Lakhs in the previous year. On a standalone basis the revenue for the business was ₹ 12,270 Lakhs as against ₹ 9,120 Lakhs in the previous year.

The Company added 23,844 SatCom terminals to its installed base as against 9,450 added in the previous year. The installed base for the Company was approximately 71,500 SatCom terminals as on 31st March 2019, which works out to around 24% of the total installed base of the industry.

The Company has added 7,889 SatCom terminals for ATMs for various banks, which works out to more than a 70% share of such installations during this period. These ATMs belong to the Banks or are owned by the major ATM services providers on behalf of the Banks or are White Label ATMs.

The Company also fared well in the niche segment of offshore Oil & Gas exploration by bagging contracts from major global players to serve their needs in India. This further strengthened its position in this segment. The Company now serves large number of the rigs for offshore oil exploration in India.

During the year the Company also deployed 13,465 SatCom terminals in Oil Retail outlets belonging to the three major PSU Energy companies.

The Company continued its efforts to develop newer markets for SatCom services in India.

Automation & Control

The Company had restricted its operations in the ISSS business. The revenue from Automation & Control was ₹ 362 Lakhs as against ₹ 243 Lakhs in the previous year.

OUTLOOK

Network Systems

The Company has further strengthened its presence in the Banking & Finance segment, particularly ATMs, and the offshore oil & gas exploration segment. The Company believes that there will be more SatCom deployment in ATMs and bank branches during FY 2019 – 20 and beyond, due to the expansion of the banking infrastructure to the remote unbanked areas.

The Oil exploration activities in the country will continue in the short to medium term, though there may not be increase in volumes. There will be approximately 50,000 new Oil Retail outlets opened by the PSU Energy companies within the next 3 years, a lot of which will use SatCom for establishing data communication network. The Company aims to get a fair share of these markets.

The outlook from some of the other Enterprise segments like Renewable Energy, Telemedicine, Education, Logistics and Mining also looks positive considering that these sectors are growing in the country and there is an increasing need for reliable data communication services spread across the country for these sectors.

The Company sees a large opportunity in providing Internet and allied services to Ships in Indian waters, starting from FY2019-20. The Company has already procured the necessary satellite transponder capacity to serve the needs of the market. It has signed roaming arrangements with some of the global maritime communications services providers to provide the Internet services to the Indian ships when they go beyond the Indian waters. There are about 1400 India flagged vessels and the Company believes that many of these vessels will eventually deploy these services over the next 5 years. This is over and above the foreign flagged vessels, which will use these services from the Indian IFMC service providers, while they are in the Indian waters.

The Company also sees a large opportunity for Internet services on-board aircraft in Indian skies over the next 5 years. The Company believes that these services will gain momentum in FY 2020-21 due to complexities involved in rolling out these services and current headwinds faced by the Indian aviation sector. The potential in this sector is high considering that the number of aircraft in India is likely to grow from current 650 to 1050 (as per announcements made by various airlines) in the next five years elicited by growth in passenger traffic.

The availability of HTS in the country in the next 1 year could also give a boost to the growth of the industry by increasing its ability to address newer markets and applications. Segments like SME and Consumer broadband in remote and rural areas could become viable businesses for the SatCom service providers. The availability of HTS will also give a boost to the IFMC business due to higher capacity satellite bandwidth and lower price points. The Company is gearing itself to leverage on HTS as and when it is made available in the country.

Automation & Control

The Company will continue to refrain from bidding for new projects in ISSS and will focus only in meeting its obligations towards its existing customers by offering them the highest quality warranty and maintenance services as per its contractual terms.

OPERATIONAL AND FINANCIAL PERFORMANCE RATIOs

Highlights of financial performance during the year 2018-19 based on Key Ratios are as under:

At Consolidated level	At Standalone level
Debtor's turnover ratio has decreased to 3.79 times from 3.82 times.	Debtor's turnover ratio has increased to 3.33 times from 2.87 times.
Inventory turnover has increased to 4.05 times from 2.06 times due to increase in volume of VSAT sold and given on rent.	Inventory turnover has increased to 4.05 times from 2.06 times due to increase in volume of VSAT sold and given on rent.
Increase in Interest coverage ratio to 3.78 times from 3.60 times.	Decrease in Interest coverage ratio to 3.16 times from 3.25 times.
Increase in current ratio to 0.71 times from 0.59 times.	Increase in current ratio to 1.11 times from 1.04 times.
Decrease in debt equity ratio to 1.47 from 1.48 times.	Increase in debt equity ratio to 1.39 from 1.32 times.
Increase in operating profit margin to 19% from 16%.	Increase in operating profit margin to 19% from 18%.
Increase in net profit margin to 12% from 8% mainly due to deferred tax assets created during the period.	Increase in net profit margin to 14% from 10% mainly due to deferred tax assets created during the period.
Increase in return on net worth to 40% from 36% mainly due to deferred tax assets created during the period.	Increase in return on net worth to 42% from 40% mainly due to deferred tax assets created during the period.

RESTRUCTURING OF THE COMPANY

The Company is in the process of internal restructuring of its various businesses and its two wholly owned subsidiaries – Tatanet Services Limited (TNSL) and Nelco Network Products Limited (NNPL) under a composite Scheme of Arrangement and Amalgamation (Scheme), which is subject to various Regulatory approvals. Currently TNSL holds the VSAT license and has the revenue from sale of SatCom services under the VSAT license, which is largely recurring in nature. The revenue earned by Nelco comprises mainly of one-time sale of SatCom terminal equipment and recurring services revenue from equipment maintenance services. In the first phase of the Scheme, Nelco will transfer its two businesses to NNPL on a "going concern" basis by way of a slump sale. These businesses are (a) ISSS and (b) sale and maintenance of satcom and related equipment. In the second phase, TNSL will amalgamate with Nelco. Post the said restructuring, the Satellite Communication service business will be in Nelco, which is the listed parent entity and the related equipment business will be in NNPL. The VSAT license will be transferred from TNSL to Nelco.

The primary benefits of this restructuring are likely to be:

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

2. The enhanced net worth of the Company post amalgamation will improve its ability to bid for large projects which require the VSAT license.

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

RISKS AND CONCERNS

Volatility Risks

- **Exchange rate fluctuations**:

  The exchange rate fluctuations impact the profitability of operations since a large part of SatCom equipment is imported. Also, the contracts for transponder capacities on foreign satellites have an exposure towards exchange rates, even though the transponder space is provided by Antrix.

- **Volatility of Demand**

  The health and vagaries of the market segments like Banking & Finance and offshore oil & gas exploration impact the demand for SatCom services from these sectors. Since the Company has a high dependence on these market segments for its revenue and profitability, any volatility can impact Company's performance in the short term. The Company plans to soon offer Internet services on aircraft in the Indian airspace. The health of the domestic airline industry can delay the offtake of these services.

<u>Operating Risks</u>

- **Technology Risk:** Due to the proprietary nature of SatCom technology, the Company is dependent on a limited number of technology providers for the hardware. Any sudden obsolescence of technology or a disruption of supply poses a risk for the operations. While there are options available to migrate the services to alternative technologies, however the cost of control can impact profitability in the short term.

- **Threat from alternate technology**: The expansion and spread of terrestrial telecom infrastructure to remote areas to offer MPLS services can shrink the addressable market for SatCom services. In future, 4G and 5G services could also pose a threat if the services are rolled out across the country to cover the remote locations with high availability services. This may not be very pronounced for the next 3 – 4 years considering high capex investment required for the same.

<u>Environment Risks</u>

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

- **Regulatory Environment**: Since the SatCom sector is regulated by Department of Telecom and Department of Space, any major changes in the regulations could impact multiple areas like addressable market, profitability, etc. Any adverse regulation related to IFMC may reduce the addressable market. Migration of SatCom terminals operating on foreign satellites to Indian satellites, if mandated by ISRO, would impact the profitability of the Company. Any increase in bandwidth prices on a retrospective basis by Antrix/ISRO can also have an impact on profitability.

<u>Automation & Control</u>

- **Non availability of spares**: Any surge in cost of Warranty & Maintenance of the executed projects due to unavailability of the equipment and/or support from Original Equipment Manufacturers OEMs can reduce the profitability of the business. Technological obsolescence and closure of OEMs business may affect this business adversely.

Risk Management

The Company has established a risk management policy based on which risks are identified and assessed across its businesses. The Risk Management Committee which comprises of the MD & CEO, CFO and key business and operations executives, ensures that existing and future risk exposures of the Company are identified, assessed, quantified and appropriate mitigation plans are put in place to minimize the risk impact. The Company's framework of risk management process helps in informed decision making at all levels of the organization on an ongoing basis. The Company's key risks are discussed with the Audit Committee on a quarterly basis.

Risk mitigation initiatives

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

- Company is continuously evaluating options for improving profitability of various segments as well as unearthing new segments and applications to reduce the impact of market vagaries.

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

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

INTERNAL CONTROL ON FINANCIAL RECORDS

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

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

The focus of these reviews is:

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

The Internal Audit plans are drawn up in consultation with Statutory Auditors & Audit Committee. Adequacy of the system is also assessed periodically. The Company continues its efforts to align all its processes and controls with industry best practices.

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

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

KEY DEVELOPMENTS IN HUMAN RESOURCES

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

- As on 31st March 2019, the Company had employee strength of 166. During the year, 41 employees were recruited, and 24 employees were separated.
- In the Industrial Relations front, the Company maintained cordial relations with its employees during the period.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company subscribes fully to the principles and spirit of sound Corporate Governance and embodies the principles of fairness, transparency, accountability and responsibility into the value systems driving the Company. The Company is committed to attain high standards of Corporate Governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvements of internal controls and sound investor relations. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders' value over a sustained period of time.

The Company has implemented the mandatory requirement of Corporate Governance as set out under paragraph C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (Listing Regulations).

2. Board of Directors Composition

As on 27th April 2019, the Company's Board of Directors comprises 6 members, out of whom 1 is Managing Director & Chief Executive Officer and 5 are Non-Executive Directors (NEDs). Out of these 5 NEDs, 3 are Independent Directors. The Board's composition is in compliance with the requirements of Regulation 17(1) of the Listing Regulations.

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

The Board periodically evaluates the need for change in its composition and size.

The names and categories of the Directors on the Board, the number of Directorships and Committee positions held by them in other companies as on 31st March 2019 are as follows:

Name of the Director	Category of Directorship	*Number of Directorship	**Number of Committee positions held	
		Director	Chairman	Member
Mr. R. R. Bhinge, Chairman	Non-Executive (Non-Independent)	4	-	1
Mr. K. Raghuraman	Non-Executive (Independent)	5	1	3
Mr. K. Ramachandran		2	1	-
Ms. Hema Hattangady		3	-	-
Mr. S.Ramakrishnan (Upto 21st July 2018)	Non-Executive (Non-Independent)	4	-	4
Mr. Rahul Shah (Appointed w.e.f. 21st July 2018)	Non-Executive (Non-Independent)	-	-	-
Mr. P. J.Nath #	Managing Director & CEO	4	-	-

*Excludes Directorship in Nelco Ltd., alternate Directorships and Directorships in private companies, foreign companies and companies under Section 8 of the Companies Act 2013.
**Represents Chairmanships/Memberships of Audit Committee and Stakeholders Relationship Committee in Indian public limited companies (excluding Nelco Ltd.).
Mr. P.J.Nath re-appointed as Managing Director & CEO effective from 13th June 2018

Notes:

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

b) None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as prescribed in Listing Regulations) across all the companies in which he/she is a Director. Only Audit Committee and Stakeholders Relationship Committee has been taken into consideration for the purpose of ascertaining limit. The necessary disclosures regarding Committee positions have been made by the Directors.

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

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

e) None of the Independent Directors of the Company served as Independent Director in more than 7 listed companies. None of the Independent Directors is a Whole – Time Director in any other company. In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

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

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

h) None of Non – Executive Directors held any shares of the Company.

The Names and category of directorship in other listed entities as on 31st March 2019:

Director	Listed Entities	Category of Directorship
Mr. R. R. Bhinge,	Nil	NA
Mr. K. Raghuraman	Oriental Carbon & Chemicals Ltd. Nagarjuna Agrichem Ltd. Ramaphosphate Ltd. Birla Cable Ltd.	Independent Director Independent Director Independent Director Independent Director
Mr. K. Ramachandran	Cyient Ltd. Vodafone Idea Ltd.	Independent Director Independent Director
Ms. Hema Hattangady	SKF India Ltd.	Independent Director
Mr. Rahul Shah	Nil	NA
Mr. P. J. Nath	Nil	NA

Term of Board membership

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

For effectively functioning of Company's Businesses, viz. Network System and Automation & Control segments, the Board has identified the following core skills/expertise/competencies which are also available with the Board.

Sales & marketing, finance & treasury, human resources, banking, customer support, operations & profit centre management, joint venture planning & negotiation, project management, projects appraisals & policy Initiatives, corporate strategy, organizational development, new business, expansion, business collaborations and excellence, product management and developing new market in telecom services and electronics industry in India and abroad.

3. Board Meetings

Dates for Board meetings in the ensuing year are decided in advance and circulated to all Directors. The agenda for each meeting, along with detailed notes, is circulated in advance to the Directors.

Nine Board Meetings were held during the financial year 2018-19 and the gap between the two meetings did not exceed four months. Following are the dates on which the said Meetings were held: 27th April 2018; 31st May 2018; 20th July 2018; 21st September 2018; 20th October 2018; 14th November 2018; 24th January 2019; 15th February 2019 and 27th March 2019.

Attendance of Directors at the aforesaid Meetings:

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on 20th July 2018
Mr. R. R. Bhinge, Chairman	Non-Executive (Non-Independent)	8	Yes
Mr. K. Raghuraman	Non-Executive (Independent)	9	Yes
Mr. K. Ramachandran		8	Yes
Ms. Hema Hattangady		9	Yes
Mr. S. Ramakrishnan (Upto 21st July 2018)	Non-Executive (Non-Independent)	3	Yes
Mr. Rahul Shah (Appointed w.e.f. 21st July 2018)	Non-Executive (Non-Independent	5	No
Mr. P. J. Nath	Managing Director & CEO	9	Yes

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

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

Post meeting follow up mechanism

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

Meeting of Independent Directors

During the year, the Independent Directors of the Company met on 27th March 2019, without the presence of Non-Executive Directors(Non-Independent), Managing Director & CEO and other members of Management. The Independent Directors reviewed the performance of Non-Independent Directors, the Chairman and the Board as a whole. They also assessed the quality and adequacy of the information between the Company's management and the Board.

Annual Strategy Board Meet

During the year, an Annual Strategy Board meet was organized on 15th February 2019. As a part of the agenda, the Board conducted a strategy review of the Company's business segments and also future growth, risk orientation and resource optimization.

Details of familiarisation programmes for Directors including Independent Directors

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

A Board familiarisation programme was held on 14th November 2018 for the Board members where various external speakers provided inputs on varied topics related to the industry. The web link of familiarisation programmes imparted to Directors is https://www.nelco.in/pdf/Policies/programme-for-familiarisation-development-of-board-members-fy2018-19.pdf

Code of Conduct

The Board has laid down Code of Conduct for NEDs which includes details as specified in Schedule IV to the Act.

The Company has adopted the Tata Code of Conduct for all the employees including Managing Director/Executive Directors. Both the codes of conduct are posted on the Company's website www.nelco.in. All Board members and Senior Management personnel have affirmed compliance with their respective Code of Conduct. The Managing Director and CEO has also confirmed and certified the same. This certification is reproduced at the end of this report.

4. Committees of the Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. Each Committee of the Board functions according to its role and defined scope.

➢ **Mandatory Committees:**

The Mandatory committees under the Act and the Listing Regulations are:

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

Audit Committee of Directors

Composition of the Committee and meetings attended by the Directors during the financial year 2018-19:

Name of the Director	Category of Directorship	No. of meetings attended
Mr. K. Raghuraman, Chairman	Non-Executive (Independent)	6
Mr. K. Ramachandran, Member		5
Ms. Hema Hattangady, Member		6
Mr. R.R.Bhinge, Member (appointed w.e.f. 21st July 2018)	Non-Executive (Non-Independent)	3
Mr. S.Ramakrishnan, Member (Up to 21st July 2018)		3

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

The Audit Committee met 6 times during the financial year 2018-19 on the following dates: 27th April 2018; 31st May 2018; 20th July 2018; 20th October 2018; 24th January 2019, and 15th February 2019.

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

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

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

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

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

The Audit Committee invites such Executives as it considers appropriate (and particularly the head of the finance function) to be present at its meetings. The Managing Director & CEO and Chief Financial Officer attend the meetings.

The Statutory Auditors are also invited to the meetings. Mr. Girish V. Kirkinde, the Company Secretary & Head – Legal acts as the Secretary of the Committee.

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

Internal Controls and Risk Management

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

5. Stakeholders Relationship Committee (SRC)

Composition of the SRC and meetings attended by the Directors during the financial year 2018-19:

Name of the Director	Category of Directorship	No. of meetings attended
Mr. K. Raghuraman, Chairman	Non-Executive (Independent)	2
Mr. P. J. Nath, Member	Managing Director & CEO	2

The SRC met twice during the financial year 2018-19 on 14th November 2018 and 15th February 2019.

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

The responsibilities of SRC inter alia include review of statutory compliance relating to all security holders, resolving the grievances of all security holders of the Company, overseeing and reviewing of all matters related to the transfer of securities and movement in shareholding and ownership of the Company.

The status of complaints received during the financial year is as follows:

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

There were 12 cases pending for Transfer of Shares as on 31st March 2019 out of which 6 case was subsequently processed and 0 cases were rejected and 6 are in process. There were 7 cases for Demats pending as on 31st March 2019 out of which 1 case was subsequently processed and 6 cases were rejected.

6. Nominations, HR and Remuneration Committee

Composition of the NRC and meetings attended by the Directors during the financial year 2018-19.

Name of the Director	Category of Directorship	No. of meetings attended
Mr. K. Ramachandran, Member	Non-Executive Independent	3
Mr. K. Raghuraman, Chairman		5
Ms. Hema Hattangady, Member		5
Mr. S.Ramakrishnan, Member (Up to 21st July 2018)	Non-Executive / Non Independent	1
Mr. R.R.Bhinge, Member		5
Mr. Rahul Shah, Member (Appointed w.e.f. 21st July 2018)		4

The NRC met five times during the financial year 2018-19 on 31st May 2018, 21st September 2018, 12th December 2018, 15th February 2019 and 27th March 2019.

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

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

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

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

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

Board Evaluation

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

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

The details of remuneration and perquisites paid and/or value calculated as per the Income Tax Act, 1961 to the Managing Director and Chief Executive Officer for the financial year 2018-2019 are as under:-

(Amount in ₹)

Salary & Allowances	Perquisites & Benefits	Retirement Benefits	Performance Linked Payment (PLP)	Total
13,957,709	477,204	687,456	7,920,000	23,042,369

* PLP relates to the financial year ended 31st March 2018, which was approved by the Board on 31st May 2018 paid during FY2018-19.

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

Period of Appointment	13th June, 2018 to 12th June, 2021
Remuneration	Basic salary upto a maximum of ₹ 8,00,000 p.m.
Performance Linked Payments and performance criteria	Not exceeding 200% of annual basic salary. An indicative list of factors that may be considered for determination of the extent of Performance linked payment by the Board (as recommended by the NRC) are: • The Company's performance on certain defined qualitative and quantitative parameters, as may be decided by the Board from time to time. • Industry benchmarks of remuneration. • Performance of the individual.
Benefits, perquisites and allowances (excluding Company's contribution to Provident Fund, Gratuity, Leave Encashment)	As may be determined by the Board from time to time.
Notice Period	The Agreements may be terminated by either party giving to the other party six months' notice or the Company paying six months' remuneration in lieu thereof
Severance fees	There is no separate provision for payment of severance fees.
Stock Option	Nil

The agreement with Mr. Nath is contractual in nature.

Remuneration to Non Executive Directors (NEDs)

The Company pays sitting fees of ₹ 50,000/- per meeting per Director with effect from 1st April 2018 to the NEDs for attending meetings of the Board and Committee except Stakeholders Relationship Committee and Executive Committee of Board for which sitting fees is 25,000/- and 30,000/- per meeting respectively. The details of sitting fees paid to NEDs during the financial year 2018-19 are as under:-

Name of the Directors	Sitting fees (₹)
Mr.R.R.Bhinge	8,50,000
Mr.S.Ramakrishnan	3,50,000
Mr.K.Raghuraman	11,00,000
Mr.K.Ramachandran	8,50,000
Ms. Hema Hattangady	11,00,000
Mr. Rahul Shah	1,80,000

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

Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company is posted on Company's website at http://www.nelco.in/pdf/Policies/Remuneration%20Policy%20for%20Directors,%20KMP%2 and%20Other%20employees.pdf

7. Corporate Social Responsibility Committee

Composition of the CSR and meetings attended by the Directors during the financial year 2018-19.

Name of the Director	Category of Directorship	No. of meetings attended
Mr.R.R.Bhinge, Chairman	Non-Executive (Non-Independent)	1
Ms. Hema Hattangady	Non-Executive (Independent)	1
Mr. P.J.Nath	Managing Director & CEO	1

The CSR met on 12th December 2018 during the financial year 2018-19.

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

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

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

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

c) Monitor the CSR Policy from time to time

Non- Mandatory Committee

8. Executive Committee of the Board

The Executive Committee of the Board comprises of Mr. R. R. Bhinge (Chairman), Mr. K. Ramachandran, Mr. S. Ramakrishnan (up to 21st July 2018), Mr. P. J. Nath and Mr. Rahul Shah (appointed w.e.f. 21st July 2018). This Committee reviews the following matters before being presented to the full Board:

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

9. Material Subsidiary Company

As defined under Regulation 16 (1) (c) of Listing Regulations, the Company has one "Material Subsidiary" during the financial year 2018-19 under review viz. Tatanet Services Ltd. An Independent Director of the Company has been appointed on the Board of the said Subsidiary Company. The minutes of Board meetings of the Subsidiary Company are placed before the Board of Directors of the Company for review.

10. Prevention of Insider Trading

In accordance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (the Regulations), the Board of Directors of the Company has adopted the Tata Code for Prevention of Insider Trading and Code of Corporate Disclosure Practice (the Code) to be followed by Directors, Employees and other connected persons. The Code is based on the principle that Directors and Employees of a Tata Company owe a fiduciary duty to, among others, the Members of the Company, to place the interest of the Members above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest. The Code contain regulations for preservation of price sensitive information, pre-clearance of trade and monitoring and implementation of the Code. Under the Code, the Audit Committee is inter alia, empowered:

- To approve policies in relation to the implementation of the Code and to supervise implementation of the Code.
- To note and take on record the status reports detailing the dealings by Designated Persons in securities of the Company, as submitted by the Compliance Officer on a quarterly basis.
- To provide directions on any penal action to be initiated, in case of any violation of the Regulations by any person.

In terms of this Code, Mr. Uday Banerjee, CFO continues to be 'Compliance Officer' and Mr. Malav Shah, GM-Accounts, Treasury & Taxation is designated as the 'Chief Investor Relations Officer:

11. General Body Meetings

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

Financial year ended	Day & Date & Time	Venue	Special Resolutions passed
31st March 2016 (FY 2014-16) (18 Months)	Monday, 25th July 2016, at 3.00 p.m.	Ebony, Hotel Regenza By Tunga, Ground floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703	Nil
31st March 2017 (FY 2016-17) (12 Months)	Thursday, 21st September 2017, at 3.00 p.m.		Nil
31st March 2018 (FY 2017-18) (12 months)	Friday, 20th July 2018 at 3.30 p.m.		Re-appointment of Mr. P. J. Nath as Managing Director & CEO

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

b) Special Resolution passed through Postal Ballot Remote e-Voting and voting at the venue of the Meeting

During the year, the Company passed one Special Resolution through Postal Ballot process, Remote e-Voting and voting at the venue of the Meeting of Equity Shareholders convened pursuant to the orders dated 2nd February 2018 and 28th March 2018 passed by the Hon'ble National Company Law Tribunal, Mumbai Bench in the Company Scheme Application No. 1109 of 2017. The said meeting of the Shareholders was held at Ebony, Hotel Regenza By Tunga, Ground Floor, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai – 400 703 on Friday, 18th May 2018 at 11:00 a.m.

The Shareholders by passing special resolution through Postal Ballot process, Remote e-Voting and voting at the venue of the Meeting considered and approved the arrangement embodied in the Composite Scheme of Arrangement and Amalgamation amongst the Company, Nelco Limited; Tatanet Services Limited and Nelco Network Products Limited and their respective shareholders and creditors.

Mr. P. N. Parikh, Practicing Company Secretary or failing him Mr. Mitesh Dhabliwala, Practicing Company Secretary of M/s. Parikh and Associates, Practicing Company Secretaries were appointed as the Scrutinizer to scrutinize the remote e-voting process, Postal Ballot and voting at the meeting in a fair and transparent manner.

Voting Pattern and procedure for Postal Ballot.

Particulars	Approval of Composite Scheme of Arrangement and Amalgamation amongst Nelco Limited, Tatanet Services Limited and Nelco Network Products Limited and their respective shareholders and creditors
Appointment of Scrutinizer	2nd February, 2018
Dispatch of Notice Convening the Meeting of the Equity Shareholders, Postal Ballot and Remote E-Voting	Dispatched on 12th April 2018 by Speed Post, Registered Post, Registered Air Mail, Courier and email.
The last date and time for receipt of the forms	17th May 2018

The results of the Postal Ballot, Remote e-voting and Voting at the Meeting was announced on	18th May 2018
Special Resolutions set out in the Notice duly passed by	Requisite majority of the Shareholders

None of the business to be transacted at the ensuing AGM is proposed to be passed by Postal Ballot

12. Disclosures

a) There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the management, its subsidiaries or relatives etc. during the financial year 2018-19, that may have potential conflict with the interests of the Company at large.

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

c) There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any Statutory Authority.

d) The Board of Directors of the Company has adopted a Whistle Blower & Vigil Mechanism Policy for establishing a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The said policy has been posted on the Company's intranet site. The Company affirms that no employee has been denied access to the Audit Committee.

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

- The Company posts the quarterly, half yearly and annual financial results on its website ww.nelco.in
- The Company has appointed separate persons to the post of Chairperson and Managing Director & Chief Executive Officer.
- The Internal Auditor of the Company reports to the Audit Committee.

f) The URL of policy for determining 'material' subsidiaries is http://www.nelco.in/pdf/Policies/Policy%20for%20determining%20Material%20Subsidiaries.pdf

g) The URL of policy on dealing with related party transaction is http://www.nelco.in/pdf/Policies/Related%20Party%20Transaction%20Policy.pdf.

h) Commodity price risk and hedging activity:

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

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

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

k) Total fees of ₹ 56.09 Lakhs for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

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

a. number of complaints filed during the financial year: Nil
b. number of complaints disposed of during the financial year: Nil
c number of complaints pending as on end of the financial year: Nil

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

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

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

p) The Company has complied with all the requirements of corporate governance as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

13. Means of Communication

i) **Quarterly and half yearly Results** are published in the Business Standard (English) and Sakal (Marathi) newspapers and displayed on the Company's website www.nelco.in

ii) **Annual Reports:** The Annual Reports were emailed, posted/couriered to members and others entitled to receive them.

iii) **NSE Electronic Application Processing System (NEAPS) and BSE Online Portal:** The Company also submits to NSE, all disclosures and communications through NSE's NEAPS portal. Similar filings are made to BSE on their Online Portal – BSE Corporate Compliance & Listing Centre.

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

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

14. General Shareholder Information

i) The ensuing AGM of the Company is scheduled on Wednesday, 24th July 2019 at 3.30 p.m. at Ebony, Hotel Regenza by Tunga, Ground Floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703.

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

ii) Financial Year: 1st April 2018 to 31st March 2019.

iii) Dividend payment date: on and from 26th July 2019.

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

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

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

The Company has paid the requisite Annual Listing fees to the stock exchanges for the year 2019-20.

v) Stock Code and Corporate Identification Number (CIN)

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

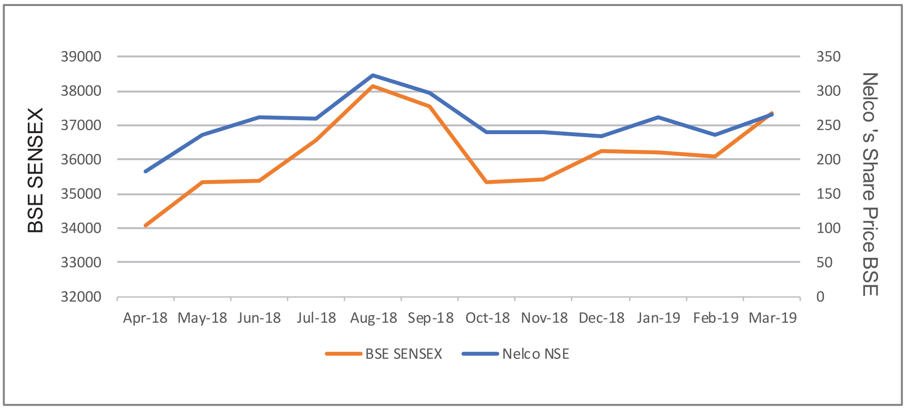
CIN allotted to the Company by the Ministry of Corporate Affairs, Govt. of India is L32200MH1940PLC003164.

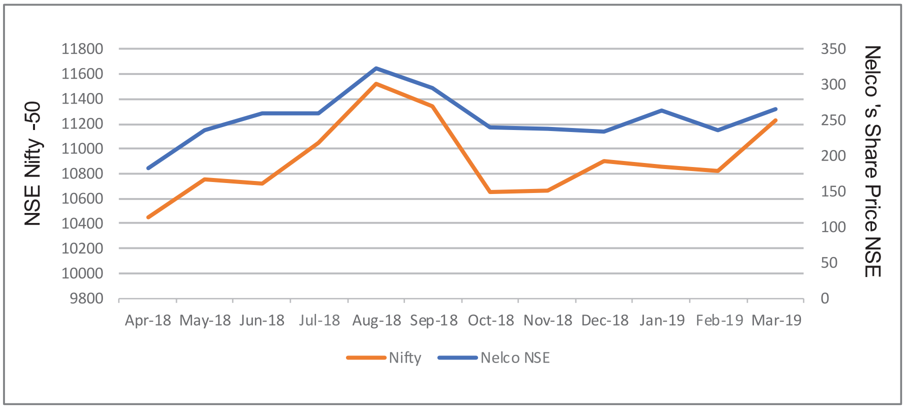
vi) **Market Information:**

(a) Market Price Data: High, Low during each month and trading volumes of the Company's Equity Shares during the period 1st April 2018 to 31st March 2019 at the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) are given below:-

Stock Exchange	BSE			NSE		
Month	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April 2018	210	156	19189	210	156	5587279
May 2018	290	181	6203	290	183	1891513
June 2018	293	231	4181	290	229	1198862
July 2018	284	238	6514	284	238	1096661
August 2018	372	273	23675	373	272	3726334
September 2018	357	238	13498	352	238	103841
October 2018	279	202	15616	277	201	2035141
November 2018	265	215	4252	266	212	588176
December 2018	255	213	3688	255	212	631698
January 2019	299	227	14553	299	228	1688288
February 2019	258	215	7627	255	216	962626
March 2019	287	245	7587	287	244	1118401

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





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

vii. Registrars and Transfer Agents:

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

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

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

Branches of TSRD

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

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

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

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

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

viii) **Share Transfer System:** Share Transfers in physical form can be lodged with TSRD at the above mentioned address or at their branch Transfer offices, addresses of which are available on website: www.tsrdarashaw.com. Transfers are normally processed within 15 days from the date of receipt. If the documents are complete in all respects, Mr. Girish V. Kirkinde Company Secretary and Compliance Officer is empowered to approve transfers, in addition to the powers with the Members of the Stakeholders Relationship Committee.

ix) **Distribution of Shares as on 31st March 2019.**

No. of shares held (Range)	Shareholding	% of total Shareholding	No. of Shareholders	% of total Shareholders
1-5000	54,30,032	23.80	21,369	98.94
5001 to 10000	10,73,978	4.71	145	0.67
10001 to 20000	6,53,745	2.86	45	0.21
20001 to 30000	3,67,620	1.61	15	0.07
30001 to 40000	1,05,154	0.46	3	0.01
40001 to 50000	50,000	0.22	1	0.00
50001 to 100000	5,50,505	2.41	8	0.04
100001 and above	1,45,87,366	63.93	11	0.06
Total	**2,28,18,400**	**100.00**	**21,597**	**100.00**

x) **Dematerialization of Shares as on 31st March 2019 and Liquidity.**

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

Particulars of Shares	Equity Shares of ₹ 10/- each		Shareholders	
	Number	% of Total	Number	% of Total
Dematerialized form				
NSDL	1,83,85,145	80.57	11,652	53.95
CDSL	32,27,694	14.15	8,480	39.27
Sub-total	2,16,12,839	94.69	20,132	93.22
Physical form	12,05,561	5.28	1,465	6.78
Total	**2,28,18,400**	**100.00**	**21,597**	**100.00**

Under the Depository Systems, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE045B01015.

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

xii) **Shareholding Pattern as on 31st March 2019**

Sr. No.	Category	No. of shares	Percentage
1	Tata Companies	1,14,29,290	50.09
2	Financial Institutions/ Banks	53,381	0.23
3	Mutual Funds	600	0.00
4	State Government / Government Companies / Central Government	71,422	0.31
5	Bodies Corporate / Trusts/Others	7,19,300	3.15
6	Alternate Investment Fund	83,083	0.36
7	IEPF Account	1,86,493	0.82
8	Individuals	88,39,476	38.75
9	FIIs/NRI/Foreign Corporate Bodies	14,35,355	6.29
	Total	**2,28,18,400**	**100.00**

xiii) **Top 10 Shareholders of the Company as on 31st March 2019:**

Sr. No.	Category	No. of shares	Percentage
1	The Tata Power Company Limited	1,10,99,630	48.64
2	Schlumberger Limited	8,66,460	3.80
3	Prasoon Harshad Bhatt	7,62,300	3.34
4	Massachusetts Institute of Technology 2	3,53,000	1.55
5	Tarbir Shahpuri	3,50,000	1.53
6	Af-Taab Investment Company Ltd	3,18,460	1.40
7	Parul Prasoon Bhatt	2,28,600	1.00
8	Investor Education And Protection Fund Authority Ministry of Corporate Affairs	1,86,493	0.82
9	Janardan Kumar Kothari	1,56,150	0.68
10	Jaya Harshad Bhatt	1,43,100	0.63
	Total	**1,44,64,193**	**63.39**

xiv) Currency exchange risk and hedging activity:

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

xv) Works/facilities and address for correspondence:

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

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

15. E-voting

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

16. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

17. Compliance of Share Transfer Formalities

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

18. Secretarial Audit

In terms of the Act, the Company appointed M/s. Bhandari & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of records and documents of the Company for financial year 2018-19. The Secretarial Audit Report is provided as Annexure V to the Board's Report.

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

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

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

DECLARATION

As provided under Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, I affirm that the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct as applicable to them, for the year ended 31st March 2019.

For NELCO Limited
P. J. Nath
Manging Director & CEO

Navi Mumbai, 27th April 2019.

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Nelco Limited

We have examined the compliance of conditions of Corporate Governance by Nelco Limited, for the year ended March 31, 2019 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

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

Sharmila A. Karve
Partner
Membership No: 43229
UDIN: 19043229AAAAAF9815

Place: Mumbai
Date: April 27, 2019

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Standalone Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of Nelco Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of matter

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

Key audit matters

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Revenue recognition related to multiple element arrangements

(Refer notes 1.14 and 2.1(a) to the Standalone Financial Statements)

In respect of the Network Systems segment, the contracts with customers include multiple elements including sale of products and ancillary services like installation, commissioning, annual maintenance etc. and rental income for equipment given on lease. In certain cases, the contracts also involve multiple entities in the Group. The identification of performance obligations under the contracts with customers, allocation of consideration to the performance obligations identified and determination of the timing of revenue recognition in accordance with Ind AS 115 requires exercise of judgement by the Company's management.

We considered this to be a Key Audit Matter in view of the customer contracts being large, complex and non-standard.</td><td>Our audit procedures in relation to revenue recognition included:

• Understanding and evaluating the design and testing the operating effectiveness of key controls over revenue recognition;

• Testing of contracts with customers on a sample basis to assess the contractual terms impacting identification of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of the timing of recognition for each of these revenue components;

• Testing the timing of fulfilment of performance obligations and recognition of revenue;

• Evaluating the impact of first time adoption of Ind AS 115 on revenue in respect of contracts with customers for Network Systems segment;

• Performing tests related to non-standard manual journal entries related to revenue.

Based on the above procedures performed, we did not note any significant exceptions regarding the management's assessment of the performance obligations, allocation of consideration to the identified performance obligations and revenue recognition.</td></tr>
<tr><td>Assessment of recoverability of deferred tax assets (net) including MAT Credit Entitlement
(Refer notes 1.17 and 2.1(d) to the Standalone Financial Statements)

The Company has deferred tax assets (net) of ₹ 710 lakhs including MAT Credit Entitlement of ₹ 382 lakhs as at March 31, 2019. The realisation of these tax benefits is dependent on generation of future taxable profits and the rate at which those profits will be taxed.

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

• Understanding and evaluating the design and testing the operating effectiveness of key controls over recognition and review of deferred tax assets (net) including MAT Credit Entitlement;

• Assessing the appropriateness of tax rate applied to forecast future taxable profits;

• Considering whether the deferred tax asset is recognised and MAT Credit Entitlement is legally available for the forecasted recoupment period;

• Assessing the reasonableness of the assumptions of the business plans approved by the Board of Directors;

• Evaluating the progress made by the Company in achieving taxable profits for the business in recent periods;

• Performing sensitivity analysis on the estimated taxable profits by varying the underlying significant assumptions to assess that the recoupment period is within the legally available time limit.

Based on the above procedures, we did not identify any significant differences between our expectations and the management's assessment</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Assessment of Contingent liabilities and provisions for litigations (Refer notes 1.21 and 2.1(h) to the Standalone Financial Statements) As at March 31, 2019, the Company held provisions of ₹ 90 lakhs and disclosed Contingent liabilities (to the extent not provided for) of ₹ 832 lakhs in respect of certain tax litigations. The Company faces challenges from tax authorities during tax assessment proceedings, during the normal course of business. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The management's assessment is supported by advice from independent tax consultants obtained by the management. We focused on this area as the outcome of the litigations is uncertain and the positions taken by the management are based on the application of material judgement, advice from tax consultants and interpretation of law. The ultimate outcome of the litigations could be different from the positions taken by the management and may significantly impact the Company's financial position.	Our audit procedures included the following: • Understanding and evaluating processes and controls designed and implemented by the management for assessment of litigations and testing their operating effectiveness; • Obtaining the list of taxation litigation matters, inspecting the supporting evidence and critically assessing management's evaluation through discussions with management on both the probability of outcome and the magnitude of potential outflow of economic resources; • Reading recent orders received from the tax authorities and the Company's responses to such communications to assess the status of the litigations; • Where relevant, reading most recent advice obtained by management from independent tax consultants and evaluating the grounds presented therein; • Evaluating independence, objectivity and competence of the management's tax consultants; • Obtaining direct confirmations from tax consultants, where considered relevant; • Understanding the current status of the tax assessments; • Together with auditors' tax experts, evaluating the management assessment of estimated potential tax exposures considering the applicable provisions of direct and indirect tax laws. • We did not identify any material exceptions as a result of above procedures.

Other Information

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

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

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

   We have nothing to report in this regard.

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

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

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

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

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

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

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

    e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

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

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

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

    ii. The Company has long-term contracts including derivative contracts as at March 31, 2019 for which there were no material foreseeable losses ;

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

    iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019

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

Sharmila A. Karve
Partner
Membership Number: 43229

Mumbai
April 27, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Nelco Limited on the standalone financial statements for the year ended March 31, 2019

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

1. We have audited the internal financial controls with reference to standalone financial statements of Nelco Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

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

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

Opinion

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

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

Sharmila A. Karve
Partner
Membership Number: 43229

Mumbai
April 27, 2019

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Nelco Limited on the standalone financial statements for the year ended March 31, 2019.

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

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

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

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

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

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

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

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

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of income tax, the Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2019, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Due date	Date of Payment
Income Tax Act, 1961	Tax deducted at source	16	April 1, 2017 to March 31, 2018	July 7, 2017, October 7, 2017, January 7, 2018 and April 30, 2018	Not Paid

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

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, duty of excise, goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax and value added tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In lakhs)*	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1958	Sales Tax including Interest	70	2008-09, 2010-2011, 2012-2013	Appellate authority up to Commissioner Level
The Central Sales Tax Act, 1958	Sales tax	22	2014-15	Assessing Officer
The Maharashtra Value Added Tax Act, 2002	Value Added tax including interest	56	2009-10	Appellate authority up to Commissioner Level
The Income Tax Act, 1961	Income Tax	631	2010-11	Appellate authority up to Commissioner Level
The Finance Act, 1994	Service Tax including Interest and Penalty	180	2000-01 to 2004-05	CESTAT

* Net of amounts paid under protest or otherwise.

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

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

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

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

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

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

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

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

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

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

Sharmila A. Karve
Partner
Membership Number: 43229

Mumbai
April 27, 2019

Standalone Balance Sheet as at March 31, 2019

(₹ In Lakhs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	**3**	259	313
(b) Capital work-in-progress	**3**	22	-
(c) Intangible assets	**3**	3	5
(d) Financial assets			
(i) Investments	**4**	507	619
(e) Deferred tax assets (net)	**9**	710	-
(f) Income tax assets (net)	**6**	1,324	1,386
(g) Other non-current assets	**7 (a)**	6	2
Total non-current assets		**2,831**	**2,325**
Current assets			
(a) Financial assets			
(i) Trade receivables	**8**	984	870
(ii) Cash and cash equivalents	**10 (a)**	265	128
(iii) Bank balances other than (ii) above	**10 (b)**	29	28
(iv) Loans	**5**	524	723
(v) Other financial assets	**11**	52	49
(b) Other current assets	**7 (b)**	703	103
Assets classified as held for sale	**19**	13,336	7,481
Total current assets		**15,893**	**9,382**
TOTAL ASSETS		**18,724**	**11,707**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	**12**	2,282	2,282
(b) Other equity			
Reserve and surplus	**13**	1,911	160
Other reserves	**13 (a)**	9	9
Total equity		**4,202**	**2,451**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	**15 (a)**	7	10
(b) Provisions	**16 (a)**	242	224
Total non-current liabilities		**249**	**234**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	**14**	3,269	3,510
(ii) Trade payables	**17**		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		211	307
(iii) Other financial liabilities	**15 (b)**	453	253
(b) Provisions	**16 (b)**	119	92
(c) Other current liabilities	**18**	140	158
Liabilities directly associated with assets classified as held for sale	**19**	10,081	4,702
Total current liabilities		**14,273**	**9,022**
Total liabilities		**14,522**	**9,256**
TOTAL EQUITY AND LIABILITIES		**18,724**	**11,707**

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

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

Sharmila A. Karve
Partner
Membership No.43229

Place: Mumbai
Date : April 27, 2019

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

R.R. Bhinge
Chairman
(DIN: 00036557)

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

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 27, 2019

Standalone Statement of Profit and Loss for the year ended March 31, 2019

(₹ In Lakhs)

Particulars	Note No.	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Continuing operations			
Revenue from operations	20	3,357	3,190
Other income	21	245	290
Total income		**3,602**	**3,480**
Expenses			
(a) Employee benefits expense	22	1,758	1,679
(b) Finance costs	23	439	478
(c) Depreciation and amortisation expense	3	93	61
(d) Sub contracting expenses	24	113	186
(e) Other expenses	24	1,043	1,199
Total expenses		**3,446**	**3,603**
Profit / (Loss) before tax from continuing operations		**156**	**(123)**
Income tax expense:-			
- Current tax	25	47	-
- Deferred tax	25	(826)	-
Total tax expense		**(779)**	**-**
Profit / (Loss) from continuing operations		935	(123)
Discontinued operations			
Profit from discontinued operations before tax	27	1,192	1,274
Tax expense of discontinued operations	25	355	174
Profit from discontinued operations		**837**	**1,100**
Profit for the year		**1,772**	**977**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Continuing operations			
- Net fair value gain on investments in equity shares at FVTOCI		*	1
- Remeasurement of post employment benefit obligations		(10)	(11)
Discontinued operations			
- Remeasurement of post employment benefit obligations		(11)	(8)
Total other comprehensive income for the year		**(21)**	**(18)**
Total comprehensive income for the year			
- Continuing operations		925	(133)
- Discontinuing operations		826	1,092
Total comprehensive income for the year		**1,751**	**959**
Earnings per share (Face value of ₹ 10/- per share): (Basic and diluted)	39		
Continuing operations		4.10	(0.54)
Discontinued operations		3.67	4.82
Total operations		7.77	4.28

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

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

For and on behalf of the Board of Directors
Nelco Limited
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Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 27, 2019

Place: Mumbai
Date : April 27, 2019

Standalone Statement of Cash Flow for the year ended March 31, 2019

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from		
Continuing operations	156	(123)
Discontinued operations	1,192	1,274
Profit before income tax including discontinued operations	**1,348**	**1,151**
Adjustments for:		
Depreciation and amortisation expense	867	562
Finance costs	627	515
Interest income	(224)	(108)
Dividend on non current investments	(6)	(6)
Provision for foreseeable losses	(10)	(45)
Liabilities no longer required written back	-	(153)
Profit on sale of property, plant & equipment	(6)	(21)
Unwinding of discount on financial asset measured at amortised cost	(57)	(43)
Expected credit loss on trade receivables	51	29
Provision for warranty	26	20
Provision for contingent liability	-	11
Unrealised foreign exchange (gain) / loss	-	9
Operating profit before working capital changes	**2,616**	**1,921**
Adjustments for changes in working capital:		
Movements in assets		
- (Increase) / decrease in inventories	98	14
- (Increase) / decrease in trade receivables	(248)	(953)
- (Increase) / decrease in financial assets - current -Loans	71	(9)
- (Increase) / decrease in financial assets - non-current - Loans	5	-
- (Increase) / decrease in other financial assets - current	(820)	17
- (Increase) / decrease in other financial assets - non current	(269)	190
- (Increase) / decrease in other bank balances	(1)	6
- (Increase) / decrease in other current assets	(491)	110
- (Increase) / decrease in other non current assets	(41)	14
Movements in liabilities		
- Increase / (decrease) in trade payables	291	685
- Increase / (decrease) in other financial liabilities - non current	(3)	(13)
- Increase / (decrease) in other liabilities - non current	(9)	30
- Increase / (decrease) in provisions - non current	70	55
- Increase / (decrease) in other financial liabilities - current	135	23
- Increase / (decrease) in contract liabilities	485	-
- Increase / (decrease) in other current liabilities	(461)	122
- Increase / (decrease) in provisions - current	(12)	(110)
Cash generated from operations	**1,416**	**2,102**
- Taxes paid (net of refunds)	224	406
Net cash generated from operating activities (A)	**1,192**	**1,696**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment / intangible assets	(4,862)	(1,259)
Proceeds from sale of property, plant and equipment / intangible assets	661	401
Interest received	224	108
Proceeds received on account of sale of UGS business to holding company in previous year	-	223
Proceeds on maturity from bank balances not considered as cash and cash equivalents	-	1
Loans given to related parties	(847)	(730)
Repayment of loans by related party	1,072	920
Dividend received on equity instruments	6	6
Net cash (used in) investing activities (B)	**(3,746)**	**(330)**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	18,191	13,091
Repayment of borrowings	(14,845)	(13,492)
Finance lease payments	(75)	(67)
Finance costs paid	(624)	(517)
Dividend paid	-	(6)
Net cash generated/(used in) financing activities (C)	**2,647**	**(991)**
Net increase in cash and cash equivalents [(A)+(B)+(C)]	**93**	**375**
Cash and cash equivalents as at April 1, 2018	118	(257)
Cash and cash equivalents as at March 31, 2019	**211**	**118**

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

Cash and cash equivalents comprise of:	As at March 31, 2019	As at March 31, 2018
a) Balance with scheduled banks in current accounts	182	43
b) Cash on hand	82	1
c) Cheques on hand	1	84
d) Bank overdraft	(54)	(10)
Total	**211**	**118**

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

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

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

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Sharmila A. Karve
Partner
Membership No.43229

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 27, 2019

Place: Mumbai
Date : April 27, 2019

Standalone Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital

(₹ in Lakh)

Particulars	Amount
As at April 1, 2017	**2,282**
Changes in equity share capital	-
As at March 31, 2018	**2,282**
Changes in equity share capital	-
As at March 31, 2019	**2,282**

B. Other Equity

(₹ in Lakh)

Particulars	Reserves and Surplus		Other Reserves	Total
	General Reserve	Retained earnings	FVOCI Equity instrument	
As at April 1, 2017	**250**	**(1,048)**	**8**	**(790)**
Profit for the year	-	977	-	**977**
Other comprehensive income for the year	-	(19)	1	**(18)**
As at March 31, 2018	**250**	**(90)**	**9**	**169**
Profit for the year	-	1,772	-	**1,772**
Other comprehensive income for the year	-	(21)	*	**(21)**
As at March 31, 2019	**250**	**1,661**	**9**	**1,920**

*figures are below rounding off norm adopted by the company.
The above statement of changes in equity should be read in conjunction with the accompanying notes.

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

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

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Date : April 27, 2019

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 27, 2019

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

General Information

Nelco Limited (Formerly known as National Ekco Radio & Engineering Co Ltd) herein after referred to as "the Company" was established in 1940. The Company is 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 customised solutions for businesses and government institutions under one roof.

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

The standalone financial statements are presented in Indian Rupee (₹) which is also functional currency of the Company. The standalone financial statements were reviewed by Audit committee and Board of Directors on it's meeting held on April 27, 2019.

1. Summary of Significant accounting policies

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

1.1 Basis of preparation

a. Compliance with Ind AS

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

b. Historical Cost Convention

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

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

c. Current - non current classifications

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

d. New and amended Standards adopted by the Company

The Company has applied the following Standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

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

The company had to change its accounting policies following the adoption of Ind AS 115. This is disclosed in note 41. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

1.2 Property, plant and equipment

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

a. Capital work-in-progress

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

b. Depreciation methods, estimated useful lives and residual value

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

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

Type of Assets	Useful Life
Plant and machinery (Triple shift)	Radio frequency antenna (RF) – 9 Years Basic electronics – 6 Years
Office equipment (VSAT)	Antenna – 10 Years Electronics - 7.50 Years Basic electronics – 6 Years

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

1.3 Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortisation and accumulated impairment, if any. The Company amortises testing software using straight line method over 5 years period. The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

1.4 Impairment of non-financial assets

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

1.5 Investments and other financial assets

a. Classification

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

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

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

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

b. Measurement

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

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

Equity instruments

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

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

c. Impairment of financial assets

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

d. Derecognition of financial assets

A financial asset is derecognised only when

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

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

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

e. Income recognition

Interest income

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

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

Dividend

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

1.6 Investments in subsidiaries and associates

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

1.7 Cash and cash equivalents

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

1.8 Trade receivable

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

1.9 Financial liabilities

i) Classification

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

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

ii) Measurement

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

iii) Derecognition:

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

1.10 Trade and other payables

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

1.11 Offsetting financial instruments

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

1.12 Inventories

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

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

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

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

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

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

1.14 Revenue recognition

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

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

a. Sale of goods

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

b. Rendering of services

- Revenue from annual maintenance contract and network management is recognised over the period of performance.
- Revenue from installation and commissioning services is recognised upon completion of installation of equipment.

c. Rental income

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

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

d. Construction contracts

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

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

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

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

1.15 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

b. Transactions and balances

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

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

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

1.16 Derivative financial instruments

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

1.17 Current and deferred tax

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

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

a. Current Tax

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

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

b. Deferred Tax

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

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

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

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

1.18 Leases

As a lessee

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

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

As a lessor

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

1.19 Borrowing

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

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

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

1.20 Borrowing costs

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

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

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

1.21 Provisions and contingent liabilities

a. Provisions

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

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

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

i) Onerous contracts

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

ii) Warranties

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

b. Contingent liabilities

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

c. Contingent assets

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

1.22 Employee benefits

a. Short-term obligations

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

b. Other long-term employee benefit obligations

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

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

c. Post-employment obligations (Defined Benefit Obligations)

The Company operates the following post-employment schemes:

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

Defined benefit plans

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

The present value of the defined benefit obligation denominated in ₹ 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.

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

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

Defined contribution plans

Company pays Superannuation and ESIC contributions to publicly administered funds as per local regulations. The Company has no further payment obligation once the contribution has been paid. Company's contribution to Superannuation Fund and ESIC is recognised on accrual basis in the statement of profit and loss.

Termination benefits

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

1.23 Segment reporting

The Board of Directors assesses performance of the Company as Chief Operating Decision Maker.

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

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

b. Network systems comprises sale of Very Small Aperture Terminals ("VSAT") hardware and providing allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers.

1.24 Contributed equity

Equity shares are classified as equity.

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

1.25 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

1.26 Rounding off amounts

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

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

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

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

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

a) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple goods and services to a customer. The Company assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Each revenue component is recognised based on the policy noted in Note no 1.14 above.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered.
- Contract fulfillment costs are expensed as incurred.

b) Recognition and measurement of construction contract revenue

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

c) Estimation of defined benefit obligation

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

d) Recognition of deferred tax assets

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

e) Useful lives of property, plant and equipment and intangible assets

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

f) Estimation of provision for warranty claims

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

g) Expected credit loss on trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously

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

monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables. (Refer Note 29)

h) Estimation of provisions & contingent liabilities

The Company exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision or contingent liability. (Refer Note 37 and Note 40)

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

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

a. Ind AS 116, Leases

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

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

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

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

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

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

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

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

The Company dose not expect to have a material impact on its financial statement pursuant to the aforesaid amendment.

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

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

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

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

The Company dose not expect to have a material impact on its financial statement pursuant to the aforesaid amendment.

(d) Amendment to Ind AS 12 – Income taxes

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

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

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

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

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

(e) Amendment to Ind AS 23 – Borrowing Cost

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

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

(f) Other standards, changes in standards and interpretation

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

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

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

(₹ In Lakhs)

Description	Cost					Accumulated Depreciation / Amortisation					Net Block	
	As at April 01, 2018	Additions	Disposals	Asset classified as held for sale as at March 31, 2019	As at March 31, 2019	As at April 01, 2018	Deprecia-tion / Amortisa-tion for the year	Disposals	Asset classified as held for sale as at March 31, 2019	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
i. Property, plant and equipment												
Leasehold land (finance lease)	26	-	-	-	26	1	*	-	-	1	25	25
	(26)	-	-	-	*(26)*	*(1)*	*	-	-	*(1)*	*(25)*	*(25)*
Building	139	-	-	-	139	42	12	-	-	54	85	97
	(139)	-	-	-	*(139)*	*(30)*	*(12)*	-	-	*(42)*	*(97)*	*(109)*
Plant and machinery	274	1	-	#	275	180	42	-	#	222	53	94
	(1,224)	*(234)*	*(19)*	*(1,165)*	*(274)*	*(513)*	*(228)*	*(10)*	*(551)*	*(180)*	*(94)*	*(711)*
Electrical installation	90	5	-	#	95	62	12	-	-	74	21	28
	(108)	-	*(2)*	*(16)*	*(90)*	*(63)*	*(15)*	*(2)*	*(14)*	*(62)*	*(28)*	*(45)*
Furniture and fixture	38	2	-	#	40	37	3	-	#	40	*	1
	(107)	*(7)*	-	*(76)*	*(38)*	*(97)*	*(15)*	-	*(75)*	*(37)*	*(1)*	*(10)*
Office equipment												
i) Owned	61	15	1	#	75	53	12	1	#	64	11	8
	(183)	*(28)*	*(6)*	*(144)*	*(61)*	*(91)*	*(31)*	*(6)*	*(63)*	*(53)*	*(8)*	*(92)*
ii) Given on lease (operating lease)	11	-	-	#	11	11	-	-	#	11	-	-
	(1,183)	*(958)*	*(408)*	*(1,722)*	*(11)*	*(332)*	*(210)*	*(41)*	*(490)*	*(11)*	-	*(851)*
iii) Assets taken on finance lease	-	-	-	#	-	-	-	-	#	-	-	-
	-	*(443)*	-	*(443)*	-	-	*(41)*	-	*(41)*	-	-	-
Vehicles	69	18	5	-	82	9	10	1	-	18	64	60
	(9)	*(68)*	*(8)*	-	*(69)*	*(6)*	*(7)*	*(4)*	-	*(9)*	*(60)*	*(3)*
Total - property, plant and equipment (i)	**708**	**41**	**6**	**-**	**743**	**395**	**91**	**2**	**-**	**484**	**259**	**313**
	(2,979)	*(1,738)*	*(443)*	*(3,566)*	*(708)*	*(1,133)*	*(559)*	*(63)*	*(1,234)*	*(395)*	*(313)*	*(1,846)*
ii. Intangible assets												
Testing software	**14**	**-**	**-**	**#**	**14**	**9**	**2**	**-**	**#**	**11**	**3**	**5**
	(47)	-	-	***(33)***	*(14)*	*(38)*	*(3)*	-	***(32)***	*(9)*	*(5)*	*(9)*
Total intangible assets (ii)	**14**	**-**	**-**	**-**	**14**	**9**	**2**	**-**	**-**	**11**	**3**	**5**
	(47)	-	-	*(33)*	*(14)*	*(38)*	*(3)*	-	*(32)*	*(9)*	*(5)*	*(9)*
Total - property, plant and equipment and intangible assets (i + ii)	**722**	**41**	**6**	**-**	**757**	**404**	**93**	**2**	**-**	**495**	***262***	***318***
	(3,026)	*(1,738)*	*(443)*	*(3,599)*	*(722)*	*(1,171)*	*(562)*	*(63)*	*(1,266)*	*(404)*	*(318)*	*(1,855)*
iii. Capital work-in-progress - Continuing operation											**22**	**-**
											-	*(285)*
Grand total (i+ii+iii)											**284**	**318**
											(318)	*(2,140)*

Figures in (brackets) represents previous year's figures

Note :-

i) Property, plant and equipment pledged as security by the Company (refer note no 32).
ii) Contractual obligations in respect of capital commitment for acquisition of property, plant and equipment (refer note no 35).
iii) Capital work in progress mainly comprises of office equipment's given on lease pending for installation.
iv) The Lease term in respect of assets acquired under finance lease generally expires within three to five year.
v) * figures below rounding off norm adopted by the Company.
vi) Depreciation and amortisation expenses relating to continuing operations.
vii) # Figures for current year's asset held for sale are disclosed in separate table below.

Assets classified as held for sale - Property, plant and equipment, intangible assets and capital work-in-progress

(₹ In Lakhs)

Description	Cost				Accumulated Depreciation / Amortisation				Net Block	
	As at April 01, 2018	Additions	Disposals	As at March 31, 2019	As at April 01, 2018	Depreciation / Amortisation for the year	Disposals	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
i. Property, plant and equipment										
Plant and machinery	1,165	316	-	1,481	551	216	-	767	714	614
Electrical installation	16	-	-	16	14	1	-	15	1	2
Furniture and fixture	76	5	-	81	75	1	-	76	5	1
Office equipment									-	
i) Owned	144	62	2	204	63	51	2	112	92	81
ii) Given on lease (Operating lease)	1,722	4,937	705	5,954	490	449	53	886	5,068	1,232
iii) Assets taken on finance lease	443	-	-	443	41	53	-	94	349	402
Total - property, plant and equipment (i)	**3,566**	**5,320**	**707**	**8,179**	**1,234**	**771**	**55**	**1,950**	**6,229**	**2,332**
ii. Intangible assets										
Testing software	33	18	-	51	32	3	-	35	16	1
Total intangible assets (ii)	**33**	**18**	**-**	**51**	**32**	**3**	**-**	**35**	**16**	**1**
Total - property, plant and equipment and intangible assets (i + ii)	**3,599**	**5,338**	**707**	**8,230**	**1,266**	**774**	**55**	**1,985**	**6,245**	**2,333**
iii. Capital work-in-progress									**1,344**	**468**
Grand total (i+ii+iii)									**7,589**	**2,801**

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

Note 4 : Investments - Non current

(₹ In Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments (Unquoted, fully paid, at cost)				
Investments in subsidiaries				
Tatanet Services Limited	49,00,000	490	49,00,000	490
Nelco Network Products Limited	50,000	5	50,000	5
Investments in associate				
Nelito Systems Limited (refer note i and ii below)	-	-	2,53,665	113
Equity investments (Unquoted, fully paid, at FVOCI)				
Technopolis Knowledge Park Limited [(net of impairment of ₹181 Lakhs (March 2018 : ₹ 181 Lakhs)]	18,10,000	-	18,10,000	-
Zoroastrian co-operative Bank Limited	4,000	12	4,000	11
Total equity instruments		**507**		**619**
Total investments		**507**		**619**
Aggregate amount of unquoted investments		**507**		**619**
Aggregate amount of impairment in the value of investments		**(181)**		**(181)**

Notes:-

Company's ownership interest in an associate

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

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

Note 5 : Loans - Current

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	25	3
Loans to subsidiary (Tatanet Services Limited)	496	720
Loans to employees	3	-
Less : loss allowance	-	-
Total	**524**	**723**

Break-up of security details (₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans considered good - secured	-	-
Loans considered good - unsecured	524	723
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
	524	**723**
Less : loss allowance	-	-
Total	**524**	**723**

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

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

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	1,386	1,154
Add : Tax deducted at source and advance tax	752	508
[Net of provision for tax 2019 : ₹ 576 lakhs, (2018: ₹ 174 lakhs]		
Less: Income tax refund	412	102
Less: current tax payable for the year	402	174
Closing balance	**1,324**	**1,386**

Note 7 : Other assets

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

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with government authorities	2	2
Prepaid expenses	4	-
Total	**6**	**2**

(b) Other current assets (₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	27	17
Advance to suppliers	10	9
Balance with government authorities	660	77
Others	6	-
Total	**703**	**103**

Note 8 : Trade receivables- Current

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	3	2
Receivable from related parties (refer note 38)	981	868
Less : Allowance for doubtful debts (expected credit loss allowance)	-	-
Total	**984**	**870**

Break-up of security details (₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables considered good – secured	-	-
Trade receivables considered good – unsecured	984	870
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
	984	**870**
Allowance for doubtful debts (Expected credit loss allowance)	-	-
Total trade receivables	**984**	**870**

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

Notes:-

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

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

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

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

Note 9: Deferred tax assets (net)

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
i. Items of deferred tax liabilities :		
Property, plant and equipment and intangible assets	-	133
Assets given on finance lease	163	-
Amortisation of processing charges on borrowing	6	-
Total deferred tax liability (i)	**169**	**133**
ii. Items of deferred tax assets* :		
Property, plant and equipment and intangible assets	124	-
Disallowances under Section 43B of the Income Tax Act, 1961	160	126
Allowance for doubtful trade receivables and deposits	40	7
Allowance of voluntary retirement expenses u/s 35 DDA of Income Tax Act*	19	-
Allowance of amalgamation expenses u/s 35 DD of Income Tax Act	28	-
Credit of Minimum Alternate Tax u/s 115 JAA of Income Tax Act	382	-
Unabsorbed long term capital loss	28	-
Allowance of legal dispute expenses provision disallowed earlier	26	-
Allowance of impairment of investment disallowed earlier	38	-
Others	34	-
Total deferred tax assets (ii)	**879**	**133**
Net deferred tax assets (i-ii)	**710**	**-**

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

Note 10 (a) : Cash and cash equivalents

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Balances with banks:-		
In current accounts	182	43
(b) Cheques on hand	82	84
(c) Cash on hand	1	1
Total	**265**	**128**

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

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

(₹ In Lakhs)

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

Note 11 : Other financial assets - Current

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Receivable from subsidiary company (refer note 38)	2	*
Other receivable	50	49
Total	**52**	**49**

* figures below rounding off norm adopted by the company.

Note 12 : Equity share capital

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised share capital:		
2,50,00,000 (2,50,00,000 as at March 31, 2018) equity shares of ₹ 10/- each	2,500	2,500
Redeemable preference shares of ₹ 100/- each	2,500	2,500
	5,000	**5,000**
Issued share capital:		
2,28,18,400 (2,28,18,400 as at March 31, 2018) equity shares of ₹ 10/- each	2,282	2,282
	2,282	**2,282**
Subscribed and paid-up share capital:		
2,28,17,461 (2,28,17,461 as at March 31, 2018) equity shares of ₹ 10/- each	2,282	2,282
Total	**2,282**	**2,282**

Notes:

i) Movement in equity share capital

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

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount ₹ in Lakhs	Number of shares	Amount ₹ in Lakhs
The Tata Power Company Limited (48.65%) (Holding Company)	11,099,630	1,110	11,099,630	1,110
Aftaab Investment Company Limited (1.44%) (Subsidiary of Holding Company)	328,310	33	328,310	33

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

(iii) Terms and rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 10 /- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution of dividend and proceeds on liquidation will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
The Tata Power Company Limited	11,099,630	48.65%	11,099,630	48.65%

(v) 939 shares (March 31,2018 : 939 shares) are kept in abeyance out of the rights issued in the year 1994 pending for final allotment.

(vi) There are no shares bought back or allotted either as fully paid up by way of bonus shares or allotted under any contract without payment received in cash during 5 years immediately preceding March 31, 2019.

Note 13 : Reserve and surplus

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
General reserve - refer (i) below	250	250
Retained earnings - refer (ii) below	1,661	(90)
Total	**1,911**	**160**

(i) General reserve **(₹ In Lakhs)**

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

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

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	(90)	(1,048)
Net profit for the year	1,772	977
Items of other comprehensive income recognised directly in retained earning		
Re-measurements of post employment benefit obligations, net of tax	(21)	(19)
Closing balance	**1,661**	**(90)**

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

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

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	9	8
Changes in fair value of FVOCI equity instruments	*	1
Closing balance	**9**	**9**

* figures below rounding off norm adopted by the Company.

General reserve

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

Retained earnings

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

Reserve for FVOCI equity instruments

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

Note on dividend:-

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

Note 14 : Borrowings- Current

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
(i) Term loans from banks (refer note ii) below)	3,215	3,500
	3,215	**3,500**
Secured		
(i) Bank overdraft (refer note ii) below)	54	10
	54	**10**
Total	**3,269**	**3,510**

Notes:

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

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

ii) Repayment schedule is as follows :

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	Terms of repayment	Rate of interest (p.a)	Nature of security
Bank of India - Bank overdraft	54	10	Payable on demand	2.00 % over 1 BOI MCLR + BSS and 2.55% over MCLR + BSS	1) First pari passu charge on current assets by way of hypothecation 2) Second pari passu charge on all present and future fixed assets i.e land and building, plant and machinery situated at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai
IDFC Bank Ltd	2,015	1,500	Bullet repayment payable on due date	9.15 % to 9.75 %	Unsecured
ICICI Bank Ltd	1,200	2,000	Payable on Demand	I-MCLR 1 year +1.30%	Unsecured
Total	**3,269**	**3,510**			

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

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	265	128
Bank overdraft	(54)	(10)
Current borrowings	(3,215)	(3,500)
Non current borrowings (including current maturities of long term debt)	-	(13)
Net debts	**(3,004)**	**(3,395)**

(₹ In Lakhs)

Particulars	Other assets	Liabilities from financial activities			Total
	Cash and bank overdrafts	Finance lease obligation	Non current borrowings	Current borrowings	
Net debt as at April 1, 2017	**(257)**	**-**	**(32)**	**(4,435)**	**(4,724)**
Cash flow	375	67	(376)	775	841
Acquisitions - finance leases	-	(443)	-	-	(443)
Interest expenses	-	(16)	(464)	(28)	(508)
Interest paid	-	16	466	28	510
Net debt as at March 31, 2018	**118**	**(376)**	**(406)**	**(3,660)**	**(4,324)**
Cash flow	93	75	(3,700)	359	(3,173)
Interest expenses	-	(33)	(143)	(447)	(623)
Interest paid	-	33	140	447	620
Net debt as at March 31, 2019	**211**	**(301)**	**(4,109)**	**(3,301)**	**(7,500)**

Net debt as at March 31, 2019 includes ₹ 4,496 Lakhs (FY 2018 : ₹ 929 Lakhs) in respect of discontinued operations.

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

Note 15 : Other financial liabilities

(a) Non-current **(₹ In Lakhs)**

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

(b) Current **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Interest accrued	-	1
Liability towards voluntary retirement scheme	5	13
Other security deposits	34	34
Current maturities of long-term debt	-	12
Employee benefits payable	383	190
Capital creditors	22	-
Payable to holding company	6	-
Unclaimed dividend	3	3
Total	**453**	**253**

Note 16 : Provisions

a) Non-current **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits obligations:		
Compensated absences (refer note 36)	101	97
Gratuity (refer note 36)	141	127
Total	**242**	**224**

b) Current **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits obligations:		
Compensated absences (refer note 36)	16	12
Gratuity (refer note 36)	13	7
	29	19
Provision-others :		
Provision for disputes (refer note 37)	90	73
Total	**119**	**92**

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

Note 17 : Trade payables

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 43)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	192	294
(iii) Trade payable to related parties (refer note 38)	19	13
Total	**211**	**307**

Note 18 : Other current liabilities

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance received from customers	-	37
Statutory dues payable	140	121
Total	**140**	**158**

Note 19 : Assets classified as held for sale

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Disposal group- assets (refer note 27)	13,336	7,481
Disposal group- liabilities (refer note 27)	10,081	4,702

Note 20 : Revenue from operations

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Contracts with Customers		
Sale of services	3,357	3,190
Total	**3,357**	**3,190**

Reconciliation of revenue recognised with contract price:

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contract price	3,357	3,190
Adjustments for:		
Contract liabilities	-	-
Total	**3,357**	**3,190**

See Note 41 for details about changes in Accounting Policies consequent to adoption of IND AS 115.

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

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

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income:		
- On bank deposits	7	2
- On income tax refund	85	35
- On loan to subsidiary	57	71
	149	**108**
Dividend income from long term investments		
- In Associate	6	6
	6	**6**
Other non-operating income		
Guarantee commission from subsidiary	17	10
Rent income	73	95
Others	-	45
	90	**150**
Other gains / (losses)		
Profit on sale of property, plant and equipment (net)	-	26
	-	**26**
Total	**245**	**290**

Note 22 : Employee benefits expense

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	1,571	1,488
Contributions to provident fund (refer note 36)	56	48
Contributions to superannuation and other funds (refer note 36)	13	14
Gratuity (refer note 36)	23	19
Staff welfare expenses	95	110
Total	**1,758**	**1,679**

Note 23 : Finance costs

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense on:		
- Borrowings	414	449
- Trade payables	4	4
Bank charges	21	25
Total	**439**	**478**

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

Note 24 : Other expenses

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of loose tools	5	-
Power and fuel	98	68
Rent including lease rentals	25	46
Repairs and maintenance - others	155	247
Insurance	2	-
Rates and taxes	8	9
Travelling and conveyance	131	109
Freight and forwarding	1	3
Legal and professional charges	140	261
Consultancy charges	126	100
Installation expenses	-	12
Auditors remuneration (refer note below)	33	21
Foreign exchange loss (net)	6	29
Miscellaneous expenses	313	294
Other expenses	**1,043**	**1,199**
Subcontracting expenses	113	186
Total other expenses	**1,156**	**1,385**

Note: Auditors remuneration (₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Payments to the auditors comprises		
Audit fee	20	17
Tax audit fee	1	2
Certification fee	12	2
Total	**33**	**21**

Note 25 : Current and deferred tax

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Income tax expense		
Current tax		
Current tax on profits for the year	402	174
Total current tax expense	**402**	174
Deferred tax		
Decrease / (increase) in deferred tax assets	(995)	(72)
(Decrease) / increase in deferred tax liabilities	169	72
Total deferred tax benefit	**(826)**	**-**
Income tax expense attributable to :-	**(424)**	**174**
Profit from continuing operation	(779)	-
Profit from discontinuing operation	355	174

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

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit from continuing operation before Income tax expenses	156	(123)
Profit from discontinued operation before Income tax expenses	1192	1,274
Total profit for the year	**1,348**	**1,151**
Statutory Tax Rate (%)	29.12%	33.06%
Tax at the Indian Statutory Tax Rate	393	381
Difference in future Income Tax rate for deferred tax recognition	-	(54)
Deferred tax asset not recognised on:	-	
Carried forward brought forward loss allowance under Income Tax Act 1961	-	(320)
Others	-	8
Deferred tax not created on temporary differences in previous year reversed in current year	(17)	
Deferred tax recognised for the first time		
MAT credit recognised	(499)	-
Depreciation on property, plant and equipment	(94)	-
Disallowance u/s 43B (provision for Gratuity and leave encashment)	(34)	-
Provision for doubtful debts / assets	(39)	-
Provision for sales tax liability	(26)	-
Disallowance u/s 35DD	(28)	-
Long term capital loss brought forward	(28)	-
Provision on impairment of investment	(38)	-
Others	(47)	-
Other Items		
MAT credit available not recognised	-	174
Others	33	(15)
Total tax expense	**(424)**	**174**

25 (c) Tax losses

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

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Unabsorbed depreciation	-	363
Long term capital loss	-	135
Potential tax benefit		
On carried forward business loss and unabsorbed depreciation @ 29.12% (March 31, 2018 : @ 27.55%)	-	100
On carried forward long term capital loss @20.80% (March 31, 2018 @ 20.60%)	-	28

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

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

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Continued operations		
Net fair value gain on investments in equity shares at FVTOCI	*	**1**
Re-measurement of post employment benefit obligations (refer note 36)	(10)	(11)
Discontinued operations		
Re-measurement of post employment benefit obligations (refer note 36)	(11)	(8)
Total other comprehensive income	(21)	(18)

* figures below rounding off norm adopted by the Company.

Note 27 : Discontinued operations

a) Description

The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to (i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following : (a) Integrated Security and Surveillance Solution ('ISSS') business and (b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and (ii) the amalgamations of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed scheme). The Proposed scheme has been approved by National Company Law Tribunal ("NCLT") on November 2, 2018 and necessary steps for obtaining approvals from Department of Telecommunications ("DOT") are being taken. Considering the management's intent to transfer the business as noted in (i) above, these businesses / operations have been classified as discontinued operations in accordance with IND AS 105 "Non Current Assets held for sale and discontinued operations."

As per the NCLT Order, this Scheme is effective only on receiving the written approval from the Department of Telecommunications (DoT) for transfer of licenses. The NCLT Order required the Company to file the Order with the Registrar of Companies (RoC) within 30 days. Upon filing, RoC updated the records to reflect the Scheme as effective and TNSL as "amalgamated" even though DoT approval is yet to be received. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the scheme with immediate effect. The decision of NCLT is awaited. Pending necessary approvals, the Scheme has not been given effect to in the financial statements for the year ended March 31, 2019.

During the current year, the management has re-assessed the allocation of its costs and related liabilities between continuing and discontinued operations considering the change in business circumstances and accordingly has given effect in this year. The financial parameters in respect of the activities attributable to the business referred to in (i) above are as follows:

b) **Financial performance and cash flow information**

The financial performance and cash flow information presented are for the year ended March 31, 2019 and the year ended March 31, 2018.

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue	9,467	6,387
Expenses*	8,275	5,113
Profit before income tax	**1,192**	**1,274**
Income tax expense	355	(174)
Profit after income tax from discontinued operation	**837**	**1,100**
Items that will not be reclassified to profit or loss - re-measurement of post employment benefit obligation	(11)	(8)
Other comprehensive income from discontinued operations	**(11)**	**(8)**
Net cash inflow from operating activities	1,610	1,812
Net cash (outflow) from investing activities	(4,160)	(921)
Net cash inflow / (outflow) from financing activities	3,380	178
Net increase in cash generated from discontinued operation	**830**	**1,069**

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

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

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at March 31, 2019 (with corresponding numbers relating to the previous year) :

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Assets classified as held for sale		
Property, plant and equipment	6,245	2,332
Capital work-in-progress	1,344	468
Intangible assets	-	1
Investment*	113	-
Trade receivables	3,558	3,476
Loans	79	123
Inventories	789	887
Other financial assets	1,086	-
Other current assets	122	194
Total assets of disposal group held for sale	**13,336**	**7,481**
Liabilities directly associated with assets classified as held for sale		
Borrowings	3,189	749
Provisions	336	286
Contract liabilities	485	-
Other current liabilities	10	453
Other non current liabilities	21	30
Trade payables	2,611	2,259
Other financial liabilities	3,429	925
Total liabilities of disposal group held for sale	**10,081**	**4,702**

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

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

Note 28 : Fair value measurements

28 (a) Financial instrument by category. (₹ In Lakhs)

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments	-	12		-	11	-
Trade receivable	-	-	984	-	-	870
Cash and cash equivalent	-	-	265	-	-	128
Other bank balances	-	-	29	-	-	28
Security deposit	-	-	25	-	-	3
Loans to subsidiaries	-	-	496	-	-	720
Loans to employees	-	-	3	-	-	-
Other financial assets	-	-	52	-	-	49
Total financial assets	**-**	**12**	**1,854**	**-**	**11**	**1,798**
Financial liabilities						
Borrowings	-	-	3,269	-	-	3,522
Trade payables	-	-	211	-	-	307
Other financial liabilities	-	-	460	-	-	251
Total financial liabilities	**-**	**-**	**3,940**	**-**	**-**	**4,080**

(i) Fair value hierarchy

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

(₹ In Lakhs)

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

(₹ In Lakhs)

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

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

(₹ In Lakhs)

Financial assets and liabilities measured at fair value- recurring fair value measurement at March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	4	-	-	11	**11**
Total financial assets		**-**	**-**	**11**	**11**

(₹ In Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Other financial liabilities	15 (a) & 15 (b)	-	-	251	**251**
Total financial liabilities		**-**	**-**	**251**	**251**

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

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

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

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

(ii) Valuation technique used to determine fair value

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

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

- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

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

(iii) Valuation processes

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

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

(₹ In Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial liabilities				
Other financial liabilities	460	464	251	251
Total financial liabilities	**460**	**464**	**251**	**251**

Significant estimates

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

Note 29 :Financial Risk Management

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

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, Loans, financial assets measured at amortised cost.	Ageing analysis, credit ratings	Diversification of bank deposit, credit limits
Liquidity risk	Borrowings, trade payables and other financial liabilities	Rolling cash flow forecast	Availability of bank credit lines and borrowings facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (₹)	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 counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), deposits with bank and financial institution, loans and deposits with third party and other financial instruments/assets.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. It considers reasonable and supportive forward looking information such as: adverse changes in business, changes in the operating results of the counter party, change to the counter party's ability to meet its obligations etc. Financial assets are written off when there is no reasonable expectation of recovery.

(i) Credit Risk Management

Financial assets

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

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

The Company's maximum exposure to credit risk as at March 31, 2019 and March 31, 2018 is the carrying value of each class of financial assets as disclosed in the standalone financial statements.

Trade receivables

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

One customer as at March 31, 2019 and as at March 31, 2018 individually contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was ₹ 981 Lakhs and ₹ 868 Lakhs as at March 31, 2019 and March 31, 2018 respectively.

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

(₹ In Lakhs)

Particulars	Not due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2019	365	619	-	-	984
As at March 31, 2018	522	348	-	-	870

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

Loss allowances on April 01, 2017	**175**
Changes in loss allowances	(27)
Loss allowances on March 31, 2018 *	**148**
Changes in loss allowances	(15)
Loss allowances on March 31, 2019 *	**133**

*Loss allowance provision on Trade Receivable as at March 31, 2019 and March 31, 2018 pertains to discontinued operations.

(B) Liquidity Risk

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

(i) Financing arrangements

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

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Floating rate		
Expiring within one year (bank overdraft, term loans and other facilities)	2,746	2,499
Expiring beyond one year (term loans)	-	-
Fixed rate		
Expiring within one year (term Loans and other facilities)	-	1,000
Expiring beyond one year (term loans)	-	-
Total	**2,746**	**3,499**

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

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

(ii) Maturities of financial liabilities

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

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

(₹ In Lakhs)

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

(₹ In Lakhs)

Contractual maturities of financial liabilities	Less than 1 year	1 - 2 years	2 year and above	Total
March 31, 2018				
Non - derivative				
Borrowings	3,522		-	**3,522**
Trade payables	307	-	-	**307**
Other financial liabilities	241	5	8	**254**
Total non derivative liabilities	**4,070**	**5**	**8**	**4,083**

(C) Market Risk

(i) Foreign currency risk

Company is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (₹), primarily with respect to the US Dollar (USD). Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹).

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

During the FY 2019 and FY 2018, continue operations of the Company doesn't have any transactions in foreign currency. Foreign currency exposure of discontinued operations are given below:

(a) Foreign currency risk exposure:

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

(₹ In Lakhs)

Particulars	Foreign currency	As at March 31,2019		As at March 31,2018	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial liabilities					
Trade payables	USD	29	1,989	19	1,239
Derivative liabilities					
Foreign exchange forward contract					
Buy foreign currency	USD	(25)	(1,750)	(4)	(276)
Net exposure to foreign currency liability	**USD**	**4**	**239**	**15**	**963**
Financial assets					
Trade receivables	USD	(1)	(45)	(3)	(167)
Advance to suppliers	USD	-	-	*	(8)
Net exposure to foreign currency assets	**USD**	**(1)**	**(45)**	**(3)**	**(175)**

*figures below rounding off norm adopted by the Company.

(b) Sensitivity

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

Particulars	Impact on profit after tax	
	As at March 31, 2019	As at March 31, 2018
USD sensitivity		
₹/USD - increase by 5% (March 31, 2019 - 5%)*	(7)	(28)
₹/USD - decrease by 5% (March 31, 2019 - 5%)*	**7**	**28**
*Holding all other variables constant		

(ii) Interest Rate Risk

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

(iii) Price Risk

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

Note 30 : Capital Management

Risk Management

The Company's objectives when managing capital are to

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

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

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

Loan covenants

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

Standalone net worth to remain positive.

Standalone Debt Equity ratio of maximum 4:1

Standalone Fixed Asset coverage ratio should be greater than or equal to 1.17

Consolidated net debt to EBIDTA ratio should be less than 4 upto FY 2020 and 3 after FY 2020

Consolidated debt services coverage ratio (DACR) should be greater than 1.10

Company has complied with the above covenants throughout the reporting period

Note 31 : Offsetting financial assets and financial liabilities

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

Collateral against borrowings

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

Note 32 : Assets pledge as security

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

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current assets		
Financial assets		
First charge		
Inventory	789	887
Trade receivables- current	4,542	4,123
Cash and cash equivalents	265	128
Bank balances other than above	29	28
Loans	579	817
Other financial assets	869	49
Other current assets	782	291
Total current assets pledged as security	**7,855**	**6,323**
Non current assets		
Second charge		
Fixed assets		
(i) Building	85	97
(ii) Plant and machinery	767	708
(iii) Office equipment	5,171	1,321
Total non-current assets pledged as security	**6,023**	**2,126**
Total assets pledged as security	**13,878**	**8,449**

Note 33 : Segment reporting

The Company has presented data relating to its segment based on its Consolidated Financial Statements. Accordingly, in terms of paragraph 4 of the Indian Accounting Standard 108 (IND AS -108) " Operating Segments", no disclosure related to segments are presented in the Standalone Financial Statements.

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

Note 34 : Income tax

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

Particulars	As at April 1, 2017	Rec-ognised in the statement of profit and loss	As at March 31, 2018	Rec-ognised in the statement of profit and loss	MAT Credit utilisation	As at March 31, 2019
	(a)	(b)	(c=a+b)	(d)	(e)	(f=c+d+e)
i. Items of deferred tax liabilities :						
Property, plant and equipment and intangible assets	61	72	133	(133)	-	-
Assets given on finance lease	-	-	-	163	-	163
Amortisation of processing charges on borrowing	-	-	-	6	-	6
Total deferred tax liability (i)	**61**	**72**	**133**	**36**	**-**	**169**
ii. Items of deferred tax assets* :						
Property, plant and equipment and intangible assets	-	-	-	124	-	124
Disallowances under Section 43B of the Income Tax Act, 1961	61	65	126	34	-	160
Allowance for doubtful trade receivables and deposits	-	7	7	33	-	40
Allowance of voluntary retirement expenses u/s 35 DDA of Income Tax Act, 1961	-	-	-	19	-	19
Allowance of amalgamation expenses u/s 35 DD of Income Tax Act, 1961	-	-	-	28	-	28
Credit of Minimum Alternate Tax u/s 115 JAA of Income Tax Act, 1961	-	-	-	498	(116)	382
Unabsorbed long term capital loss	-	-	-	28	-	28
Allowance of legal dispute expenses provision disallowed earlier	-	-	-	26	-	26
Allowance of impairment of investment disallowed earlier	-	-	-	38	-	38
Others	-	-	-	34	-	34
Total deferred tax assets (ii)	**61**	**72**	**133**	**862**	**(116)**	**879**
Net deferred tax assets (i-ii)	**-**	**-**	**-**	**826**	**(116)**	**710**

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

Note 35 : Capital and other Commitments

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)*	12	3

*Figures pertains to continuing operations.

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

Note 36 : Employee benefit obligations

a. Short-term employee benefits

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

b. Long-term employee benefits

i) Defined Contribution Plans

Company's contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in note 22 under the heading "Contributions to superannuation and other funds" are as under:

(₹ In Lakhs)

Sr. No	Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
		Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
a)	Contribution to employees' superannuation fund	12	8	13	5
b)	Contribution to employees' state insurance scheme	1	*	1	1
	Total	**13**	**8**	**14**	**6**

* figures below rounding off norm adopted by the Company.

ii) Defined Benefit Plans

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

-Provident Fund (Funded):

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

In terms of guidance note issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at March 31, 2019 and March 31, 2018, respectively.

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

Particulars	As at March 31, 2019	As at March 31, 2018
Plan assets at period end, at fair value	1,965	1,877
Present value of benefit obligation at period end	1,965	1,877
Asset recognised in balance sheet	-	-

The Plan assets have been primarily invested in government securities.

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

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

(₹ In Lakhs)

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

The Company contributed ₹ 85 Lakhs and ₹ 65 Lakhs during the year ended March 31, 2019 and March 31, 2018 respectively and the same has been recognised in the statement of profit and loss. The amount relating to continuing operations ₹ 56 Lakhs for year ended March 31, 2019 and ₹ 48 Lakhs for year ended March 31, 2018 are disclosed under the employee benefit expenses.

Provident Fund Assessment as per of recent Supreme Court Judgment

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

-Gratuity (unfunded)

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

Amount recognised in the statement of profit and loss: **(₹ In Lakhs)**

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

Expenses recognised in statement of profit and loss includes ₹ 20 Lakhs (FY 2018 : ₹ 15 Lakhs) in respect of discontinued operations.

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Due to change in demographic assumptions	*	*
Due to change in financial assumptions	5	18
Due to experience	16	*
Total re-measurement (gains)/losses recognised in OCI	**21**	**19**

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

Total re-measurement losses recognised in OCI includes ₹ 11 Lakhs (FY 2018 : ₹ 8 Lakhs) in respect of discontinued operations.

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

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

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of DBO at the beginning	258	228
Current service cost	23	17
Interest cost (net)	20	17
Liabilities transferred in/acquisitions	(3)	6
Re-measurement (gain)/loss	21	19
Benefits paid	(3)	(29)
Present value of DBO at the end	**316**	**258**

Net liability recognised in the balance sheet as at March 31, 2019 includes ₹ 162 Lakhs (FY 2018 : ₹ 124 Lakhs) in respect of discontinued operations.

Principal actuarial assumptions for valuation of gratuity liability:

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.54%	7.82%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	

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

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

a) **Interest rate risk** - A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk** - This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

c) **Salary risk** - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Sensitivity

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

(₹ In Lakhs)

Particulars	Change in assumption	As at March 31, 2019		As at March 31, 2018	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(17)	20	(15)	17
Expected rate of escalation in salary	1%	20	(17)	17	(15)
Rate of employee turnover	1%	*	*	*	*

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

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

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

Defined benefit liability and employers contributions

The weighted average duration of the projected benefit obligation is 8 years (March 31, 2018 - 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

(₹ In Lakhs)

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

iii) Other long-term employee benefits

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

a) An amount of ₹ 45 Lakhs (FY 2018 : ₹ 47 Lakhs) has been charged to the statement of profit and loss for the year ended March 31, 2019 towards compensated absences.

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

c) Expenses recognised in statement of profit and loss includes ₹ 22 Lakhs (FY 2018 : ₹ 13 Lakhs) in respect of discontinued operations.

d) Net liability recognised in the balance sheet as at March 31, 2019 includes ₹ 116 Lakhs (FY 2018 : ₹ 90 Lakhs) in respect of discontinued operations.

Principal actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.54%	7.82%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.

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

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

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

a) Provision for disputes represents estimates made for probable liabilities arising out of pending assessment proceedings with various Government Authorities. The information usually required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets", is not disclosed on grounds that it can be expected to prejudice the interests of the Company. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under the law and hence, the Company is not able to reasonably ascertain the timing of the outflow. (refer note 40)

b) Provision for warranty relates to warranty provision made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under free warranty period ranging from one to three years.

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

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

(₹ In Lakhs)

Particulars	Provision for disputes		Warranties*		Future foreseeable losses on contracts#	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	73	62	49	99	23	89
Add: Provision during the year	28	11	33	30	-	-
(Less): Utilisation during the year	(11)	-	(17)	(70)	(13)	(21)
(Less): Reversal during the year	-	-	(7)	(10)	(10)	(47)
Add: Effects of unwinding of discount on provision	-	-	-	-		2
Closing balance	90	73	58	49	-	23
Classified as current (refer note 16 (b))	90	73	58	49	-	23

*Provision for warranties recognised in the balance sheet as at March 31, 2019 of ₹ 58 Lakhs (FY 2018 : ₹ 49 Lakhs) in respect of discontinued operations.

Provision for Future foreseeable losses on contracts recognised in the balance sheet as at March 31, 2019 of ₹ Nil Lakhs (previous year ₹ 23 Lakhs) in respect of discontinued operations.

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

Note 38 : Related party disclosure

(a) Promoter of holding Company

Tata Sons Limited

(b) Parent Company / Holding Company:

The Company is controlled by the following entity

Name	Type	Place of incorporation	Ownership Interest	
			As at March 31, 2019	As at March 31, 2018
Tata Power Company Limited	Immediate parent entity	India	48.65%	48.65%

(c) Subsidiary Companies:

Name	Type	Place of incorporation	Ownership Interest	
			As at March 31, 2019	As at March 31, 2018
Tatanet Services Limited	Subsidiary	India	100%	100%
Nelco Network Products Limited	Subsidiary	India	100%	100%

(d) Associate Company: (₹ In Lakhs)

Name of the Entity	Place of Business	% of Ownership interest	Relationship	Accounting Method	Quoted Fair Value		Carrying Amount	
					As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Nelito Systems Limited#	India	12.30%	Associate	Equity Method	-*	-*	113	113

*Unlisted entity - no quoted price available.

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

(e) Key Managerial Personnel

(i) Executive Directors

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

(ii) Independent and Non-Executive Directors

Mr. R.R Bhinge (Non-Executive Director)
Mr. Sowmyan Ramakrishnan (Non Executive Director upto July 20, 2018)
Ms. Hema Hattangady (Independent Director)
Mr. Kailasam Raghuraman (Independent Director)
Mr. Krishnan Ramachandran (Independent Director)
Mr. Rahul Chandrakant Shah (Non Executive Director w.e.f July 21, 2018)

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

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(i) Executive directors		
Short-term employee benefits	224	168
Post-employment benefits	7	6
Long-term employee benefits*	-	-
(ii) Non executive and independent director		
Directors sitting fees	44	37
Total compensation	**275**	**211**

*The Company provides long term benefits in the form of gratuity to key managerial person along with all employees, cost of the same in not identifiable separately and hence not disclosed.

(f) Details of transactions between the Company and other related parties are disclosed below:

(₹ In Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited	Tata Sons Limited	Tatanet Services Limited	Nelco Network Products Limited	Nelito Systems Limited
		(Holding Co.)	(Promoter of Holding Co.)	(Subsidiary)	(Subsidiary)	(Associate)
1)	**Purchase :**					
a)	Services	-	22	-	-	-
		(-)	(15)	(-)	(-)	(-)
2)	**Sales :**					
a)	Services	*	-	3,357	-	-
		(-)	(-)	(3,190)	(-)	(-)
b)	Goods	3	-	-	-	-
		(-)	(-)	(-)	(-)	(-)
3)	**Other income**					
a)	Dividend received	-	-	-	-	6
		(-)	(-)	(-)	(-)	(6)
b)	Interest received	-	-	57	-	-
		(-)	(-)	(71)	(-)	(-)
c)	Guarantee commission	-	-	17	-	-
		(-)	(-)	(10)	(-)	(-)
d)	Rent	1	-	-	-	-
		(1)	(-)	(-)	(-)	(-)
4)	**Other transactions :**					
a)	Guarantees and collaterals given	-	-	2,125	-	-
		(-)	(-)	(1,550)	(-)	(-)
b)	Loans and advances repayment received during the year (net)	-	-	224	2	-
		(-)	(-)	(190)	*	(-)
c)	Reimbursements made to parties	-	-	240	-	-
		(-)	*	(105)	(-)	(-)
5)	**Balance outstanding at year end**					
a)	Trade receivables	1	-	981	-	-
		(1)	(-)	(868)	(-)	(-)

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

(₹ In Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited	Tata Sons Limited	Tatanet Services Limited	Nelco Network Products Limited	Nelito Systems Limited
		(Holding Co.)	(Promoter of Holding Co.)	(Subsidiary)	(Subsidiary)	(Associate)
b)	Trade payables	-	19	-	-	-
		(-)	(13)	-	(-)	(-)
c)	Loans and advances given	-	-	496	2	-
		(-)	(-)	(720)	*	(-)
d)	Guarantees and collaterals	-	-	6,750	-	-
		(-)	(-)	(4,625)	(-)	(-)
e)	Other Payable	6	-	-	-	-
		(-)	(-)	-	(-)	(-)

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

Note:

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

ii) Related party relationship is as identified by the Company and relied upon by auditors.

iii) Information in related party disclosure are in respect of continuing and discontinued operations.

Note 39 : Earnings per share (EPS)

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
1. Net profit after tax attributable to equity shareholders (₹ in Lakhs)		
(a) Continuing operations	935	(123)
(b) Discontinued operations	837	1,100
(c) Total operations	1,772	977
2. Weighted average number of equity shares	2,28,17,461	2,28,17,461
3. EPS (₹) [Basic and Diluted] (Face value per share ₹ 10)		
(a) Continuing operations (1(a) / 2)	4.10	(0.54)
(b) Discontinued operations (1(b) / 2)	3.67	4.82
(c) Total operations (1(c) / 2)	7.77	4.28

Note 40 : Contingent liabilities

(₹ In Lakhs)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Guarantees issued by the Company on behalf of its subsidiary (Tatanet Services Limited) [(Amount of loan outstanding against this guarantee is ₹ 474 Lakhs (As at March 31, 2018 - ₹ 552 Lakhs)]	6,750	4,625
b)	Claims against the Company not acknowledged as debt comprises of:		
	- Sales tax and service tax claims disputed by the Company relating to issues of applicability and classification.	273	278
c)	Income Tax Demand against the Company not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which Company is in appeal.	559	631

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

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities.

Note 41 : Changes in accounting policies

The Company applied Ind AS 115 for the first time by using modified retrospective method of adoption with the date of initial application of April 1, 2018. The company does not have any impact to the opening balance of retained earning as at April 1, 2018 or on profits earned for the current year. Comparative prior period has not been adjusted.

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

There is no impact on the financial statements line item of statement of profit and loss and balance sheet by application of Ind AS 115.

Note 42 : Lease

42.1 Finance lease liabilities

The Company as Lessee

a <u>**Leasehold land**</u>

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

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

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

b) <u>**Office Equipment (VSAT)***</u>

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

Finance lease liabilities are payable as follows.

(₹ In Lakhs)

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

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

42.2 Operating Lease*

The Company as Lessor

(1) Operating leases related to VSAT's given on lease, owned by the Company with lease terms between 3 to 7 years.

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

(3) No refundable deposits are taken and the lease rentals recognised in the statement of profit and loss for the year included under sale of services under revenue from operations aggregate to ₹ 1325 Lakhs (Previous Year ₹ 621 Lakhs)

Non-cancellable operating lease receivables

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than 1 year	743	351
Later than 1 year and not longer than 5 years	2,164	828
Later than 5 years	160	-
Total	**3,067**	**1,179**

*Notes related to discontinued operations.

Note 43 : There are no Micro and Small Enterprises to whom the Company owes dues, which are outstanding as at March 31, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company.

Signature to Notes forming part of Standalone Financial Statements "1" to "43"

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

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

R.R. Bhinge
Chairman
(DIN: 00036557)

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

Sharmila A. Karve
Partner
Membership No.43229

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 27, 2019

Place: Mumbai
Date : April 27, 2019

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Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Nelco Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate company (refer Note 46 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate company as at March 31, 2019, of consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of matter

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition related to multiple element arrangements (Refer notes 1.13 and 2.1(a) to the Consolidated Financial Statements) In respect of the Network Systems segment, the contracts with customers include multiple elements including sale of products and ancillary services like installation, commissioning, annual maintenance etc., including specific pricing arrangements and rental income for equipment given on lease. In certain cases, the contracts also involve multiple entities in the Group. The identification of performance obligations under the contracts with customers, allocation of consideration to the performance obligations identified and determination of the amount and timing of revenue recognition in accordance with Ind AS 115 requires exercise of judgement by the Company's management. We considered this to be a Key Audit Matter in view of the customer contracts being large, complex and non-standard.	Our audit procedures in relation to revenue recognition included: • Understanding and evaluating the design and testing the operating effectiveness of key controls over revenue recognition; • Testing of contracts with customers on a sample basis to assess the contractual terms impacting identification of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of the timing of recognition for each of these revenue components; • Testing the timing of fulfillment of performance obligations and recognition of revenue based on agreed pricing; • Evaluating the impact of first time adoption of Ind AS 115 on revenue in respect of contracts with customers for Network Systems segment; • Performing tests related to non-standard manual journal entries related to revenue. Based on the above procedures performed, we did not note any significant exceptions regarding the management's assessment of the performance obligations, allocation of consideration to the identified performance obligations and revenue recognition.
Assessment of recoverability of deferred tax assets (net) including MAT Credit Entitlement (Refer notes 1.16 and 21(d) to the Consolidated Financial Statements) The Company has deferred tax assets (net) of ₹ 745 lakhs including MAT Credit Entitlement of ₹ 382 lakhs as at March 31, 2019. The realisation of these tax benefits is dependent on generation of future taxable profits and the rate at which those profits will be taxed. We considered this a key audit matter as significant judgement is required by the management of the Company in relation to recognition and assessment of recoverability of deferred tax assets including MAT Credit Entitlement under the Income-tax Act, 1961. The recognition of deferred tax assets (net) including MAT Credit Entitlement is based on the management approved business plan for the next 5 years and there are significant underlying assumptions associated with forecasts of taxable profits.	Our audit procedures included: • Understanding and evaluating the design and testing the operating effectiveness of key controls over recognition and review of deferred tax assets (net) including MAT Credit Entitlement; • Assessing the appropriateness of tax rate applied to forecast future taxable profits; • Considering whether the deferred tax asset is recognised and MAT Credit Entitlement is legally available for the forecasted recoupment period; • Assessing the reasonableness of the assumptions of the business plans approved by the Board of Directors of the respective Companies; • Evaluating the progress made by the Company in achieving taxable profits for the business in recent periods; • Performing sensitivity analysis on the estimated taxable profits by varying the underlying significant assumptions to assess that the recoupment period is within the legally available time limit. Based on the above procedures, we did not identify any significant differences between our expectations and the management's assessment.

Key audit matter	How our audit addressed the key audit matter
Assessment of Contingent liabilities and provisions for litigations (Refer notes 1.20 and 2.1(h) to the Consolidated Financial Statements) As at March 31, 2019, the Group held provisions of ₹ 90 lakhs and disclosed Contingent liabilities (to the extent not provided for) of ₹ 4,836 lakhs in respect of certain tax and other litigations. The Group faces challenges from tax authorities during tax assessment proceedings and from certain business service providers, during the normal course of business. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The management's assessment is supported by advice from independent tax and legal consultants obtained by the management. We focused on this area as the outcome of the litigations is uncertain and the positions taken by the management are based on the application of material judgement, advice from tax/legal consultants and interpretation of law. The ultimate outcome of the litigations could be different from the positions taken by the management and may significantly impact the Group's financial position.	Our audit procedures included the following: • Understanding and evaluating processes and controls designed and implemented by the management for assessment of litigations and testing their operating effectiveness; • Obtaining the list of taxation and other litigation matters, inspecting the supporting evidence and critically assessing management's evaluation through discussions with management on both the probability of outcome and the magnitude of potential outflow of economic resources; • Reading recent orders received from the tax authorities and other communication from the business service providers, and the Company's responses to such communications to assess the status of the litigations; • Where relevant, reading most recent advice obtained by management from independent tax/legal consultants and evaluating the grounds presented therein; • Evaluating independence, objectivity and competence of the management's tax/legal consultants; • Obtaining direct confirmations from lawyers, where considered relevant; • Understanding the current status of the tax assessments/ litigations; • Together with auditors' tax experts, evaluating the management assessment of estimated potential tax exposures considering the applicable provisions of direct and indirect tax laws. We did not identify any material exceptions as a result of above procedures.

Other Information

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

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

8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associate company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

11. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for overseeing the financial reporting process of the Group and of its associate company.

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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

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

Report on Other Legal and Regulatory Requirements

18. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

    (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements;

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

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Group companies, its associate company incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act;

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

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

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its associate company – Refer Note 44 to the consolidated financial statements;

ii. The Group and its associate company had long-term contracts including derivative contracts as at March 31, 2019 for which there were no material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate company incorporated in India during the year ended March 31, 2019;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

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

Sharmila A. Karve
Partner
Membership Number: 43229

Mumbai
April 27, 2019

Annexure A to Independent Auditor's Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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

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

Sharmila A. Karve
Partner
Membership Number: 43229

Mumbai
April 27, 2019

Consolidated Balance Sheet as at March 31, 2019

(₹ in Lakhs)

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

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

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

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

R.R. Bhinge
Chairman
(DIN: 00036557)

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

Sharmila A. Karve
Partner
Membership No.43229
Place: Mumbai
Date : April 27, 2019

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 27, 2019

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

(₹ in Lakhs)

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

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

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Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 27, 2019

Place: Mumbai
Date : April 27, 2019

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax	2,002	1,522
Profit before income tax	**2,002**	**1,522**
Adjustments for:		
Depreciation and amortisation expense	1,296	949
Finance costs	738	593
Unrealised foreign exchange (gain) / loss	(7)	9
Provision for doubtful debts	(32)	(67)
Bad debts written off	72	86
Provision for warranty (net)	26	20
Liabilities/provisions no longer required, written back	(69)	-
Provision for foreseeable losses written back	(10)	(45)
Gain on disposal of property, plant and equipment (net)	(6)	(21)
Unwinding of discount on financial asset measured at amortised cost	(57)	(43)
Interest income classified as investing cash flow	(22)	(3)
Change in fair value Investment	-	(1)
Interest income	(179)	(110)
Provision for contingency	-	11
Share of net profit of associate accounted for using the equity method	(9)	(57)
Operating profit before working capital changes	**3,743**	**2,843**
Adjustments for changes In working capital:		
Movements in assets		
- (Increase) / decrease in trade receivables	(340)	(2,003)
- (Increase) / decrease in other current assets	(539)	338
- (Increase) / decrease in other non current assets	(46)	14
- (Increase) / decrease in financial assets - non current - loans	5	(9)
- (Increase) / decrease in inventories	98	14
- (Increase) / decrease in other financial assets - current	(849)	124
- (Increase) / decrease in other financial assets -non current	(269)	7
- (Increase) / decrease in financial assets - current - loans	28	-
- (Increase) / decrease in other bank balances	(1)	6
Movements in liabilities		
- Increase / (decrease) in trade payables	495	842
- Increase / (decrease) in other financial liabilities - non current	(3)	(13)
- Increase / (decrease) in other liabilities - non current	(9)	30
- Increase / (decrease) in provisions - non current	70	54
- Increase / (decrease) in other financial liabilities - current	136	24
- Increase / (decrease) in current contract liabilities	2,352	-
- Increase / (decrease) in other current liabilities	(2,324)	1,282
- Increase / (decrease) in provisions - current	(12)	(110)
Cash generated from operations	**2,535**	**3,443**
- Taxes paid (net of refunds)	(413)	(228)
Net cash generated from operating activities- (A)	**2,122**	**3,215**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment / intangible assets	(5,339)	(2,079)
Proceeds from sale of property, plant and equipment / intangible assets	680	401
Interest received	201	3
Proceeds received on account of sale of UGS business to Holding Company in previous year	-	223
Bank balances not considered as cash and cash equivalents		
- Fixed deposits placed	(16)	-
- Matured	-	20
Dividend From associate	6	6
Net cash (used in) investing activities (B)	**(4,468)**	**(1,426)**

(₹ in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings		
- Receipts	18,544	13,316
- Payments	(15,229)	(13,866)
Finance lease payments	(75)	(67)
Finance costs paid	(738)	(596)
Dividend paid	-	(6)
Net cash generated / (used In) financing activities- (C)	**2,502**	**(1,219)**
Net increase/(decrease) in cash and cash equivalents [(A)+(B)+(C)]	**156**	**570**
Cash and cash equivalents as at April 1, 2018	338	(232)
Cash and cash equivalents as at March 31, 2019	**494**	**338**
Non-cash financing activities		
- Acquisition of property, plant and equipment by means of finance lease	-	443

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

Cash and cash equivalents comprise of :	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents comprise of :		
Balance with scheduled banks in current accounts	422	233
Cash on hand	1	1
Cheques on hand	125	163
Bank overdraft	(54)	(59)
Total	**494**	**338**

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

For Price Waterhouse Chartered Accountants LLP
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Sharmila A. Karve
Partner
Membership No.43229

Place: Mumbai
Date : April 27, 2019

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 27, 2019

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

A. Equity share capital

(₹ in Lakhs)

Particulars	Amount
As at April 1, 2017	**2,282**
Changes in equity share capital	-
As at March 31, 2018	**2,282**
Changes in equity share capital	-
As at March 31, 2019	**2,282**

B. Other equity

(₹ in Lakhs)

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

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

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

For Price Waterhouse Chartered Accountants LLP
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Place: Mumbai
Date : April 27, 2019

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 27, 2019

General Information

Nelco Limited (Formerly known as National Ekco Radio & Engineering Co Ltd) herein after referred to as "the Company" was established in 1940. The Company is 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 customised solutions for businesses and government institutions under one roof.

The Company's Subsidiary Tatanet Services Limited is in the business of providing VSAT domestic data network service to closed user group (CUG) networks via Satellite System on non-exclusive basis within the territorial boundary of India under the VSAT License granted by Department of Telecommunications (DOT).

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 (₹) which is also Functional Currency of the Group. The consolidated financial statements were authorised for issue by the directors on April 27, 2019.

1. Summary of significant accounting policies

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

1.1 Basis of preparation

a. Compliance with Ind AS

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

b. Historical cost convention

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

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

c. Current -non current classification

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

d. New and amended Standards adopted by the Group

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

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

The Company had to change its accounting policies following the adoption of Ind AS 115. This is disclosed in note 43. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

e. Basis of consolidation

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

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

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

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

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

Goodwill

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Associates

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

1.2 Property, plant and equipment

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

a. Capital work-in-progress

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

b. Depreciation methods estimated useful lives and residual value

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

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

Type of Assets	Useful Life
Plant and machinery	Radio Frequency (RF) Antenna – 9 Years Basic Electronics – 6 Years Networking Devices - 6 years RF and Baseband – 10 to 12 Years VSAT Antenna and parts – 15 Years
Office equipments - VSAT	Antenna – 10 Years Electronics - 7.50 Years Basic Electronics – 6 Years
Office equipments Computer hardware	 3 Years

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

1.3 Intangible Asset

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

License fees – VSAT : Over the license period of 20 years

License fees – ISP : Over the license period of 15 years

Testing software : 5 years

1.4 Impairment of non-financial assets

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

1.5 Investments and other financial assets

a. Classification

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

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

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

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

b. Measurement

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

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

Equity Instruments

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

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

c. Impairment of financial assets

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

d. Derecognition of financial assets

A financial asset is derecognised only when

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

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

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

e. Income recognition

Interest income

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

Dividend

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

1.6 Cash and cash equivalents

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

1.7 Trade receivables

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

1.8 Financial liabilities

i) Classification

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

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

ii) Measurement

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

iii) Derecognition

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

1.9 Trade and other payables

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

1.10 Offsetting financial instruments

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

1.11 Inventories

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

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

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

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

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

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

1.13 Revenue recognition

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

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Company 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 recognised over the period of performance.
- Revenue from Installation and commissioning services is recognised 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 recognised over the period of performance and in the accounting period in which the services are rendered.

c. Rental Income

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

d. Construction Contracts

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

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

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

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

1.14 Foreign currency translation

a. Functional and presentation currency

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

b. Transactions and balances

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

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

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

1.15 Derivative financial instruments:

The group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party 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 categorised as a financial asset or financial liability, at fair value through profit or loss. Derivatives are recognised initially at fair value and attributable transaction costs are recognised 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 realised within 12 months after the balance sheet date.

1.16 Current and deferred tax

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

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

a. Current tax

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

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

b. Deferred tax

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

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

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

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

1.17 Leases

As a lessee

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

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

As a lessor

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

1.18 Borrowing

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

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

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

1.19 Borrowing Cost

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

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

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

1.20 Provisions and contingent liabilities

a. **Provisions**

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

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

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

i) Onerous contracts

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

ii) Warranties

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

1.21 Employee benefits

a. Short-term obligations

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

b. Other long-term employee benefit obligations

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

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

c. Post-employment obligations (Defined Benefit Obligations)

The Group operates the following post-employment schemes:

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

Defined Benefit Plans

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

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

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

Defined contribution plans

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

Termination benefits

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

1.22 Segment reporting

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

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

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

b. Network systems comprises sale of Very Small Aperture Terminals ("VSAT") hardware and providing allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers (refer note 35 for segment reporting).

1.23 Contributed equity

Equity shares are classified as equity.

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

1.24 Earnings per share

(i) Basic earning per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earning per share

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

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

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

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

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

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

a) Revenue recognition

- The Group's contracts with customers could include promises to transfer multiple goods and services to a customer. The Group assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Each revenue component is recognised based on the policy noted in Note 1.13 above.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation by the Group Companies. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered.
- Contract fulfilment costs are expensed as incurred.

b) Recognition and measurement of construction contract revenue

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

c) Estimation of defined benefit obligation

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

d) Recognition of deferred tax assets

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

e) Useful lives of property, plant and equipment and intangible assets

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

f) Estimation of provision for warranty claims

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

g) **Expected credit loss on trade receivables**

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

h) **Estimation of provisions and contingent liabilities**

The group exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision or contingent liability. (refer note 44).

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

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

a. **Ind AS 116, Leases**

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

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

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

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

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

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

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

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

- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

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

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

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

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

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

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

(d) Amendment to Ind AS 12 – Income taxes

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

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

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

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

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

(e) Amendment to Ind AS 23 – Borrowing Cost

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

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

(f) Other standards, changes in standards and interpretation

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

3. Rounding off amounts

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

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

Note 4 : Property, Plant and Equipment, Intangible Assets and Capital Work-in-Progress

(₹ in Lakhs)

Description	Cost				Accumulated depreciation / amortisation				Net block	
	As at April 01, 2018	Additions	Disposals	As at March 31, 2019	As at April 01, 2018	Depreciation / amortisation for the year	Disposals	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
i. Property, plant and equipment										
Leasehold land (finance lease)	26	-	-	26	1	*	-	1	25	25
	(26)	-	-	(26)	(1)	*	-	(1)	(25)	(25)
Building	139	-	-	139	42	12	*	54	85	97
	(139)	-	-	(139)	(30)	(12)	-	(42)	(97)	(109)
Plant and machinery	4,669	470	19	5,120	1,777	633	*	2,410	2,710	2,892
	(3,506)	(1,182)	(19)	(4,669)	(1,214)	(573)	(10)	(1,777)	(2,892)	(2,292)
Electrical installation	106	5	-	111	76	13	-	89	22	30
	(108)	-	(2)	(106)	(63)	(15)	(2)	(76)	(30)	(45)
Furniture and fixture	114	7	-	121	112	9	-	121	-	2
	(107)	(7)	-	(114)	(97)	(15)	-	(112)	(2)	(10)
Office equipment										
(i) Own	283	76	2	357	128	57	2	183	174	155
	(206)	(83)	(6)	(283)	(98)	(36)	(6)	(128)	(155)	(108)
(ii) Given on Lease (operating lease)	1,723	4,938	705	5,956	500	453	54	899	5,057	1,223
	(1,183)	(948)	(408)	(1,723)	(332)	(209)	(41)	(500)	(1,223)	(851)
(iii) Assets taken on finance lease	443	-	-	443	41	53	-	94	349	402
	-	(443)	-	(443)	-	(41)	-	(41)	(402)	-
Vehicles	69	18	5	82	9	10	1	18	64	60
	(9)	(68)	(8)	(69)	(6)	(7)	(4)	(9)	(60)	(3)
Total - property, plant and equipment (i)	**7,572**	**5,514**	**731**	**12,355**	**2,686**	**1,240**	**57**	**3,869**	**8,486**	**4,886**
	(5,284)	(2,731)	(443)	(7,572)	(1,841)	(908)	(63)	(2,686)	(4,886)	(3,443)
ii. Intangible assets										
Goodwill on consolidation *	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Licence fees	23	-	-	23	9	3	-	12	11	14
	(23)	-	-	(23)	(7)	(2)	-	(9)	(14)	(16)
Testing software	280	48	-	328	104	53	-	157	171	176
	(166)	(114)	-	(280)	(65)	(39)	-	(104)	(176)	(101)
Total - intangible assets (ii)	**303**	**48**	**-**	**351**	**113**	**56**	**-**	**169**	**182**	**190**
	(189)	(114)	-	(303)	(72)	(41)	-	(113)	(190)	(117)
Total - property, plant and equipment & intangible assets (i+ii)	**7,875**	**5,562**	**731**	**12,706**	**2,799**	**1,296**	**57**	**4,038**	**8,668**	**5,076**
	(5,473)	(2,845)	(443)	(7,875)	(1,913)	(949)	(63)	(2,799)	(5,076)	(3,560)
iii. Capital work-in-progress									**1660**	**468**
									(468)	(285)
Grand total (i+ii+iii)									**10,328**	**5,544**
									(5,544)	(3,845)

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

Notes:-

i) Property, plant and equipment pledged as security by the group (refer note 34).

ii) Contractual obligations in respect of capital commitment for acquisition of property, plant and equipment (refer note 37).

iii) Capital Work in progress mainly comprises of Office Equipment's given on lease pending for installation and new hub equipment.

iv) The Lease term in respect of assets acquired under finance lease generally expires within three to five year.

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

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

Note 5 : Investments - Non current

(₹ In Lakhs)

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

Notes:

Group's ownership interest in an Associate

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

ii) The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate of ₹ 562 Lakhs (253,665 shares) as at March 31, 2019 has been classified as 'Assets classified as held for sale' in accordance with IND AS 105.

Note 6 : Trade receivables

(a) Non-current (₹ In Lakhs)

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

Break-up of security Details (₹ In Lakhs)

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

(b) Current **(₹ In Lakhs)**

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

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

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

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

Note 7 : Loans

(a) Non-current **(₹ In Lakhs)**

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

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

Particulars	As at March 31, 2019	As at March 31, 2018
Loans considered good - secured	-	-
Loans considered good - unsecured	24	29
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**24**	**29**
Less : loss allowance	-	-
Total	**24**	**29**

(b) Current **(₹ In Lakhs)**

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

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

Break-up of security details (₹ In Lakhs)

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

Note 8 : Other financial assets

(a) Non-current (₹ In Lakhs)

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

(b) Current (₹ In Lakhs)

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

Note 9 : Income tax assets (net)

Non-current (₹ In Lakhs)

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

Note 10 : Other assets

(a) Non current (₹ In Lakhs)

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

(b) Current **(₹ In Lakhs)**

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

Note 11 : Inventories

(₹ In Lakhs)

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

Note 12 : Cash and cash equivalents

(₹ In Lakhs)

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

Note 13 : Bank balance other than cash and cash equivalents

(₹ In Lakhs)

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

Note 14 : Contract liabilities

(₹ In Lakhs)

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

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

Note 15 : Equity share capital

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised share capital:		
2,50,00,000 (2,50,00,000 as at March 31, 2018) equity shares of ₹ 10/- each	2,500	2,500
Redeemable preference shares of ₹ 100/- each	2,500	2,500
	5,000	**5,000**
Issued share capital:		
2,28,18,400 (2,28,18,400 as at March 31, 2018) equity shares of ₹ 10/- each	2,282	2,282
	2,282	**2,282**
Subscribed and paid-up share capital:		
2,28,17,461 (2,28,17,461 as at March 31, 2018) equity shares of ₹ 10/- each	2,282	2,282
Total	**2,282**	**2,282**

Notes:

i) Movement in equity share capital

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

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount (₹ in Lakhs)	Number of shares	Amount (₹ in Lakhs)
The Tata Power Company Limited (48.65%) (Holding Company)	11,099,630	1,110	11,099,630	1,110
Aftaab Investment Company Limited (1.44%) (Subsidiary of Holding Company)	328,310	33	328,310	33

iii) Terms and rights attached to equity shares

The company has issued only one class of equity shares having a par value of ₹ 10 /- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution of dividend and proceeds on liquidation will be in proportion to the number of equity shares held by the shareholders.

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

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
The Tata Power Company Limited	11,099,630	48.65%	11,099,630	48.65%

v) 939 shares (March 31,2018 : 939 shares) are kept in abeyance out of the rights issued in the year 1994 pending for final allotment.

vi) There are no shares bought back or allotted either as fully paid up by way of bonus shares or allotted under any contract without payment received in cash during 5 years immediately preceding March 31, 2019.

Note 16 : Reserves and surplus

(₹ In Lakhs)

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

(i) General reserve

(₹ In Lakhs)

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

(ii) Retained earnings

(₹ In Lakhs)

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

Note 16(a) : Other reserves - Reserve for FVOCI equity instruments

(₹ In Lakhs)

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

* figures below rounding off norm adopted by the Company.

General reserve

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

Retained earnings

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

Reserve for Equity FVOCI Instruments

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

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

Note on dividend

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

Note 17 : Borrowings

(a) Non-current **(₹ In Lakhs)**

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

Notes

i) The terms of repayment of loans are stated below: **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
Finance lease obligation	220	300	Repayable in quarterly equal installments for five years till December, 2023	9.50%	Unsecured
South Indian Bank Limited	186	289	Repayable in quarterly equal installments till September, 2022	MCLR + 0.5%	Hypothecation of asset acquired utilising the loan.
ICICI Bank Ltd	282	169	Repayable in quarterly equal installments till March, 2022	I-MCLR 1 year +1.30%	Exclusive charge over the assets, financed by rupee term loan.
IDFC Bank Ltd	2,697	-	Quarterly installment begin from July, 2019, last date of installment April 30, 2023	MCLR + 0. 65%	Exclusive charge on the VSAT's. Value of VSAT's installed against the loan provided by IDFC bank.
	3,385	**758**			

(b) Current **(₹ In Lakhs)**

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

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

Particulars	As at March 31, 2019	As at March 31, 2018	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
Bank of India - Bank overdraft	54	10	Payable on demand	2.00 % over 1 BOI MCLR + BSS and 2.55% over MCLR + BSS	1) First pari passu charge on current assets by way of hypothecation 2) Second pari passu charge on all present and future fixed assets i.e. land and building, plant and machinery situated at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai
IDFC Bank Ltd	2,015	2,500	Bullet repayment payable on due date	9.15 % to 9.75 %	Unsecured
ICICI Bank Ltd	1,200	1,000	Payable on demand	I-MCLR 1 year +1.30%	Unsecured
The Zoroastrian Co-op Bank Limited	137	280	Payable on demand	1) 51 Lakhs @ bank base rate 2) 86 Lakhs @3% below bank's MLR	Hypothecation by way of first charge on the equipment's to be purchased out of the Bank's Term Loan
Axis Bank Limited - Bank overdraft	-	49	Payable on demand	3 Months MCLR +1.70%	1) First charge over current assets of the Group. 2) First charge over fixed assets of the Group (excluding the assets funded by Zoroastrian Bank) and negative lien on commercial VSAT license
	3,406	**3,839**			

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

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

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	548	397
Bank overdraft	(54)	(59)
Current borrowings	(3,352)	(3,780)
Non current borrowings (Including current maturities of long term debt)	(4,834)	(1,167)
Net debts	**(7,692)**	**(4,609)**

(₹ In Lakhs)

Particulars	Other assets	Liabilities from financial activities			Total
	Cash and bank overdraft	Finance lease obligation	Non current borrowings	Current borrowing	
Net debt as at April 1, 2017	(232)	-	(430)	(4,696)	(5,358)
Cash flow	570	67	(364)	916	1,189
Acquisitions - finance leases	-	(443)	-	-	(443)
Interest expenses	-	(16)	(26)	(541)	(583)
Interest paid	-	16	29	541	586
Net debt as at March 31, 2018	**338**	**(376)**	**(791)**	**(3,780)**	**(4,609)**

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

Particulars	Other assets	Liabilities from financial activities			Total
	Cash and bank overdraft	Finance lease obligation	Non current borrowings	Current borrowing	
Cash flow	156	75	(3,742)	428	(3,083)
Acquisitions - finance leases					
Interest expenses	-	(33)	(191)	(496)	(720)
Interest paid	-	33	191	496	720
Net debt as at March 31, 2019	**494**	**(301)**	**(4,533)**	**(3,352)**	**(7,692)**

Note 18 : Other financial liabilities

(a) Non current **(₹ In Lakhs)**

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

(b) Current **(₹ In Lakhs)**

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

Note 19 : Provisions

(a) Non-current **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits obligations:		
Compensated absences (refer note 40)	202	177
Gratuity (refer note 40)	289	244
Total	**491**	**421**

(b) Current **(₹ In Lakhs)**

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

Note 20 : Other liabilities

(a) Non-current **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred profit on sale of fixed assets on finance lease	21	30
Total	**21**	**30**

b) Current **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Advance received from customers	-	862
Income received in advance	-	1,540
Statutory dues payable	241	164
Deferred profit on sale of fixed assets on finance lease	10	9
Total	**251**	**2,575**

Note 21 : Trade payables

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables:		
(i) Total outstanding dues of micro enterprises and small enterprises (refer note 47)	**-**	**-**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	**3,599**	**3,225**
(iii) Trade payable to related parties (refer note 41)	**34**	**26**
Total	**3,633**	**3,251**

Note 22 : Revenue from operations

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue From Contracts with Customer*		
Sale of products	4,922	2,787
Sale of services	14,178	12,166
	19,100	**14,953**
Other operating revenue		
Scrap sales	1	8
	1	**8**
Total	**19,101**	**14,961**

*See Note 43 for details about changes in Accounting Policies consequent to adoption of IND AS 115.

Reconciliation of revenue recognised with contract price:

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contract price	19,101	14,961
Adjustments for:		
Contract liabilities	-	-
Total	**19,101**	**14,961**

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 23 : Other income

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income		
- On bank deposits	22	3
- On finance lease	60	-
- On income tax refund	119	110
	201	**113**
Other non-operating income		
Insurance claims recovered	1	-
Liabilities/provisions no longer required, written back	69	-
Rent income	73	95
Provision for foreseeable losses written back (refer note 44)	10	45
Others	11	177
	164	**317**
Other gains		
Profit on sale of property, plant and equipment (net)	6	21
Unwinding of discount on financial asset measured at amortised cost	57	43
	63	**64**
Total	**428**	**494**

Note 24 : Changes in inventories of stock-in-trade

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year :		
Stock - in - trade	887	866
Contracts in progress	-	35
	887	**901**
Less : Inventories at the end of the year :		
Stock - in - trade	789	887
Contracts in progress	-	-
	789	**887**
Net (increase) / decrease in inventories of stock-in-trade	**98**	**14**

Note 25 : Employee benefits expense

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	2,479	1,991
Contributions to provident fund (refer note 40)	85	65
Contributions to superannuation and other funds (refer note 40)	21	20
Gratuity (refer note 40)	43	34
Staff welfare expenses	151	146
Total	**2,779**	**2,256**

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 26 : Finance costs

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense on:		
Borrowings	621	537
Trade payables	18	7
Bank charges	66	49
Interest on finance lease	33	-
Total	**738**	**593**

Note 27 : Depreciation and amortisation Expense

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment's	1,240	908
Amortisation of intangible assets	56	41
Total	**1,296**	**949**

Note 28 : Other Expenses

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of loose tools	12	10
License fees to Department of Telecommunications	1,188	1,064
Subcontracting expenses	1,329	1,132
Power and fuel	209	205
Rent including lease rentals	74	182
Repairs and maintenance - machinery	159	131
Repairs and maintenance - others	432	486
Insurance	8	7
Rates and taxes	13	13
Traveling and conveyance	186	164
Freight and forwarding	275	170
Legal and professional charges	184	297
Consultancy charges	287	288
Director sitting fees	48	42
Installation expenses	268	173
Bad debts written off	72	86
Less: Provision for doubtful debts made in earlier years written back	(72)	(86)
Provision for doubtful debts	40	19
Provision for warranty (net) (refer note 44)	26	20
Foreign exchange loss (net)	141	30
Miscellaneous expenses	980	775
Other expenses	**5,859**	**5,208**
Transponder charges	3,469	3,140
Total other expenses	**9,328**	**8,348**

Note 29 : Discontinued operation

The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to (i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following : (a) Integrated Security and Surveillance Solution ('ISSS') business and (b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and (ii) the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme). The Proposed Scheme has been approved by National Company Law Tribunal ('NCLT') on November 2, 2018 and necessary steps for obtaining approvals from Department of Telecommunications ("DOT") are being taken. As per the NCLT Order, this Scheme is effective only on receiving the written approval from the Department of Telecommunications (DoT) for transfer of licenses. The NCLT Order required the Company to file the Order with the Registrar of Companies (RoC) within 30 days. Upon filing, RoC updated the records to reflect the Scheme as effective and TNSL as "amalgamated" even though DoT approval is yet to be obtained. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate TNSL to its earlier status and cancel the effect of the scheme with immediate effect. The decision of NCLT is awaited.

Since, the above reorganisation is between the Company (holding company) and its two wholly owned subsidiaries, this has no implication on consolidated financial statements of the Group.

Note 30 : Fair value measurements

30(a) Financial instrument by category. **(₹ In Lakhs)**

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments	-	16	-	-	15	-
Trade receivables	-	-	5,997	-	-	5,696
Cash and cash equivalent	-	-	548	-	-	397
Other bank balances	-	-	29	-	-	28
Security deposit	-	-	174	-	-	153
Loans to employees	-	-	7	-	-	4
Other financial assets	-	-	1,404	1	-	269
Total financial assets	**-**	**16**	**8,159**	**1**	**15**	**6,547**
Financial liabilities						
Borrowings	-	-	8,236	-	-	5,002
Trade payables	-	-	3,633	-	-	3,251
Other financial liabilities	37	-	2,924	-	-	1,374
Total financial liabilities	**37**	**-**	**14,793**	**-**	**-**	**9,627**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(₹ In Lakhs)

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	5	-	-	16	16
Total financial assets		-	-	16	16
Financial instrument at FVPL					
Foreign exchange forward contract	**18 (b)**	**-**	**37**	**-**	**37**
Total financial liabilities		**-**	**37**	**-**	**37**

(₹ In Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Other financial assets	8 (a)	-	-	285	285
Loans	7 (a) & 7 (b)	-	-	162	162
Total financial assets		**-**	**-**	**447**	**447**
Financial liabilities					
Borrowings	17 (a),17 (b) & 18 (b)	-	-	8,236	8,236
Other financial liabilities	18 (a) & 18 (b)	-	-	2,928	2,928
Total financial liabilities		**-**	**-**	**11,164**	**11,164**

(₹ In Lakhs)

Financial assets and liabilities measured at fair value-recurring fair value measurement at March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	5	-	-	15	15
Total financial assets		**-**	**-**	**15**	**15**
Financial liabilities					
Financial instrument at FVPL					
Foreign exchange forward contract	8 (b)	-	1	-	1
Total financial liabilities		**-**	**1**	**-**	**1**

(₹ In Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Trade receivables	6 (a) & 6 (b)	-	-	5,707	5,707
Loans	7 (a) & 7 (b)	-	-	138	138
Total financial assets		**-**	**-**	**5,845**	**5,845**
Financial liabilities					
Borrowings	17 (a), 17 (b) & 18 (b)	-	-	5,002	5,002
Other financial liabilities	18 (a) & 18 (b)	-	-	1,374	1,374
Total financial liabilities		**-**	**-**	**6,376**	**6,376**

Except for those financial assets/liabilities mentioned in the above table, the group considers that the carrying amounts of financial assets/liabilities recognised in the financial statements approximate their fair values due to their short term nature. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

Level 1 - Level 1 Hierarchy includes financial instruments measured using quoted price. This includes listed equity instruments, traded bonds, mutual funds that have quoted price.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation technique which maximise the use of observable market data and rely as little as possible on entity - specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is include 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 counter party credit risk.

(iii) Valuation processes

The finance department of the group performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO, Audit Committee and the finance team at least once every three months, in line with group's quarterly reporting periods

(iv) Fair value of financial assets and liabilities measured at amortised cost. **(₹ In Lakhs)**

Particulars	As at March 31,2019		As at March 31,2018	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial assets				
Trade receivables	-	-	5,696	5,707
Other financial assets	285	285	-	-
Loans	181	162	157	138
Total financial assets	**466**	**447**	**5,853**	**5,845**
Financial liabilities				
Borrowings	8,236	8,236	5,002	5,002
Other financial liabilities	2,924	2,928	1,374	1,374
Total financial liabilities	**11,160**	**11,164**	**6,376**	**6,376**

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) and (iii) above.

Note 31 : Financial Risk Management

The Group's activities expose it to the market risk, liquidity risk and credit risk.

This note explain the sources of risk which the entity is exposed to and how the entity manage the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, loans, financial assets measured at amortised cost.	Ageing analysis, credit ratings	Diversification of bank deposit, credit limits
Liquidity risk	Borrowings, Trade Payables, contract liabilities and other Financial liabilities	Rolling cash flow forecast	Availability of bank credit lines and borrowings facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (₹)	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 counter party 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 counter party, change to the counter party'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 counter parties, loans to third parties. Individual risk limits are set for each counter party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the group.

The group's maximum exposure to credit risk as at March 31, 2019 and March 31, 2018 is the carrying value of each class of financial assets as disclosed in the consolidated financial statements.

Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Two customers as at March 31, 2019 and Five customers as at March 31, 2018 contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was ₹ 1,188 Lakhs and ₹ 2,130 Lakhs as at March 31, 2019 and as at March 31, 2018 respectively.

The amount of trade receivables outstanding as at March 31, 2019 and March 31, 2018 is as follows:

(₹ In Lakhs)

Particulars	Not due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2019	3,212	2,002	389	551	6,154
As at March 31, 2018	1,885	2,834	382	783	5,884

(ii) Reconciliation of loss allowances provision - Trade receivables **(₹ In Lakhs)**

Loss allowances on April 01, 2017	**252**
Changes in loss allowances	(64)
Loss allowances on March 31, 2018	**188**
Changes in loss allowances	(31)
Loss allowances on March 31, 2019	**157**

(B) Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they become due. The group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the group has unutilised credit limits with banks.

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ In Lakhs)

Particulars	As at March 31,2019	As at March 31,2018
Floating Rate		
Expiring within one year (Bank overdraft, term loans and other facilities)	6,164	4,469
Expiring beyond one year (Term loans)	-	-
Fixed Rate		
Expiring within one year (Term loans and other facilities)	-	1,000
Expiring beyond one year (Term loans)	-	-
Total	**6,164**	**5,469**

The Bank has an unconditional right to cancel the undrawn/ unused/ unavailed portion of the loan/ facility sanctioned at any time during the period of the loan/ facility, without any prior notice to the Company.

(ii) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ In Lakhs)

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2019				
Non - Derivative				
Borrowings	4,851	1,514	1,871	8,236
Trade payables	3,633	-	-	3,633
Other financial liabilities	2,954	4	4	2,962
Total non derivative liabilities	**11,438**	**1,518**	**1,875**	**14,831**

(₹ In Lakhs)

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2018				
Non - Derivative				
Borrowings	4,244	241	517	5,002
Trade payables	3,251	-	-	3,251
Other financial liabilities	1,364	5	8	1,377
Total non derivative liabilities	**8,859**	**246**	**525**	**9,630**

(C) Market Risk

(i) Foreign currency risk

Group is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (₹), primarily with respect to the US Dollar (USD). Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the group's functional currency (₹).

The risk is measured through a forecast of highly probable foreign currency cash flows.

(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 31,2019		As at March 31,2018	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial liabilities					
Trade payables	USD	34	2,362	25	1,646
Derivative liabilities					
Foreign exchange forward contract					
Buy foreign currency	USD	(25)	(1,750)	(4)	(276)
Net exposure to foreign currency liability	USD	**9**	**612**	**21**	**1,370**
Financial assets					
Trade receivables	USD	(1)	(45)	(3)	(176)
Advance to suppliers	USD	-	-	*	(8)
Net exposure to foreign currency assets	USD	**(1)**	**(45)**	**(3)**	**(184)**

*figures below rounding off norm adopted by the group.

(b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly currency denominated financial instrument.

(₹ In Lakhs)

Particulars	Impact on profit after tax	
	As at March 31,2019	As at March 31,2018
USD sensitivity		
₹/USD - Increase by 5% (March 31, 2019 - 5%)*	(20)	(40)
₹/USD - Decrease by 5% (March 31, 2019 - 5%)*	20	40
* Holding all other variables constant		

(ii) Cash flow and fair value interest rate risk

The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

(a) Interest Rate risk exposure

The exposure of the group's borrowings to interest rate changes at the end of the reporting period are as follows.

(₹ In Lakhs)

Particulars	As at March 31,2019	As at March 31,2018
Variable rate borrowings	7,933	1,112
Fixed rate borrowings	303	3,890
Total borrowings	**8,236**	**5,002**

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

(₹ In Lakhs)

Particulars	Impact on profit after tax	
	As at March 31,2019	As at March 31,2018
Interest rate - increase by 100 basis points*	(56)	(3)
Interest rate - decrease by 100 basis points*	56	3
* Holding all other variables 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 term of the major borrowing and facilities, the group is required to comply with the following financial covenants.

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

1. Standalone net worth to remain positive.
2. Standalone Debt Equity ratio of maximum 4:1.
3. Ratio of Total Outside Liabilities (TOL) to Total Net worth (TNW) should be less than 4 as on March 31, 2019 and less than 5 as on March 31, 2018 calculated for Tatanet Services Limited for loan taken by Tatanet Services Limited.
4. Standalone Fixed asset coverage ratio should be greater than or equal to 1.17.
5. Consolidated net debt to EBIDTA ratio should be less than 4 upto FY 2020 and 3 after FY 2020.
6. Consolidated Debt Service Coverage Ratio (DSCR) should be greater than 1.10.

Group has complied with the above covenants throughout the reporting period.

Note 33 : Offsetting financial assets and financial liabilities

There are no financial assets and liabilities which are eligible for offset under any arrangement.

Collateral against borrowings

The group has pledged financial instruments as collateral against a number of its borrowings. Refer to note no. 34 for further information on financial and non-financial collateral pledged as security against borrowings.

Note 34 : Assets pledge as security

The carrying amounts of assets pledged as security for current and non-current borrowings are: **(₹ In Lakhs)**

Particulars		As at March 31,2019	As at March 31,2018
Current assets			
Financial assets			
First charge			
Trade receivables (including non-current)		5,997	5,696
Inventories		789	887
Cash and cash equivalents		548	397
Bank balances other than above		29	28
Loans		136	107
Other financial assets		1,119	270
Other current assets		962	423
Total current assets pledged as security		**9,580**	**7,808**
Non current assets			
First charge			
(i) Plant and machinery		2,015	2,254
(ii) Office equipment		6	10
(iii) Intangible assets		163	184
(iv) Capital work-in-progress		294	-
	Total (A)	**2,478**	**2,448**
Second charge			
(i) Building		85	97
(ii) Plant and machinery		767	708
(iii) Office equipment		5,171	1,321
	Total (B)	**6,023**	**2,126**
Total non-current assets pledged as security	**Total (A+B)**	**8,501**	**4,574**
Total assets pledged as security		**18,081**	**12,382**

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 35 : Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The group's chief operating decision maker are the Board of Directors.

a) **Primary segment**:

The group has identified business segments as reportable segments. The segment have been identified taking in to account the organisational structure as well as the differing risks and returns of these segments. The identified business segments are:

1) Automation and control : which comprises of sales of security and surveillance products.

2) Network systems : which comprises sale of Very Small Aperture Terminals ("VSAT") hardware and providing allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers.

b) **Secondary segment:**

The group caters mainly to the needs of the domestic market, the export turnover of ₹ 347 Lakhs (Previous Year ₹ 395 Lakhs) is not significant in the context of the total external revenue of ₹ 19,101 Lakhs (Previous Year ₹ 14,961 Lakhs).

Further, segment assets and capital expenditure incurred outside India are not significant in relation to the total assets and total capital expenditure incurred during the period, as such there are no reportable geographical segments.

Primary segment disclosure - Business segment for the year ended March 31, 2019 **(₹ In Lakhs)**

	Particulars	Automation & Control	Network Systems	Total
A	**Segment revenue from operations**			
	External revenue	361 *243*	18,740 *14,718*	19,101 *14,961*
	Less : Intersegment revenue	-	-	-
	Total segment revenue			**19,101** *14,961*
B	**Segment results**	**(284)** *(340)*	**4,119** *3,633*	**3,835** *3,293*
	Add/(less) :			
	Share of profit of associate accounted for using equity method			9 *57*
	Finance cost unallocable to segments			(551) *(553)*
	Other unallocable income/(expenditure)			(1,291) *(1,275)*
C	**Profit before tax for the year**			**2,002** *1,522*
D	Segment assets	1,189 *1,696*	17,462 *10,878*	18,651 *12,574*
	Add: Unallocable corporate assets			5,084 *3,637*
	Total assets			**23,735** *16,211*

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

	Particulars	Automation & Control	Network Systems	Total
E	Segment liabilities	347 *589*	13,073 *7,273*	13,420 *7,862*
	Add: Unallocable corporate liabilities			4,731 *4,972*
	Total liabilities			**18,151** *12,834*
F	Capital expenditure	- *44*	6,754 *2,981*	6,754 *3,025*
G	Depreciation	5 *12*	1,212 *898*	1,217 *910*
	Depreciation - unallocable	- -	- -	79 39
	Depreciation from total operations	**5** *12*	**1,212** *898*	**1,296** *949*
H	**Non cash expenses** Provision for doubtful debts/advances	**42** *26*	**(2)** *(7)*	**40** *19*

Note: Figures in italics pertains to the previous year ended March 31, 2018

c) During the year and previous year, there are no customer contributing 10% of sales

Note 36 : Income Tax

a. Components and movements of deferred tax asset (net): **(₹ In Lakhs)**

Particulars	As at April 1, 2017	Recognised in the statement of profit and loss	As at March 31, 2018	Recognised in the statement of profit and loss	MAT Credit utilisation	As at March 31, 2019
	(a)	(b)	(c= a+b)	(d)	(e)	(f=c+d+e)
i. Items of deferred tax liabilities :						
Property, plant and equipment and intangible assets	61	72	133	(133)	-	-
Assets given on finance lease	-	-	-	163	-	163
Amortisation of processing charges on borrowing	-	-	-	6	-	6
Deferred tax on unrealised share of profit of associates	-	24	24	12	-	36
Total deferred tax liability (i)	**61**	**96**	**157**	**48**	**-**	**205**
ii. Items of deferred tax assets* :						
Disallowances under Section 43B of the Income Tax Act, 1961	61	65	126	34	-	160
Provision for doubtful debts and deposits	19	(1)	18	29	-	47
Allowance of voluntary retirement expenses u/s 35 DDA of Income Tax Act, 1961	-	-	-	19	-	19
Allowance of amalgamation expenses u/s 35 DD of Income Tax Act, 1961	-	-	-	29	-	29
Credit of Minimum alternate tax u/s 115 JAA of Income Tax Act, 1961	-	-	-	498	(116)	382
Unabsorbed long term capital loss	-	-	-	28	-	28

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Particulars	As at April 1, 2017	Recognised in the statement of profit and loss	As at March 31, 2018	Recognised in the statement of profit and loss	MAT Credit utilisation	As at March 31, 2019
	(a)	(b)	(c= a+b)	(d)	(e)	(f=c+d+e)
Allowance of legal dispute expenses provision disallowed earlier	-	-	-	26	-	26
Allowance of Impairment of Investment disallowed earlier	-	-	-	38	-	38
Property, plant and equipment and intangible assets	59	(15)	44	131	-	175
Others	-	7	7	39	-	46
Total deferred tax assets (ii)	**139**	**56**	**195**	**871**	**(116)**	**950**
Net deferred tax assets (ii-i)	**78**	**(40)**	**38**	**823**	**(116)**	**745**

*considered to the extent that there are compensating timing differences, reversal of which will result in sufficient income against which this can be realised.

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Income tax expense		
Current tax		
Current tax on profits for the year	596	271
Total current tax expense	**596**	**271**
Deferred tax		
Decrease/(increase) in deferred tax assets	(871)	(56)
(Decrease)/increase in deferred tax liabilities	48	96
Total deferred tax expenses/(benefit)	(823)	40
Income tax expense	**(227)**	**311**

Note 36 : (b) Reconciliation of tax expense and accounting profit multiplied by India's tax rates:

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	**2,002**	**1,522**
Statutory tax rate (%)	29.12%	33.06%
Tax at Indian tax rate	583	503
Difference in future Income Tax rate for defer tax recognisation	-	(50)
Deferred tax asset not recognised on :		
Carried Forward Brought Forward Loss allowance under Income Tax Act, 1961	-	(320)
Others	-	8
Deferred tax not created on temporary differences in previous year reversed in current year	(17)	-
Deferred tax recognised for the first time		
MAT Credit recognised	(499)	-
Depreciation on property, plant and equipment	(94)	-
Disallowance u/s 43B (provision for gratuity and leave encashment)	(34)	-
Provision for doubtful debts / assets	(39)	-

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Provision for sales tax liability	(26)	-
Disallowance u/s 35DD	(28)	-
Long term capital loss brought forward	(28)	-
Provision on impairment of investment	(38)	-
Others	(47)	-
Other Items		
MAT Credit available under Section 115JAA of Income Tax Act, 1961 not recognised	-	174
Others	40	(4)
Total tax expense	**(227)**	**311**

Note 36 : (c) Tax losses

The details of carried forward tax losses and unabsorbed depreciation for which no deferred tax asset is recognised is as follows:

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Unabsorbed depreciation	-	363
Long term capital loss	-	135
Potential tax benefit		
On carried forward business loss and unabsorbed depreciation @ 27.55%	-	100
On carried forward long term capital loss @ 20.60%	-	28

Note 37 : Capital and other commitments:-

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)	418	205
Estimated amount of contracts remaining to be executed on other account and not provided for (net of advance paid)	13	10

Note 38 : Information in respect of “Construction Contracts” is as follows:-

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Contract revenue recognised during the year	150	86
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) upto year end	135	4,294
Retention money for contracts in progress as at balance sheet date	173	173
Gross Amount due from customers for contract work (assets) as at balance sheet date	92	317
Gross Amount due to customers for contract work (liability) as at balance sheet date	-	-

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 39 : Lease

39.1) Finance lease liabilities

The Group as Lessee

a) Leasehold land

(1) Asset acquired on finance lease represents Leasehold land. The lease term is 95 years and the company does not have as option to purchase the land at the end of the lease term.

(2) There are no minimum lease rentals payable in respect of asset acquired under finance lease.

(3) No contingent rent recognised/(adjusted) in the Statement of Profit and Loss in respect of finance lease.

b) Office equipment (VSAT)

During the year, the group sold certain office equipment (VSAT) and leased it back for 5 years on market terms. The Group classified these leases as finance leases under IND AS 17, because the present value of the lease payments amounted to substantially all of the fair value of the asset.

Finance lease liabilities are payable as follows. **(₹ In Lakhs)**

Particulars	Future minimum lease payments (A)		Interest (B)		Present value of minimum lease payments (A-B=C)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Not later than 1 year	113	108	27	33	86	75
Later than 1 year and not longer than 5 years	244	352	27	53	217	299
Later than 5 years	-	-	-	-	-	-
Total	**357**	**460**	**54**	**86**	**303**	**374**

39.2) Operating Lease

The Group as Lessor

(1) Operating leases related to VSATs given on lease, owned by the group with lease terms between 3 to 7 years.

(2) The lessee does not have an option to purchase the VSATs at the expiry of the lease period.

(3) No refundable deposits are taken and the lease rentals recognised in the consolidated statement of Profit and Loss for the period included under sale of services under revenue from Operations aggregate to ₹ 1,325 Lakhs (Previous Year ₹ 621 Lakhs)

Non-cancellable operating lease receivables **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than 1 year	743	351
Later than 1 year and not longer than 5 years	2,164	828
Later than 5 years	160	-
Total	**3,067**	**1,179**

39.3) Non-cancellable operating lease Payables

The group has operating lease for 18 Meters satellite Antennae and associated RF equipment's and facilities to operate with satellite on KU Band over Indian skies. These lease arrangement is 5 years, which is non-cancellable lease. Lease payments recognised in the statement of profit and loss during the year is ₹ 117 lakhs (Previous year ₹ 112 lakhs).

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Not later than 1 year	31	121
Later than 1 year and not longer than 5 years	-	31
Later than 5 years	-	-
Total	**31**	**152**

Note 40 : Employee benefit obligations

a. Short-term employee benefits

These benefits include salaries and wages, including other monetary and non-monetary benefits, compensated absences which are either non-accumulating or accumulated and expected to be availed within twelve months after the end of the reporting period.

b. Long-term employee benefits

i) Defined contribution plans

Groups's contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in Note 25 under the heading "Contributions to superannuation and other funds" are as under:

(₹ In Lakhs)

Sr. No	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a)	Contribution to employees' superannuation fund	20	18
b)	Contribution to employees' state insurance scheme	1	2
	Total	**21**	**20**

ii) Defined benefit plans

The Group operates the following funded/unfunded defined benefit plans:

-Provident Fund (funded):

The Group makes Provident Fund contributions to defined benefit plans for eligible employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Group. The Rules of the Group's provident fund administered by the Trust requires that if the Board of Trustees are unable to pay interest at the rate declared by Central Government under para 60 of the Employees' Provident Fund Scheme, 1952 then the shortfall shall be made good by the Group. Having regard to the assets of the fund and the return on the investments, the Group does not expect any shortfall in the foreseeable future.

In terms of guidance note issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at March 31, 2019 and March 31, 2018, respectively.

The details of fund and plan asset position are given below: (₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Plan assets at period end, at fair value	1,965	1,877
Present value of benefit obligation at period end	1,965	1,877
Asset recognised in balance sheet	-	-

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value of obligation of interest rate guarantee under the deterministic approach:

Particulars	As at March 31, 2019	As at March 31, 2018
Government of India (GOI) bond yield	7.54%	7.82%
Remaining term to maturity of portfolio	11 years	5.76 years
Expected guaranteed interest rate	8.65%	8.55%

The Group has contributed ₹ 85 Lakhs and ₹ 65 Lakhs during the year ended March 31, 2019 and March 31, 2018 respectively and the same has been recognised in the statement of profit and loss.

Provident Fund Assessment as per recent Supreme court Judgment

Recent Supreme Court judgement in case of Vivekananda Vidyamandir and Others (February 2019) lays down principles to exclude a particular allowance from the definition of "basic wages" for the purposes of computing the deduction towards provident fund contributions. A review petition have been filed against the said order by other Companies and await clarification from Provident Fund Commissioner/ Supreme Court. Based on the initial assessment and recently concluded inspections by Provident Fund authorities, management does not expect any material impact on the financial statements.

-Gratuity (unfunded)

The following table sets out the status of the defined benefit scheme and the amount recognised in the consolidated financial statements:

Amount recognised in the statement of profit and loss **(₹ In Lakhs)**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	23	17
Interest cost (net)	20	17
Total expense recognised in the statement of profit and loss	**43**	**34**

Amount recognised in other comprehensive income (OCI) **(₹ In Lakhs)**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Due to change in demographic assumptions	*	*
Due to change in financial assumptions	5	18
Due to experience	**16**	*
Total remeasurement (gains)/losses recognised in OCI	**21**	**19**

*figures are below rounding off norm adopted by the group.

Change in Defined Obligation (DBO) during the year **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of DBO at the beginning	258	228
Current service cost	23	17
Interest cost (net)	20	17
Liabilities transferred in/acquisitions	(3)	6
Remeasurement (gain)/loss	21	19
Benefits paid	(3)	(29)
Present value of DBO at the end	**316**	**258**

Principal actuarial assumptions for valuation of gratuity liability **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.54%	7.82%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee turnover	a. For service 4 years and below - 8.00% p.a.	a. For service 4 years and below - 8.00% p.a.
	b. For service 5 years and above - 5.00% p.a.	b. For service 5 years and above - 5.00% p.a.
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

This plan typically exposes the Group to actuarial risks such as:

a) **Interest rate risk -** A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk -** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

c) **Salary risk-** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Sensitivity

Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions (while holding all other assumptions constant) is:

(₹ In Lakhs)

Particulars	Change in assumption	As at March 31, 2019		As at March 31, 2018	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(17)	20	(15)	17
Expected rate of escalation in salary	1%	20	17	17	(15)
Rate of employee turnover	1%	*	*	*	*

*figures are below rounding off norm adopted by the group.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Defined benefit liability and employers contributions.

The weighted average duration of the projected benefit obligation is 8 years (2018 - 8 years). The expected maturity analysis of undiscounted gratuity is as follows: **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
1st following year	27	14
2nd following year	30	24
3rd following year	36	26
4th following year	60	31
5th following year	30	51
Sum of years 6 to 10	148	126

iii) Other long-term employee benefits

Compensated absences which are accumulated and not expected to be availed within twelve months after the end of the reporting period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Compensated absences is recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date.

An amount of ₹ 45 Lakhs (previous year ₹ 47 Lakhs) has been charged to the statement of profit and loss for the year ended March 31, 2019 towards compensated absences.

Provision for compensated absences has been made on the basis of actuarial valuation carried out as at the balance sheet date.

Principal actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.54%	7.82%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee Turnover	a. For service 4 years and below - 8.00% p.a.	a. For service 4 years and below - 8.00% p.a.
	b. For service 5 years and above - 5.00% p.a.	b. For service 5 years and above - 5.00% p.a.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Note 41 : Related party transactions

(A) Promotor of holding company

Tata Sons Limited

(B) Parent Company / Holding Company

The group is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest	
			As at March 31, 2019	As at March 31, 2018
The Tata Power Company Limited	Immediate parent entity	India	48.65%	48.65%

(C) Subsidiary Companies

Interest in subsidiaries are set out in note 46.

(D) Associate Companies

Interest in associate are set out in note 46.

(E) Key Managerial Personnel

(i) Executive directors

Mr. P. J. Nath (Managing Director and CEO)

(ii) Independent and Non-Executive Directors

Mr. R. R Bhinge (Non-Executive Director)
Mr. Sowmyan Ramakrishnan (Non Executive Director upto July 20, 2018)
Ms. Hema Hattangady (Independent Director)
Mr. Kailasam Raghuraman (Independent Director)
Mr. Krishnan Ramachandran (Independent Director)
Mr. Rahul Chandrakant Shah (Non Executive Director w.e.f July 21, 2018)
Mr. Sanjay Dube (Non-Executive Director of Tatanet Services Ltd (Material subsidiary)upto July 20, 2018)
Mr. Jitendra Vardhaman Patil (Non-Executive Director of Tatanet Services Ltd (Material subsidiary) w.e.f. January 24, 2019)

(₹ In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(i) Executive Directors		
Short-term benefits	224	187
Post-employment benefits	7	6
Long-term employee benefits*	-	-
(ii) Non Executive and Independent Director		
Director sitting fees	48	42
Total compensation	**279**	**235**

*The Group provides long term benefits in the form of Gratuity to Key managerial personnel along with all employees, cost of same is not identifiable separately and hence not disclosed.

(f) Details of transactions between related parties are disclosed below:

(₹ In Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited	Tata Sons Limited	Nelito Systems Limited
		(Holding Co.)	(Promoter of Holding Co.)	(Associate)
1)	**Purchase:**			
a)	Service/royalties	-	37	-
		(-)	(28)	(-)
2)	**Sales:**			
a)	Services	1	-	-
		(-)	(-)	(-)
b)	Goods	3	-	-
		(-)	(-)	(-)
3)	**Other income**			
a)	Dividend received	-	-	6
		(-)	(-)	(6)
b)	Rent	1	-	-
		(1)	(-)	(-)

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(₹ In Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited	Tata Sons Limited	Nelito Systems Limited
		(Holding Co.)	(Promoter of Holding Co.)	(Associate)
4)	**Other transactions :**			
a)	Reimbursements made to parties	-	-	-
		(-)	(*)	(-)
5)	**Balance outstanding as at year end**			
a)	Trade receivables	2	-	-
		(1)	(-)	(-)
b)	Trade payables	-	34	-
		(-)	(26)	(-)
c)	Other payable	6	-	-
		(-)	(-)	(-)

Notes:

i) Figures in brackets pertain to the previous year ended March 31, 2018.

ii) Related Party relationship is as identified by the group and relied upon by auditors.

iii) * figures below rounding off norm adopted by the group.

Note 42 : Earnings per share (EPS)

(₹ In Lakhs)

Sr. No	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
1	Net profit after tax attributable to equity shareholders (₹ in Lakhs)	2,229	1,211
2	Weighted average number of equity shares	2,28,17,461	2,28,17,461
3	EPS (₹) [Basic and diluted] (Face value per share ₹ 10)	9.77	5.31

Note 43 : Changes in accounting policies

The Group applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Comparative prior period has not been adjusted.

Entities applying the modified retrospective method can elect to apply the revenue standard only to contracts that are not completed as at the date of initial application (that is, they would ignore the effects of applying the revenue standard to contracts that were completed prior to the date of initial application). However, the Group elected to apply the standard to all contracts as at April 1, 2018.

There is no impact on the net assets, retained earnings and total equity by application of Ind AS 115. There is no impact on the financial statement line item of Statement of Profit and Loss by application of Ind AS 115. The financial statement line item of Balance Sheet that were impacted by adoption of Ind AS 115 is as given below:

(₹ In Lakhs)

Balance sheet (extract)	March 31, 2019 without adoption of Ind AS 115	Increase/ (decrease)	March 31, 2019 as reported
Other current liabilities	2,603	(2,352)	251
Contract liabilities	-	2,352	2,352
Total other current liabilities & contract liabilities	**2,603**	**-**	**2,603**

Note 44 : Contingent liabilities

(₹ In Lakhs)

Sr. No	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Claims against the group not acknowledged as debt comprises of:		
	- Sales tax and service tax claims disputed by the group relating to issues of applicability and classification	4,109	4,114
b)	Claims from Vendor		
	- Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums/authorities	168	168
c)	Income tax demand against the group not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which group is in appeal	559	631
Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums/authorities.			

Disclosure as required by Ind AS 37 – "Provisions, contingent Liabilities and contingent Assets" as at year end are as follows:

a) Provision for disputes represents estimates made for probable liabilities arising out of pending assessment proceedings with various Government Authorities. The information usually required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets", is not disclosed on grounds that it can be expected to prejudice the interests of the group. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the group under the law and hence, the group is not able to reasonably ascertain the timing of the outflow.

b) Provision for Warranty relates to warranty provision made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under free warranty period ranging from one to three years.

c) Provision for future losses pertains to certain onerous contracts where the unavoidable costs of meeting the obligations as per the contracts exceed the economic benefits expected to be received from it.

d) The movement and provision during the period are as follows: **(₹ In Lakhs)**

Particulars	Provision for disputes		Warranties		Future foreseeable losses on contracts	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	73	62	49	99	23	89
Add: Provision during the year	28	11	33	30	-	-
(Less): Utilisation during the year	(11)	-	(17)	(70)	(13)	(21)
(Less): Reversal during the year	-	-	(7)	(10)	(10)	(47)
Add: Effects of unwinding of discounts on provision	-	-	-	-	-	2
Closing balance	**90**	**73**	**58**	**49**	**-**	**23**
Classified as current (refer note 19(b))	90	73	58	49	-	23

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

Note 45 : Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

a. Net assets, i.e., total assets minus total liabilities **(₹ In Lakhs)**

Name of the entity in the Group	As at March 31, 2019		As at March 31, 2018	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent				
Nelco Limited	75.25%	4,202	72.58%	2,451
Indian Subsidiaries				
Tatanet Services Limited	26.65%	1,488	30.22%	1,020
Nelco Network Products Limited	(0.05%)	(3)	*	*
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	10.06%	562	16.61%	561
Adjustment on consolidation	(11.91%)	(665)	(19.41%)	(655)
Total	**100.00%**	**5,584**	**100.00%**	**3,377**

*figures below rounding off norm adopted by the group.

b. Share in profit or loss **(₹ In Lakhs)**

Name of the entity in the Group	Year ended March 31, 2019		Year ended March 31, 2018	
	As % of consolidated net Profit and Loss	Amount	As % of consolidated net Profit and Loss	Amount
Parent				
Nelco Limited	79.51%	1,772	80.67%	977
Indian Subsidiaries				
Tatanet Services Limited	21.00%	468	17.42%	211
Nelco Network Products Limited	(0.13%)	(3)	(0.33%)	(4)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	0.40%	9	4.71%	57
Adjustment on consolidation	(0.78%)	(17)	(2.46%)	(30)
Total	**100.00%**	**2,229**	**100.00%**	**1,211**

c. **Share in Other Comprehensive Income** (₹ In Lakhs)

Name of the entity in the Group	Year ended March 31, 2019		Year ended March 31, 2018	
	As % of consolidated net Other Comprehensive Income	Amount	As % of consolidated net Other Comprehensive Income	Amount
Parent				
Nelco Limited	95.45%	(21)	85.71%	(18)
Indian Subsidiaries				
Tatanet Services Limited	-	*	-	*
Nelco Network Products Limited	-	-	-	-
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	4.55%	(1)	14.29%	(3)
Total	**100.00%**	**(22)**	**100.00%**	**(21)**

* figures below rounding off norm adopted by the group.

d. **Share in Total Comprehensive Income** (₹ In Lakhs)

Name of the entity in the Group	Year ended March 31, 2019		Year ended March 31, 2018	
	As % of consolidated net Total Comprehensive Income	Amount	As % of consolidated net Total Comprehensive Income	Amount
Parent				
Nelco Limited	79.36%	1,751	80.58%	959
Indian Subsidiaries				
Tatanet Services Limited	21.21%	468	17.73%	211
Nelco Network Products Limited	(0.14%)	(3)	(0.34%)	(4)
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	0.36%	8	4.54%	54
Adjustment on consolidation	(0.79%)	(17)	(2.51%)	(30)
Total	**100.00%**	**2,207**	**100.00%**	**1190**

Note 46 : Interest In Other Entities

(a) Subsidiaries

The group's subsidiaries at March 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Place of business / Country of incorporation	Ownership interest held by the group		Principal activities
		As at March 31, 2019	As at March 31, 2018	
Tatanet Services Limited	India	100%	100%	Providing Bandwidth Services
Nelco Network Products Limited	India	100%	100%	Sale of VSAT Equipment's

(b) Interests in associate

Set out below are the associate as at March 31, 2019 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

(₹ In Lakhs)

Name of the entity	Place of business	% of Ownership interest	Relationship	Accounting Method	Quoted Fair Value		Carrying Amount	
					As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Nelito Systems Limited	India	12.30%	Associate	Equity Method	-*	-*	562	561
Total equity accounting investments					**-**	**-**	**562**	**561**

*Unlisted entity - no quoted price

(i) Commitments and contingent liabilities in respect of associates **(₹ In Lakhs)**

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent liabilities - associates	-	-
Financial bank guarantee	-	704

(ii) Summarised financial information for associate

The tables below provide summarised financial information for the associate that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Nelco Limited's share of those amounts.

(₹ In Lakhs)

Summarised Balance Sheet	Nelito Systems Limited	
	As at March 31, 2019	As at March 31, 2018
Total current assets	5,652	5,446
Total non-current assets	1,735	1,114
Total current liabilities	2,438	1,950
Total non-current liabilities	73	60
Net assets	4,876	4,550

(₹ In Lakhs)

Reconciliation to carrying amounts	Nelito Systems Limited	
	As at March 31, 2019	As at March 31, 2018
Opening net assets	4,550	4,152
Profit/(loss) for the year	485	482
Previous year adjustment	(71)	-
Other comprehensive income	(27)	(22)
Dividends paid	(62)	(62)
Closing net assets	4,875	4,550
Group's share in %	12.30%	12.30%
Proportion of the Group's ownership interest *	600	561
Carrying amount*	562	561

Notes annexed to and forming part of Consolidated Financial Statements for the year ended March 31, 2019

(₹ In Lakhs)

Summarised statement profit and loss	Nelito Systems Limited	
	As at March 31, 2019	As at March 31, 2018
Revenue	9,947	8,740
Profit/(loss) for the year	485	482
Other comprehensive income	(27)	(22)
Total comprehensive income	458	459
Group's share in %	12.30%	12.30%
Group's share of profit/(loss)*	56	57
Dividends received	6	6

*The Board of Directors of the Company at its meeting held on September 21, 2018 decided to exit from Nelito Systems Limited (an Associate Company). Considering the intention of the Board, this investment in the Associate has been classified as 'Assets classified as held for sale' in accordance with IND AS 105. Accordingly, investment in the Associate has been accounted using equity method till September 21, 2018. However, for the above disclosure, full year's figure of Nelito Systems limited has been considered.

Note 47 : There are no Micro and Small Enterprises to whom the Group owes dues, which are outstanding as at March 31, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Group.

Signature to Notes forming part of the Consolidated Financial Statements "1" to "47"

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

For and on behalf of the Board of Directors
Nelco Limited
CIN: L32200MH1940PLC003164

R.R. Bhinge
Chairman
(DIN: 00036557)

P. J. Nath
Managing Director & CEO
(DIN: 05118177)

Sharmila A. Karve
Partner
Membership No.43229

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary &
Head - Legal

Place: Mumbai
Date : April 27, 2019

Place: Mumbai
Date : April 27, 2019

Form AOC-1 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries **(₹ in Lakhs)**

Sr. No	1
Name of the Subsidiary Company	Tatanet Services Ltd
Reporting period	1-4-2018 to 31-3-2019
Reporting Currency	₹
Exchange Rate as at 31st March, 2019	1
Share Capital (incl. Pref. Shares)	490
Other Equity	998
Total Assets	6,595
Total Liabilities (Excluding Share Capital & Reserves)	5,107
Investments	5
Turnover	9,827
Other Income	71
Total Revenue	9,898
Profit/ (Loss) before Taxation	653
Provision for Taxation (including Deferred Tax)	185
Profit/ (Loss) after Taxation	468
Proposed Dividend on Equity Shares (%)	Nil
Proposed Dividend on Equity Shares	Nil
% of Share- holding	100%

Part "B": Subsidiaries **(₹ in Lakhs)**

Sr. No	2
Name of the Subsidiary Company	Nelco Network Products Ltd.
Reporting period	1-4-2018 to 31-3-2019
Reporting Currency	₹
Exchange Rate as at 31st March, 2019	1
Share Capital (incl. Pref. Shares)	5
Reserves & Surplus	(7)
Total Assets	1
Total Liabilities (Excluding Share Capital & Reserves)	3
Investments	-
Turnover	-
Other Income	-
Total Revenue	-
Profit/ (Loss) before Taxation	(3)
Provision for Taxation (including Deferred Tax)	-
Profit/ (Loss) after Taxation	(3)
Proposed Dividend on Equity Shares (%)	Nil
Proposed Dividend on Equity Shares	Nil
% of Share- holding	100%

Part "C": Associates and Joint Ventures **(₹ in Lakhs)**

Sr. No	1
Name of the Associate/Joint Venture Company	Nelito System Ltd
Latest audited Balance Sheet Date	31/03/2019
Reporting Currency	₹
Exchange Rate as at 31st March, 2019	1
Shares of Associate/Joint Venture Company held by the Company on the year end (No.)	2,53,665
Amount of Investment in Associate /Joint Venture companies	113.46
Extent of Holding %	12.30%
Description of how there is significant influence	
Reason why the Associate Company is not consolidated	N. A
Net worth attributable to Shareholding as per latest audited Balance Sheet (in ₹ Lakhs)	599
Profit/ (Loss) after Taxation (in ₹ Lakhs)	60
Considered in Consolidation (in ₹ Lakhs) (upto September 2018, considered for year ended 31st March, 2019)	73
Not considered in Consolidation	(13)

NOTES

NOTES

NELCO LIMITED

CIN No. L32200MH1940PLC003164
Regd. Office: MIDC Plot EL-6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400710
Tel: 91 22 67399100 **Fax:** 91 22 6739877, **Email:** services@nelco.in **Website:** www.nelco.in

ATTENDANCE SLIP

76th Annual General Meeting on Wednesday, 24th July, 2019 at 3.30 p.m.
at Ebony, Hotel Regenza By Tunga, Ground floor, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai – 400 703

Folio No. .... DP ID No.* .... & Client ID No.* ....

Name of the Member .... Signature ....

Name of the Proxy Holder .... Signature ....

1. Only Member/ Proxy Holder can attend the Meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report for referenace at the Meeting

NELCO LIMITED

CIN No. L32200MH1940PLC003164
Regd. Office: MIDC Plot EL-6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400710
Tel: 91 22 67399100 **Fax:** 91 22 6739877, **Email:** services@nelco.in **Website:** www.nelco.in

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]
Name of the Company : **NELCO Limited,**
Registered Office: MIDC Plot EL-6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400710

Name of the member(s) : .... Email ID: ....

Registered address : ....

....

Folio No/Client ID: ....

I/We being the member(s) of ______________________________ Shares of Nelco Limited, hereby appoint :

1. Name : .... E-mail ID : ....

   Address: ....

   .... Signature: .... or failing him

2. Name : .... E-mail ID : ....

   Address: ....

   .... Signature: .... or failing him

3. Name : .... E-mail ID : ....

   Address: ....

   .... Signature: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 76th Annual General Meeting of the Company to be held on Wednesday, 24th July, 2019 at 3.30 p.m. at Ebony, Hotel Regenza By Tunga, Ground Floor, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai – 400 703 and at any adjournment thereof in respect of such resolutions as are indicated overleaf.

Resolution No.	Description of Resolution	For	Against
1	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2019 together with the Reports of the Board of Directors and the Auditors thereon.		
2	To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended 31st March, 2019 together with the Report of the Auditors thereon.		
3	To declare a dividend on Equity Shares for the financial year ended 31st March 2019.		
4	To appoint a Director in place of Mr. R.R. Bhinge (DIN 00036557) who retires by rotation and, being eligible, offers himself for Re-appointment.		
5	Appointment of Mr. Rahul Shah as a Director.		

Signed this ………………………… day of ………………………………….., 2019

Signature of the shareholder : ……………………………………

Signature of Proxy holder(s) : ……………………………………

Affix Rupee One Revenue Stamp

Note:
1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot EL-6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400710, not less than 48 hours before the commencement of the Meeting.
2. Members are requested to Select by placing a tick (✓) mark against the resolution. It is optional for the member to indicate his/her preference. In case no specific direction is given, your proxy may vote or abstain as he/she thinks fit.
3. Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.

State-of-the-art Satellite Technology Infrastructure at Nelco

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Registered Office and Mahape Teleport:
Nelco Limited, EL-6, Electronics Zone, MIDC, Mahape, Navi Mumbai - 400 710, India
Tel.: +91 22 6791 8728, 67399100 || Fax: +91 22 67918787
Web: www.nelco.in || Email: services@nelco.in

Dehradun Teleport:
Tatanet Services Ltd., C/o Tata Communications Ltd., Ahmed Satellite Earth Station,
Lacchiwala, P.O. Doiwala, Dehradun-248140, India
Tel.: +91 135 2695101/103

Regional Offices:

Bangalore	: +91-080-6453 2271
Chennai	: +91-044-65513933/34/35
Jamshedpur	: +91-0657-222 7766/7
Kolkata	: +91-033-22250834/22251904
New Delhi	: +91-011-2586 3876/77
Secunderabad	: +91-040-2790 3419

CIN : L32200MHI940PLC003164