# NELCO NETWORK PRODUCTS LIMITED

# CIN: U32309MH2016PLC285693

# 5th ANNUAL REPORT

# 2020-21

# NELCO NETWORK PRODUCTS LIMITED

# 5th ANNUAL REPORT 2020-21

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**CORPORATE INFORMATION**
**(As on 26th April 2021)**

Board of Directors : Mr.R.R.Bhinge

Mr. P.J. Nath

Mr. Uday Banerjee

Company Secretary : Mr. Shreyans Upadhyay

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Bankers : Axis Bank Limited, Mumbai

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Auditors : S.R. Batliboi & Associates LLP, Chartered Accountants

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Registered Office: MIDC, EL-6 TTC Industrial Area,
Electronics Zone, Mahape,
Navi Mumbai – 400 710

# DIRECTORS' REPORT

To

The Members

The Directors are pleased to present the 5th Annual Report on the business and operations of your Company and the Statements of Account for the year ended 31st March 2021.

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

(Rs. 000's)

| | | FY 2020-21 | FY 2019-20 |
|---|---|---|---|
| (a) | Net Sales / Income from Other Operations | 389 | - |
| (b) | Operating Expenditure | 245 | 422 |
| (c) | Operating Loss | 144 | (422) |
| (d) | Profit before Depreciation and Tax | - | - |
| (e) | Less: Depreciation | 15 | - |
| (f) | **Loss before Tax** | 129 | (422) |
| (g) | Tax Expenses | - | - |
| (h) | **Net Loss after Tax** | 129 | (422) |

## 2. Dividend

The Board of Directors has not recommended dividend for the year ended 31st March 2021.

## 3. State of Company's Affairs

The Company has started its commercial business operations during the year under review. The Company has already obtained the In-flight and Maritime Communication (IFMC) license to serve the communication needs of the Aero and Maritime sectors. During the year, the Company has already started providing services to some of the vessels of the Indian shipping industry. The Company will start offering services to the airlines industry in the near future.

**3. Reserves**

The Board of Directors has not proposed any amount for transfer to its reserves for the year under review.

**4. Subsidiaries/Joint Ventures/Associates**

The Company has no subsidiaries, Joint Ventures or Associates.

**5. Directors and Key Managerial Personnel**

In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the Company, Mr. P.J.Nath retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

During the year under review, five meetings of the Board of Directors were held on 15th May 2020, 16th July 2020, 30th July 2020, 3rd November 2020 and 27th January 2021. During the year under review, no remuneration was paid to the Directors.

**6. Regulatory and legal**

The Company does not have any pending litigation which would impact its financial position.

**7. Risk Management Framework**

There have been no elements of risk so far in year of review, which in the opinion of the Board may threaten the existence of the Company.

**Internal Controls & Systems:**

The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively.

**8. Sustainability**

**a. Safety – Care for our People**

The Company has started its commercial business operations during the year under review. The operations of the Company will not be of a hazardous nature. However, the Company emphasizes on maintaining a healthy and safe environment in and around its facilities as well as contract sites where projects will be under execution.

**b. Care for our Environment**

Though the operations of the Company are not of hazardous nature, the Company takes all necessary precautions to maintain healthy and safe environment in and around its facilities.

**9. Human Resources**

The Company maintained cordial industrial relations during the year under review.

**10. Foreign Exchange Earnings and Outgo**

The Company has no exports.

The foreign exchange earned during the year under review was Nil.

Total outgo of foreign currency was Nil.

**11. Conservation of energy, Technology absorption**

The details are given in the Annexure-1 attached to this report.

**12. 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 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 Related Party Transactions as required under Section 134 (3) (h) of the Act in Form AOC 2 is not applicable for the period under review. The details of the transactions with related parties are provided in the accompanying Financial Statements.

**13. Deposits**

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

**14. Annual Return**

Pursuant to Section 92 of the Act read with the appliable Rules, the Annual Return for the year ended 31st March 2021 can be accessed on the following link https://www.nelco.in/pdf/disclosure-of-events/annual-return-2020-21-nnpl.pdf.

**15. Particulars of loans, guarantees or investments under Section 186**

During the year under review the Company has not advanced any loans, given any guarantees or made any investments, the particulars of which are required to be given under Section 186.

**16. Auditors**

Members of the Company at the AGM held on 13th August 2020, approved the appointment of S.R. Batliboi & Associates LLP, Chartered Accountants, (ICAI Firm Registration No. 101049W/E300004), as the statutory auditors of the Company for a period of 5 years commencing from the conclusion of the 4th AGM held on 13th August 2020 until the conclusion of 9th AGM of the Company to be held in the year 2025.

**17. Auditors' Report**

The Auditors Report does not contain any qualifications, reservations or adverse remarks. The financial statements of the Company have been prepared in accordance with Indian Accounting Standards 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, the statutory auditors and secretarial auditors have not reported 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.

**18. Compliance of secretarial standards**

The Company confirms compliance with requirement of Secretarial Standards 1 & 2.

**19. Directors' Responsibility Statement**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the statutory Auditors, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2020-21.

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 year ended 31st March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2021 and of the profit of the Company for that year;

(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 annual accounts on a going concern basis; and

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

**20. Acknowledgements**

The Directors are thankful to the Government Authorities and Bankers.

On behalf of the Board of Directors,

Sd/-
R. R. Bhinge
Chairman

Date: 26th April 2021
Place: Navi Mumbai

## Annexure 1 – Conservation of Energy and Technology Absorption

(Ref.: Board's Report, Section 12)

### A. Conservation of Energy

(i) The steps taken or impact on conservation of energy:

Although energy is not a major element of the cost for the Company, constant endeavors will be 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.

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

### B. Technology Absorption

(i) Efforts made towards Technology Absorption:

The major thrust of technology absorption will be in the areas of increasing and improving the VSAT services.

Technology absorption, adaptation and innovation:

Constant endeavors will be made towards technology absorption, adaptation and innovation. The focus will be on improving the quality of the services as well as creating new services and solutions adapted to suit the customers' requirements for specific industry segments.

(ii) Benefits derived: NA.

(iii) Expenditure incurred on Research and Development: Nil

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

a. Technology imported: The Company has not imported any technology in the last 3 years
b. Year of Import: NA
c. Has technology been fully absorbed: NA
d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action: NA

### C. Foreign Exchange earnings and outgo

| Foreign Exchange earnings and outgo | Rs.in Lakhs |
|---|---|
| Total foreign exchange earned: | Nil |
| Total foreign exchange used: | Nil |

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel: +91 22 6819 8000

# INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Network Products Limited

## Report on the Audit of the Ind AS Financial Statements

## Opinion

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

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

## Basis for Opinion

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

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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.

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

**Responsibility of Management for the Financial Statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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

S.R. BATLIBOI & ASSOCIATES LLP MUMBAI CHARTERED ACCOUNTANTS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Other Matter**

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

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

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

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

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) The Company does not have any employees and accordingly the provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021;

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

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

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

Sd/-
Vineet Kedia
Partner
Membership Number: 212230
UDIN: 21212230AAAABI4204
Place of Signature: Mumbai
Date: April 26, 2021

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

**Re: Nelco Network Products Limited (the "Company")**

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

(b) All property, plant and equipment were physically verified by the management of the Company in the previous year in accordance with a planned programme of verifying them once in a year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to its products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

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

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

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

(c) According to the information and explanations given to us by the management of the Company, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

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

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

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

(xi) According to the information and explanations given to us by the management, the Company does not have any employees and accordingly the provisions of section 197 read with Schedule V of the Act are not applicable and reporting under clause 3(xi) are not applicable and hence not commented upon.

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

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

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

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

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

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

Sd/-
per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 21212230AAAABI4204
Place of Signature: Mumbai
Date: April 26, 2021

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

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

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

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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

S.R. BATLIBOI & ASSOCIATES LLP
MUMBAI
CHARTERED ACCOUNTANTS

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

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

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

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

**Opinion**

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

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

S.R. BATLIBOI & ASSOCIATES LLP * MUMBAI * CHARTERED ACCOUNTANTS

Sd/-
per Vineet Kedia
Partner
Membership Number: 212230
UDIN: 21212230AAAABI4204
Place of Signature: Mumbai
Date: April 26, 2021

**Nelco Network Products Limited**
**Balance Sheet as at March 31, 2021**
*(Amount Rs in Thousands, unless otherwise stated)*

| Particulars | Note No. | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | **3** | 665 | - |
| **Total non-current assets** | | **665** | **-** |
| **Current assets** | | | |
| (a) Financial Assets | | | |
| (i) Cash and cash equivalents | **4** | 437 | 19 |
| (b) Other current assets | **5** | 142 | - |
| **Total current assets** | | **579** | **19** |
| **TOTAL ASSETS** | | **1,244** | **19** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity Share Capital | **6** | 500 | 500 |
| (b) Other Equity | | | |
| Reserves and Surplus | **7** | (1,059) | (1,188) |
| **Total equity** | | **(559)** | **(688)** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | **8** | 1,500 | - |
| (ii) Trade Payables | | | |
| (a) total outstanding dues of micro and small enterprises | | - | - |
| (b) total outstanding dues other than (i) (a) above | **9** | 106 | 707 |
| (b) Contract liabilities | **10** | 115 | - |
| (c) Other Current Liabilities | **11** | 81 | - |
| **Total current liabilities** | | **1,803** | **707** |
| **Total liabilities** | | **1,803** | **707** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,244** | **19** |

Summary of significant accounting policies. **1**
The accompanying notes are an integral part of the financial statements.

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

**Sd/-**
**Vineet Kedia**
Partner
Membership No. 212230

**For and on behalf of the Board of Directors of**
**Nelco Network Products Limited**

**Sd/-**
**Pradip Nath**
Director
DIN 05118177

**Sd/-**
**Uday Banerjee**
Director
DIN 01474194

**Sd/-**
**Shreyans Upadhyay**
Company Secretary

Place : Mumbai
Date : April 26, 2021

Place : Mumbai
Date : April 26, 2021

**Nelco Network Products Limited**

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

*(Amount Rs in Thousands, unless otherwise stated)*

| Particulars | Note No. | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| Revenue from operations (net) | **12** | 389 | - |
| **Total Income** | | **389** | **-** |
| **Expenses** | | | |
| (a) Operating expenses | **13** | 58 | - |
| (b) Finance costs | **14** | 51 | - |
| (c) Depreciation and amortisation expense | **3** | 15 | - |
| (d) Other expenses | **15** | 136 | 422 |
| **Total expenses** | | **260** | **422** |
| **Profit/(loss) before tax** | | **129** | **(422)** |
| Income tax expense :- | | | |
| - Current tax | | - | - |
| - Deferred tax | | - | - |
| **Total tax expense** | | - | - |
| **Profit/(loss) for the year** | | **129** | **(422)** |
| Other comprehensive income | | **-** | **-** |
| **Other comprehensive income for the year, net of tax** | | - | - |
| **Total comprehensive income for the year** | | **129** | **(422)** |
| **Earnings per share (Face value of Rs 10/- per share) : (Basic and Diluted) (in Rupees)** | **17** | **2.57** | **(8.45)** |

Summary of significant accounting policies. **1**

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

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

**Sd/-**
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**Sd/-**
**Shreyans Upadhyay**
Company Secretary

Place : Mumbai
Date : April 26, 2021

Place : Mumbai
Date : April 26, 2021

**Nelco Network Products Limited**

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

*(Amount Rs in Thousands, unless otherwise stated)*

**A. Equity share capital**

| Particulars | Note No | Amount |
|---|---|---|
| **As at March 31, 2019** | 6 | **500** |
| Changes in equity share capital | | - |
| **As at March 31, 2020** | 6 | **500** |
| Changes in equity share capital | | - |
| **As at March 31, 2021** | 6 | **500** |

**B. Other equity**

| Particulars | Note No | Reserves and surplus | Total other equity |
|---|---|---|---|
| | | Retained earnings | |
| **As at March 31, 2019** | | **(765)** | **(765)** |
| Profit/(loss) for the year | 7 | (422) | (422) |
| Other comprehensive income for the year | | - | - |
| **Total comprehensive income for the year** | | **(422)** | **(422)** |
| **As at March 31, 2020** | 7 | **(1,188)** | **(1,188)** |
| Profit/(loss) for the year | 7 | 129 | 129 |
| Other comprehensive income for the year | | - | - |
| **Total comprehensive income for the year** | | **129** | **129** |
| **As at March 31, 2021** | 7 | **(1,059)** | **(1,059)** |

Summary of significant accounting policies. **1**

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

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

**For and on behalf of the Board of Directors of**
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**Sd/-**
**Shreyans Upadhyay**
Company Secretary

Place : Mumbai
Date : April 26, 2021

Place : Mumbai
Date : April 26, 2021

**Nelco Network Products Limited**
**Statement of Cash Flow for the year ended March 31, 2021**
*(Amount Rs in Thousands, unless otherwise stated)*

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit/(Loss) before tax | 129 | (423) |
| **Adjustments for:** | | |
| Depreciation and amortisation | 15 | - |
| **Operating profit before working capital changes** | 144 | (423) |
| **Changes in operating assets and liabilities** | | |
| Increase/(decrease) in other current assets | (142) | - |
| Increase/(decrease) in contract liabilities | 115 | - |
| Increase/(decrease) in trade payables and other current liabilities | (600) | 417 |
| Increase/(decrease) in other current liabilities | 81 | - |
| **Cash generated from operations** | **(402)** | **(6)** |
| Direct taxes paid (net of refunds) | - | - |
| **Net cash flow generated from/(used in) operating activities (A)** | **(402)** | **(6)** |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | - | - |
| Purchase of property, plant and equipment | (680) | - |
| **Net cash flow generated from/(used in) investing activities (B)** | **(680)** | **-** |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from borrowings | 2,500 | - |
| Repayments of borrowings | (1,001) | - |
| **Net cash flow generated from/(used in) financing activities (C )** | **1,499** | **-** |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **417** | **(6)** |
| Cash and cash equivalents at the beginning of the year | 19 | 25 |
| **Cash and cash equivalents at the end of the year (refer note 1 below)** | **437** | **19** |

**Note :**
1) Reconciliation of cash and cash equivalents as per cash flow statement
Cash and cash equivalents as per above comprise of the following:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| (a)Balances with banks :- | | |
| In current accounts | 437 | 19 |
| **Total - Cash and cash equivalents as per statement of cash flows** | **437** | **19** |

Summary of significant accounting policies. 1
The accompanying notes are an integral part of the financial statements.

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

**Sd/-**
**Vineet Kedia**
Partner
Membership No. 212230

Place : Mumbai
Date : April 26, 2021

**For and on behalf of the Board of Directors of**
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**Sd/-**
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**Uday Banerjee**
Director
DIN 01474194

**Sd/-**
**Shreyans Upadhyay**
Company Secretary

Place : Mumbai
Date : April 26, 2021

## General Information

Nelco Network Products Limited (the 'Company') is a company limited by shares, incorporated and domiciled in India. Company is a 100% subsidiary of Nelco Limited (a subsidiary of Tata Power Company Limited). The registered office of the Company is located at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai - 400 710.
Company is authorised by Department of Telecommunications (D.O.T.), Government of India to provide inflight and maritime connectivity (IFMC) services. During the year Company started providing IFMC connectivity services.

The financial statements are presented in Indian Rupee (INR) which is also functional currency of the Company.

## 1. Summary of Significant accounting policies

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

### 1.1 Basis of preparation

#### a. Compliance with Ind AS

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

#### b. Historical Cost Convention

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

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

#### c. Current -non current classifications

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

#### d. New and amended Standards adopted by the Company

During the year as well as in the previous year no new accounting standards has been adopted by the Company.

### 1.2 Property, plant and equipment

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

**a. Capital work-in-progress**

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

**b. Depreciation methods, estimated useful lives and residual value**

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

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

| Type of Assets | Useful Life |
|---|---|
| **Plant and Machinery** (Triple shift ) | Antenna – 10 Years |

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

**1.3 Intangible assets**

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

**1.4 Impairment of non-financial assets**

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

**1.5 Financial instrument**

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

**A. Financial assets**

**a. Initial recognition and measurement**

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 1.10 Revenue from contracts with customers.

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

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

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

**b. Subsequent measurement**

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

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

**Financial assets at amortised cost (debt instruments):**

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

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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

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

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

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

**Financial assets at fair value through profit or loss:**

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

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

**c. Derecognition**

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

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

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

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

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

**d. Impairment of financial assets**

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

- Disclosures for significant assumptions – see Note 16
- Trade receivables and contract assets/liabilities – see Note 10

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

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

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

**e. Income recognition**

**Interest Income**

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

**Dividend**

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

**B. Financial liabilities**

**a. Initial recognition and measurement**

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

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

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

**b. Subsequent measurement**

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

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

**Financial liabilities at fair value through profit or loss:**

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

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

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

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

**Financial liabilities at amortised cost (Loans and borrowings):**

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

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

**c. Derecognition**

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

**1.6 Cash and cash equivalents**

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

**1.7 Trade receivable**

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

**1.8 Trade and other payables**

These amounts represent liabilities for goods and services received by the 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.

**1.9 Offsetting financial instruments**

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

**1.10 Revenue recognition**

The Company earns revenue primarily from providing Satellite Communication connectivity systems and solutions through sale of goods (including VSAT's), providing installation and annual maintenance services, renting of goods.

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

**a. Sale of goods**

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

**b. Rendering of services**

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

**c. Rental income**

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

**1.11 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.

**1.12 Current and deferred tax**

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

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

**a. Current Tax**

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

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

**b. Deferred Tax**

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

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

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

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

**1.13 Leases**

As a lessee

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

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

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

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

To determine the incremental borrowing rate, the Company:

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

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

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

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

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

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

As a lessor

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

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

### 1.14 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.

**1.15 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.

**1.16 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.

**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.

**1.17 Segment reporting**

The board of directors assesses performance of the Company as Chief Operating Decision Maker.
The Company has identified following 1 reportable segments, in a manner consistent with internal reporting provided to the chief operating decision maker i.e. Network systems comprises sale of Very Small Aperture Terminals ("VSAT") hardware and providing allied services.

**1.18 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.

**1.19 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.

**1.20 Rounding of amounts**

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

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

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

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

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

**a) Revenue recognition**

- The Company’s contracts with customers could include promises to transfer multiple goods and services to a customer. The Company assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Each revenue component is recognised based on the policy noted in Note no 1.10 above.

- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

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

- Contract fulfilment costs are expensed as incurred.

**b) 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 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.

**Nelco Network Products Limited**

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

*(Amount Rs in Thousands, unless otherwise stated)*

**Note 3 : Property, plant and equipment, intangible assets and capital work in progress**

| Description | Cost | | | | Accumulated Depreciation / Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2020 | Additions | Disposals | As at March 31, 2021 | As at April 01, 2020 | Depreciation / Amortisation for the year | Disposals | As at March 31, 2021 | As at March 31, 2021 | As at March 31, 2020 |
| **i. Property, plant and equipment** | | | | | | | | | | |
| Plant and machinery | - | 680 | - | 680 | - | 15 | - | 15 | 665 | - |
| | - | - | - | - | - | - | - | - | - | - |
| **Total - Property, plant and equipment (i)** | **-** | **680** | **-** | **680** | **-** | **15** | **-** | **15** | **665** | **-** |
| | - | - | - | - | - | - | - | - | - | - |
| **ii. Capital work-in-progress** | | | | | | | | | **-** | **-** |
| | | | | | | | | | - | - |
| **Grand total (i+ii)** | | | | | | | | | **665** | **-** |
| | | | | | | | | | - | - |

*(Amount Rs in Thousands, unless otherwise stated)*

**Note 4 : Cash and cash equivalents**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balances with Banks | | |
| - In Current accounts | 437 | 19 |
| **Total** | **437** | **19** |

**Note 5 : Other current assets**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Prepaid expenses | 4 | - |
| Balance with government authorities | 138 | - |
| **Total** | **142** | **-** |

**Note 6 : Equity Share Capital**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Authorised share capital:** | | |
| 50,000 (50,000 as at March 31, 2020) equity shares of Rs.10/- each | 500 | 500 |
| | **500** | **500** |
| **Issued, Subscribed and paid-up share capital:** | | |
| 50,000 (50,000 as at March 31, 2020) equity shares of Rs.10/- each | 500 | 500 |
| **Total** | **500** | **500** |

**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 current and previous year.

**(ii) Details of shares held by the holding company and the ultimate holding company :**

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| **Equity shares - Subscribed** | | | | |
| Nelco Limited ** | 50,000 | 500 | 50,000 | 500 |

**Incuding 60 shares held in name of certain employees of Nelco Limited who are holding these shares as a nominee for and on behalf of Nelco Limited. The beneficial interest in these share is held by Nelco Limited.

**(iii) Terms and rights attached to equity shares**

The company has issued only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iv) Details of shares held by each shareholder holding more than 5% shares :**

| Name of shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| **Equity shares with voting rights** | | | | |
| Nelco Limited | 50,000 | 100% | 50,000 | 100% |

*(Amount Rs in Thousands, unless otherwise stated)*

**Note 7 : Other Equity**
**Reserve and Surplus**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Retained earnings | (1,059) | (1,188) |
| **Total** | **(1,059)** | **(1,188)** |

**7.1 Retained earnings**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Opening balance | (1,188) | (765) |
| Net loss for the year | 129 | (422) |
| **Closing balance** | **(1,059)** | **(1,188)** |

**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.

**Note 8 : Borrowings- Current**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Unsecured | | |
| (i) Inter corporate deposits- repayable on demand, rate of interest 9.75% | 1,500 | - |
| **Total** | **1,500** | **-** |

**Note 9 : Trade Payables**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Trade Payables:** | | |
| Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 20) | - | - |
| Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises | 106 | 120 |
| Trade payables to related parties (Refer Note 18) | - | 586 |
| **Total** | **106** | **707** |

**Note 10 : Contract liabilities- current**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Advances received from customers | 89 | - |
| Deferred revenue | 26 | - |
| **Total** | **115** | **-** |

**Note:**
**1. Significant changes in contract liabilities**
Contract liabilities have been increased due to increase in advance received from customers and deferred revenue for the services to be rendered in next year.

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Satellite communication services** | | |
| Revenue recognised that was included in contract liability balance at the beginning of the period | - | - |
| Revenue recognised from performance obligations satisfied in previous periods | - | - |

**Note 11 : Other current liabilities**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Statutory dues payable | 81 | - |
| **Total** | **81** | **-** |

*(Amount Rs in Thousands, unless otherwise stated)*

**Note 12 : Revenue from operations**

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Rendering of services** | | |
| - Satellite communication services | 389 | - |
| Total | **389** | **-** |

**Reconciliation of revenue recognised with contract price:**

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Contract price** | | |
| Adjustments for: | 389 | - |
| Contract liabilities | - | - |
| **Total** | 389 | - |

**Note 13 : Operating expenses**

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Operating expenses | 58 | - |
| **Total** | 58 | - |

**Note 14 : Finance cost**

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest on borrowing | 51 | - |
| **Total finance cost** | **51** | **-** |

**Note 15 : Other expenses**

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Rates & Taxes | 3 | 10 |
| Legal and professional charges | 40 | 170 |
| Bank Charges | * | * |
| Membership and subscription | 1 | 30 |
| Auditor's Remuneration | | |
| - Audit Fees | 89 | 89 |
| - Certification and other services | - | 118 |
| - Reimbursement of expenses | 3 | 6 |
| **Total other expenses** | **136** | **422** |

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

*(Amount Rs in Thousands, unless otherwise stated)*

**Note 16 : Fair Value Measurements**

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

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

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

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

| Particulars | As at 31 March 2021 | | | As at 31 March 2020 | | |
|---|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised Cost |
| **Financial Assets** | | | | | | |
| Cash and Cash equivalent | - | - | 437 | - | - | 19 |
| **Total Financial Assets** | **-** | **-** | **437** | **-** | **-** | **19** |
| **Financial Liabilities** | | | | | | |
| Borrowings (including current maturities of long term debt) | - | - | 1,500 | - | - | - |
| Trade Payables | - | - | 106 | - | - | 707 |
| **Total Financial Liabilities** | **-** | **-** | **1,606** | **-** | **-** | **707** |

**i) Fair Value Hierarchy of Financial Assets and Liabilities**

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.

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

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

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

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.

**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 (i) above.

**(A) Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk arises from Bank Balances.

**Credit Risk Management**

**Financial assets**

The Company maintains exposure in cash and cash equivalents. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company.

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

**(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 cashflow forecast.

**Maturities of financial liabilities**

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

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

| Contractual maturities of financial liabilities | Less than 1 Year | 1 - 2 Years | 2 Year and Above | Total |
|---|---|---|---|---|
| **March 31, 2021** | | | | |
| **Non - Derivative** | | | | |
| Borrowings | 1,500 | - | - | 1,500 |
| Trade payables | 106 | - | - | 106 |
| **Total Non derivative liabilities** | **1,606** | **-** | **-** | **1,606** |

| Contractual maturities of financial liabilities | Less than 1 Year | 1 - 2 Years | 2 Year and Above | Total |
|---|---|---|---|---|
| **March 31, 2020** | | | | |
| **Non - Derivative** | | | | |
| Trade payables | 707 | - | - | 707 |
| **Total Non derivative liabilities** | **707** | **-** | **-** | **707** |

**Note 17 : 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.

*(Amount Rs in Thousands, unless otherwise stated)*

**Note 18 : Related Party Transactions**

The disclosure pertaining to the related party transactions as required by Ind AS 24 "Related Party Disclosure", as applicable to the company are indicated below

**Promoter of Ultimate Holding Company**
Tata Sons Private Limited, India
**Ultimate Holding Company**
Tata Power Company Limited, India
**Holding Company :**
The Company is controlled by the following entity

| Name | Nature of Relationship | Place of incorporation | Ownership Interest | |
|---|---|---|---|---|
| | | | As at March 31, 2021 | As at March 31, 2020 |
| Nelco Limited | Immediate parent entity | India | 100% | 100% |

**Subsidiary of Holding Company**
Tatanet Services Limited

**Directors of the Company**
**(i) Key Managerial Personnel**
Mr. P.J. Nath (Non-Executive Director)
**(ii) Non-Executive directors**
Mr. R.R Bhinge (Non- Executive Director)
Mr. Uday Banerjee (Non-Executive Director)

Details of transactions between the Company and other related parties are disclosed below.

| Sr No | Particulars | Holding Company | Subsidiary of Holding Company |
|---|---|---|---|
| | **Transactions :** | | |
| a) | Services Received by the company | - | 58 |
| | | (-) | (-) |
| b) | Reimbursements of Expenses paid | - | - |
| | | (410) | (-) |
| c) | Purchase of property, plant and equipment | 680 | - |
| | | (-) | (-) |
| d) | Loans received during the year | 1,688 | - |
| | | (-) | (-) |
| e) | Loans repaid during the year | 1,688 | - |
| | | (-) | (-) |
| f) | Guarantees and collaterals received | 1,500 | - |
| | | (-) | (-) |
| | **Balance outstanding at year end** | | |
| a) | Payable | - | - |
| | | (586) | (-) |
| b) | Guarantees and collaterals outstanding | 1,500 | - |
| | | (-) | (-) |

Notes :
i) Figures in brackets pertain to the previous year.

*(Amount Rs in Thousands, unless otherwise stated)*

**Note 19 : Earnings per Share (EPS)**

| Sr No | Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| 1 | Net loss after tax attributable to equity shareholders (Rs. in 000's) | 129 | (422) |
| 2 | Weighted average number of shares (in numbers) | 50,000 | 50,000 |
| 3 | Earnings per share (Face value of Rs 10/- per share) : (Basic and Diluted) (in Rupees) | 2.57 | (8.45) |

**Note 20: Micro, Small and Medium enterprises**

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

**Note 21 : Amalgamation**

The Board of Directors of the Company at its meeting held on September 01, 2017 had approved the draft composite Scheme of Arrangement and Amalgamation amongst the Company, Nelco Limited (Holding Company), and Tatanet Services Limited (Wholly owned subsidiary of Holding Company) and their respective shareholders and creditors (" The Scheme"), Upon approval of the scheme by regulatory authorities, the Company will stand merged and amalgamated on a going concern basis with Nelco Limited (" Transferee Company") w.e.f April 01, 2017 ('the appointed date') in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 read with other applicable provisions of the Companies Act, 2013 and rules thereunder.

During the year the National Company Law Tribunal ("NCLT") approved the Scheme on November 2, 2018. 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 has not received. 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 decision of NCLT is awaited. Pending necessary approvals, the Scheme has not been given effect to in the financial statements for the year ended March 31, 2021.

**Note 22: Segment Information**

In accordance with the requirements of Ind AS 108 – 'Operating Segment', based on the analysis of chief operating decision maker ("CODM") being the Board of Directors Company operates in one reportable segment i.e. Network Segment comprises sale of Very Small Aperture Terminals ("VSAT") hardware and providing allied services. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the year is as reflected in the Financial Statements as of and for the year ended March 31, 2021.

**Note 23: Going Concern**

The Company has accumulated losses as at March 31, 2021 which has eroded the Company's net worth and the Company has incurred net loss during the current year. Notwithstanding this, these financial statements have been prepared on going concern basis considering that the Company is in the process of acquiring certain business from it's parent company (refer note 21 above) and the support letter from the parent company.

**Note 24:**

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

**Note 25:**

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

**Signature to Notes '1' to '25' forming part of the Financial Statements.**

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

**Sd/-**
**Vineet Kedia**
Partner
Membership No. 212230

Place : Mumbai
Date : April 26, 2021

For and on behalf of the Board of Directors of
**Nelco Network Products Limited**

**Sd/-**
**Pradip Nath**
Director
DIN 05118177

**Sd/-**
**Uday Banerjee**
Director
DIN 01474194

**Sd/-**
**Shreyans Upadhyay**
Company Secretary

Place : Mumbai
Date : April 26, 2021