nelco

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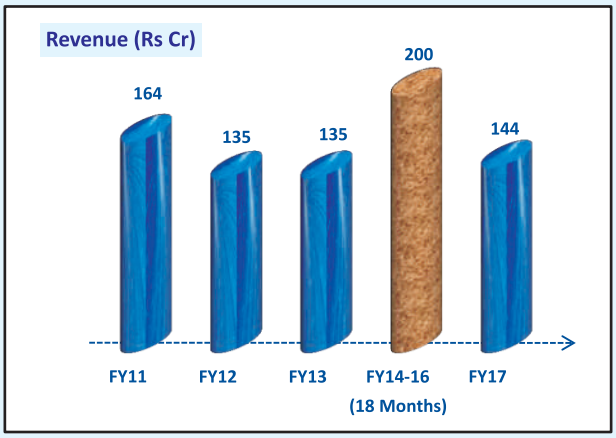
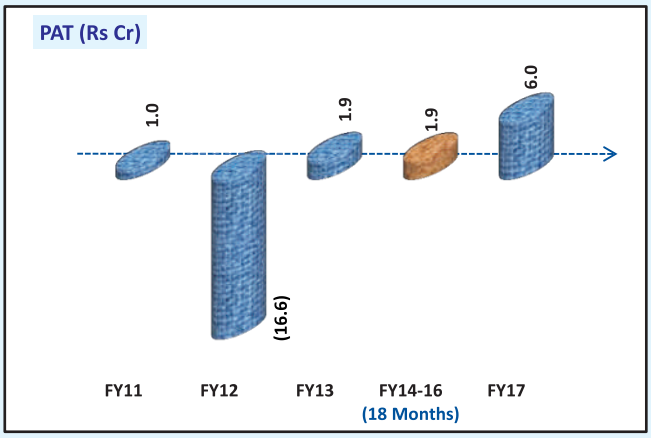
A TATA Enterprise

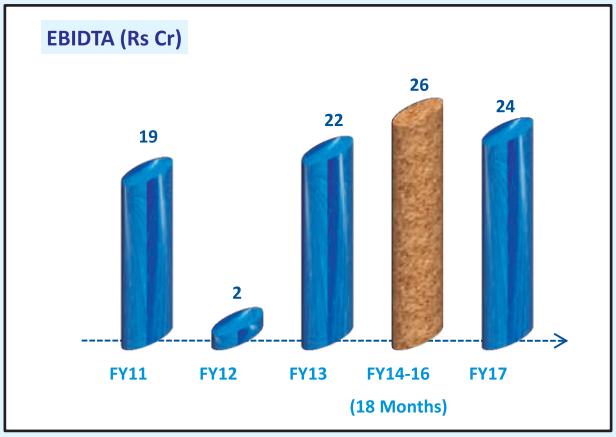
74th Annual Report 2016-17

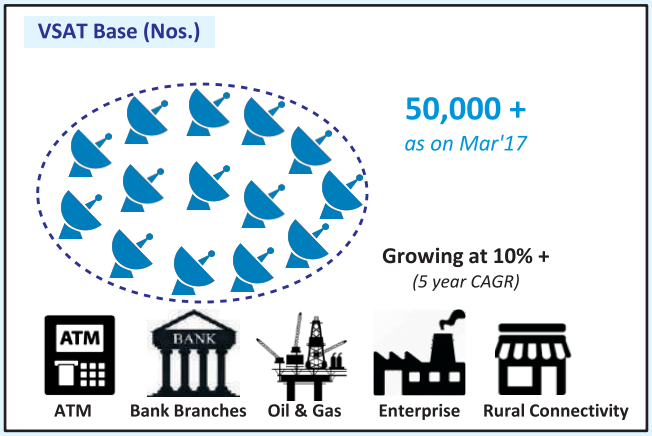
" Moving towards higher profitability business "

HIGHLIGHTS OF NELCO - CONSOLIDATED

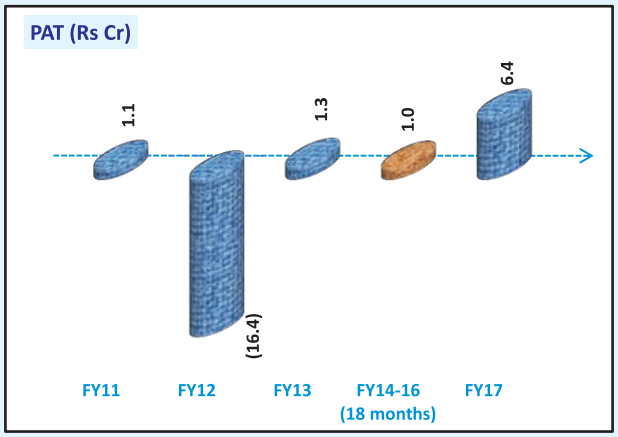








HIGHLIGHTS OF NELCO - STANDALONE



CORPORATE INFORMATION
(As on 24th July, 2017)

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

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

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

Contents

Contents	Page no.
Notice and Explanatory Statement	3
Directors' Report	8
Annexures to Directors' Report	16
Management Discussion and Analysis	41
Report on Corporate Governance	47
Standalone Financial Statements	
Auditors' Report	62
Annexure to the Auditors' Report	64
Balance Sheet	68
Statement of Profit and Loss	69
Cash Flow Statement	70
Changes in Equity	72
Notes forming part of the Financial Statements	73
Consolidated Financial Statements	
Auditors' Report	115
Annexure to the Auditors' Report	118
Consolidated Balance Sheet	120
Consolidated Statement of Profit and Loss	121
Consolidated Cash Flow Statement	122
Changes in Equity	124
Notes forming part of the Consolidated Financial Statements	125
Statement of salient features of financial statement of Subsidiaries Company and Associate Company (Form AOC -1)	170

74th Annual General Meeting

Date : Thursday, 21st September 2017

Time : 3.00 p.m.

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

NOTICE

The SEVENTY FOURTH ANNUAL GENERAL MEETING of NELCO LIMITED will be held on Thursday, the 21st day of September, 2017 at 3.00 p.m. at Ebony, Hotel Regenza By Tunga, Ground Floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703 to transact the following business:-

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and the Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended 31st March, 2017 together with the Report of the Auditors thereon.

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

   "RESOLVED that Mr. S. Ramakrishnan (DIN:00005090), who retires by rotation as a Director pursuant to the provisions of Section 152 of the Companies Act, 2013 be and is hereby re-appointed as a Director of the Company."

4. **Appointment of Statutory Auditors of the Company**

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

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and Companies (Audit & Auditors) Rules, 2014, as amended from time to time, Price Waterhouse Chartered Accountants LLP, Chartered Accountants, (ICAI Firm Registration No. 012754N/N500016) be and are hereby appointed as the Auditors of the Company in place of the existing Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, (ICAI Firm Registration No. 117366W/W-100018, who have expressed unwillingness to continue as Auditors of the Company after this Annual General Meeting ("AGM"), to hold the office for a period of five years from the conclusion of this Seventy Fourth AGM till the conclusion of Seventy Ninth AGM of the Company, to be held in the year 2022 (subject to ratification of their appointment by the Members at every AGM held after this meeting, if so required under the Act), on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

NOTES:

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

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

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

3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.

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

5. The Register of Members and the Transfer Books of the Company will remain closed from Tuesday, 12th September 2017 to Thursday, 14th September 2017 both days inclusive.

6. Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents, TSR Darashaw Limited (TSRD) for shares held in physical form and to their respective Depository Participant (DP) for shares held in electronic form.

7. Consequent upon the amendment of Section 205A of the erstwhile Companies Act, 1956 and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividends declared for the financial years upto 2008-09 remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the

Company has been transferred to Investor Education and Protection Fund ("the Fund") set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.

Members who have not yet encashed their dividend warrant(s) for the financial year 2009-2010 and 2011-12 are requested to make their claims to the Company accordingly, without any delay.

8. The Notice of the AGM along with the Seventy Fourth Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

9. The route map showing directions to reach the venue of the Seventy Fourth AGM is annexed.

10. To support the 'Green Initiative', the Members holding shares in physical and/or electronic form and who have not registered their e-mail addresses are requested to register the same with TSRD/Depositories.

11. Voting through electronic means

I. In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company is pleased to provide Members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-Voting services. The facility for casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

II. Members are provided with the facility for voting either through "e-voting" or "tablet based voting" at the AGM and Members attending the meeting who have not already cast their vote by remote e-voting are eligible to exercise their right to vote at the meeting.

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

IV. The remote e-voting period commences on 18th September 2017 (9.00 a.m. IST) and ends on 20th September 2017 (5.00 p.m. IST). Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 14th September 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

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

The instructions for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/ Depository Participants(s)]:

(i) Open email and open PDF file viz. "Nelco e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password/PIN is an initial password.

(ii) Launch internet browser by typing the following URL:https://www.evoting.nsdl.com

(iii) Click on Shareholder – Login

(iv) Put user ID and password as initial password noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.

(vii) Select "EVEN" (e-voting EVENT Number) of NELCO Limited.

(viii) Now you are ready for e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

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

(xiii) You can similarly vote in respect of all other resolutions forming part of the Notice of the AGM. During the voting period, Members can log in any number of times till they have voted on all the resolutions.

(xiv) If you wish to log out after voting on few resolutions and continue voting for balance resolutions later, you may click on "RESET" for those resolutions for which you have not yet cast the vote.

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy:

(i) Initial password is provided as below, at the bottom of the Attendance Slip for the AGM

EVEN i.e. voting Event No.	User ID	Password

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xiv) above, to cast vote.

C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members which are available at the downloads section of www.evoting.nsdl.com. You can also contact NSDL via e-mail evoting@nsdl.co.in or call toll free number 1800-222-990.

I. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

In case Members are holding shares in demat mode, USER-ID is the combination of (DPID +Client ID).

In case Members are holding shares in physical mode, USER-ID is the combination of (Even No +Folio No).

II. Members who forget the User Details/Password, can use "Forgot User details/Password?" or "Physical User Reset Password?" option available in www.evoting@nsdl.com

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

Other Instructions:

(i) The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on cut off date 14th September 2017.

(ii) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 14th September 2017, may obtain the login ID and Password by sending a request at evoting@nsdl.co.in or nelcoagm2017@tsrdarashaw.com.

(iii) A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting and voting through polling paper/e-voting at the meeting.

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

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

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

(vii) The Results declared along with the Scrutinizer's Report, shall be placed on the Company's website viz. www.nelco.in and on the website of NSDL immediately after the declaration of the result by the Chairman or a person authorized by him in writing. The result shall also be immediately forwarded to the Stock Exchanges where the Company's Equity Shares are listed viz. BSE Limited and The National Stock Exchange of India Limited.

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

12. Updation of Members' Details

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company/ Share Registers and Transfer Agents to record additional details of Members, including their PAN details, email address, bank details for payment of dividend etc. Members holding their shares in physical form are requested to submit the said details to the Company or its Share Registrars and Transfer Agents. Members holding share in electronic form are requested to submit the details to their respective DPs.

By Order of the Board of Directors,

Navi Mumbai, 24th July, 2017
CIN: L32200MH1940PLC003164

Girish V Kirkinde
Company Secretary & Head - Legal

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

EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No.4 of the accompanying Notice dated 24th July, 2017.

Item No.: 4 This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

At the 72nd Annual General Meeting (AGM) held on 28th January 2015, the Members appointed Deloitte Haskins & Sells LLP, (DHS) as Auditors for a period of 3 years from the conclusion of the 72nd AGM until the conclusion of 75th AGM (subject to the ratification of the appointment at every AGM). DHS have expressed their unwillingness to continue as Auditors of the Company after the ensuing AGM and have communicated to the Company not to seek ratification of their appointment as Auditors in this 74th AGM.

Price Waterhouse Chartered Accountants LLP, Chartered Accountants, have expressed their willingness to act as Auditors of the Company, if appointed and provided the requisite documents as required under the Act.

The Board of Directors, on the recommendation of the Audit Committee, have approved the proposal for the appointment of Price Waterhouse Chartered Accountants LLP, Chartered Accountants as Statutory Auditors of the Company, for a term of five years, to hold the office from the conclusion of this 74th AGM till the conclusion of 79th AGM to be held in the year 2022. The Board commends the Resolution at Item No. 4 of the accompanying notice for approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

By Order of the Board of Directors,

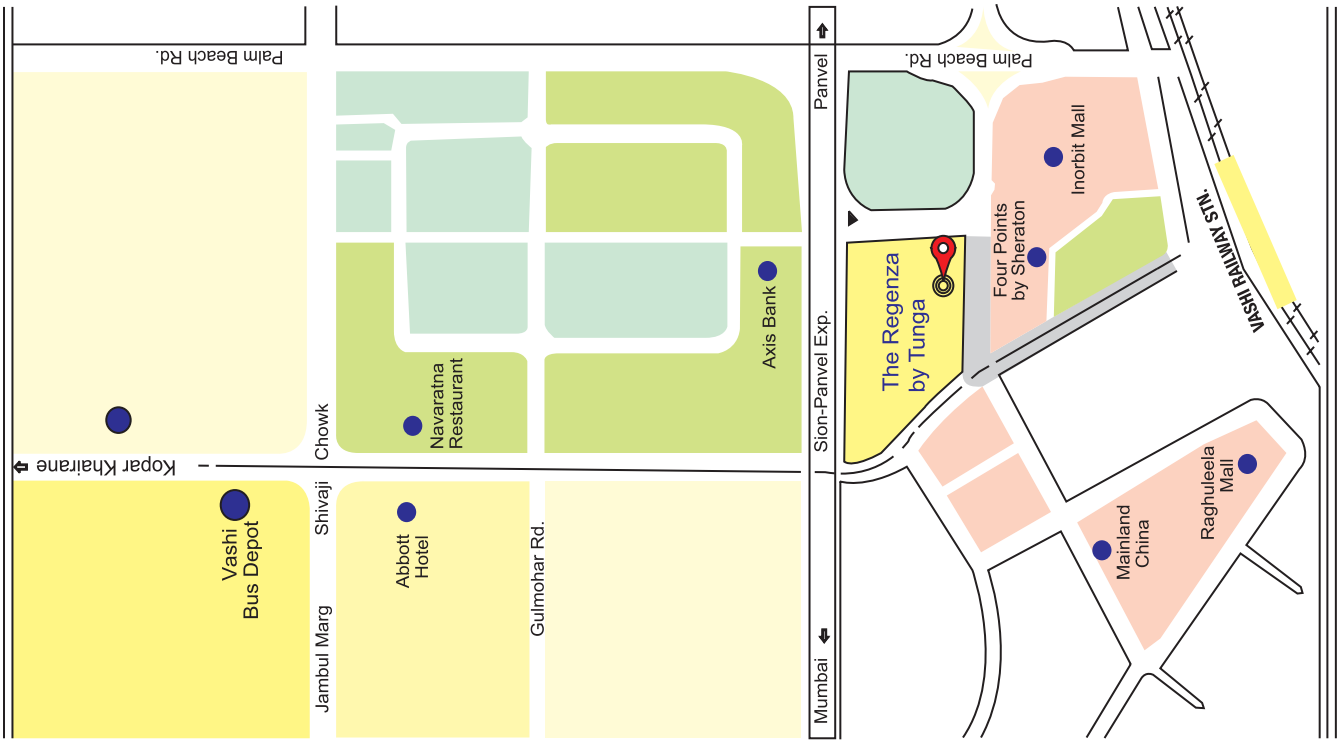
Navi Mumbai, 24th July, 2017
CIN: L32200MH1940PLC003164

Girish V Kirkinde
Company Secretary & Head - Legal

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

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

Name of the Director	Mr. S. Ramakrishnan
Date of Birth	19th February 1949
Date of Appointment	31st October 2005
Expertise in Specific Functional Area	He joined the Tata Administrative Services in 1972. He has been associated with Tata Group for over 44 years and he has handled a multitude of national as well as international projects. He retired in Feb. 2014 as Executive Director and CFO of The Tata Power Co. Ltd.
Qualifications	B. Tech. (Mech.) IIT, Madras and a Management Degree from IIM, Ahmedabad
Relationship between Directors inter se	Mr. Ramakrishnan is not related to any other Directors of the Company.
Directorship held in other Listed Companies	NIL
Committee positions held in Audit and Stakeholders Relationship Committees in other Listed Companies	Audit Committee Tata Power Trading Co. Ltd. Tata Project Ltd. Coastal Gujarat Power Ltd. Tata Power Solar System Ltd.
No. of shares held (a) Own (b) For other persons on a beneficial basis	 NIL NIL



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

Landmark:
Near Inorbit Mall, Vashi,

Distance:
from Vashi Railway Station: 650 meters

DIRECTORS' REPORT

To
The Members,

Your directors have pleasure in presenting their Seventy Fourth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2017.

1. Financial Results

(₹ in lakhs)

Sr. No.	Particulars	Standalone		Consolidated	
		FY 2016-17 (12 months)	*FY 2014-16 (18 months)	FY 2016-17 (12 months)	*FY 2014-16 (18 months)
A	**Continuing Operations**				
a	Net Sales / Income from Other Operations	8,939	13,321	14,367	19,994
b	Operating Expenditure	7,955	11,932	12,554	17,821
c	Operating Profit	984	1,389	1,813	2,173
d	Add:- Other Income	879	454	493	269
e	Less:- Finance Cost	732	1,158	850	1,309
f	Profit before Depreciation and Tax	1,131	685	1,456	1,133
g	Less :- Depreciation / Amortization/ Impairment	464	707	802	1,111
h	Less : Minority Interest	-	-	-	-
i	Add : Share of Profit of Associates	-	-	39	44
j	Net Profit / (Loss) after Minority interest and Share of Profit of Associates	667	(22)	693	66
k	Exceptional items	-	-	-	-
l	Current / Deferred Tax Expenses	-	-	65	-
m	Net Profit / (Loss) after Tax, Minority interest and Share of Profit of Associates from Continuing operations	667	(22)	628	66
B	**Discontinuing Operations**				
n	(Loss) from Discontinuing operations (before exceptional item and tax)	-	(7)	-	(7)
o	Add:- Exceptional Profit	-	162	-	162
p	Tax Expenses	-	-	-	-
q	(Loss) / Profit after Tax from Discontinuing operations	-	155	-	155
C	**(Loss) / Profit after tax from Total operations**	667	133	628	221
r	Add : Other Comprehensive Income/ (expenses)	(25)	(33)	(26)	(32)
s	Total Comprehensive Income	642	100	602	189

*As required under the Companies Act, 2013, the previous financial year was extended by 6 months till 31st March, 2016. Accordingly, the said financial year 2014-16 was of 18 months from 1st October, 2014 to 31st March, 2016.

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April 2016, with a transition date of 1st October, 2014. Accordingly, all Ind AS guidance and interpretations issued and effective for the first Ind AS financial statements for the year ended 31st March, 2017 have been applied retrospectively and consistently for the previous year. As such the figures of FY 2014-16 (18 months) shown herein are also the redrawn figures as per Ind AS.

2. Dividend

Due to accumulated losses, the Board has not recommended dividend for the financial year 2016-17.

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

3.1 Standalone

On a Standalone basis, your Company achieved revenue of ₹ 8,939 Lakhs in FY 2016-17 (12 months) from Continuing Operations as against ₹ 13,321 Lakhs in FY 2014-16 (18 Months). On an annualized basis, the revenue was higher by ₹ 58.00 Lakhs. While revenue from Network Management segment has increased by ₹ 501.00 Lakhs, the revenue from Automation and Control segment was lower by ₹ 443.00 Lakhs.

In FY 2016-17 the Company earned a net profit of ₹ 667.00 Lakhs from Continuing Operations as against loss of ₹ 22.00 Lakhs in FY 2014-16 (18 months). This profit was due to higher margin in service income of VSAT division, reduction of losses in Automation & Control division, reduction in unallocable expenses (net of income) and reduction in interest expenses.

The segment wise performance (Standalone) for the year was as follows:

The revenue from Automation & Control segment was ₹ 394.00 Lakhs in FY 2016-17 (12 months) as against ₹ 1,256.00 Lakhs in FY 2014-16 (18 months). The segment loss was ₹ 466.00 Lakhs in FY 2016-17 (12 months) as against loss of ₹ 618.00 Lakhs in FY 2014-16 (18 months). This segment is being operated on a restrictive mode and currently completing only its existing contractual obligations.

The revenue from Network Systems segment was ₹ 8,545.00 Lakhs in FY 2016-17(12 months) as against ₹ 12,065.00 Lakhs in FY 2014-16 (18 months). The segment profit was ₹ 2,508.00 Lakhs in FY 2016-17 (12 months) as against profit of ₹ 3,259.00 Lakhs in FY 2014-16 (18 months). The Company added 9,053 VSATs during FY 2016-17, taking the installed base to more than 50,000 as on 31st March, 2017.

Interest cost was ₹ 732.00 Lakhs in FY 2016-17 (12 months) as against ₹ 1158.00 Lakhs in FY 2014-16 (18 months). Other un-allocable expenses (net of income) were ₹ 643.00 Lakhs in FY 2016-17 (12 months) as against un-allocable income (net of expenses) of ₹ 1,505.00 Lakhs in FY 2014-16 (18 months).

3.2 Consolidated

On a Consolidated basis, revenue from Continuing Operations was ₹ 14,367.00 Lakhs in FY 2016-17 (12 months) as against ₹ 19,994.00 Lakhs in FY 2014-16 (18 Months). On an annualized basis, the revenue was higher by 7% over previous year.

Profit before Tax from Continuing Operations increased from ₹ 66.00 Lakhs in FY 2014-16 (18 months) to ₹693.00 Lakhs in FY 2016-17 (12 months).

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the year under review and the date of this Report.

3.3 Operations

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

	FY2016-17(12 months)	FY 2014-16 (18 months)
Network Systems comprising of VSAT and SATCOM business)	97.26%	93.72%
Automation & Control	2.74%	6.28%

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

In the year 2014-16, the Members, as a part of restructuring process, approved (subject to other requisite approvals) the transfer of Company's Unattended Ground Sensors Business ("UGS Business") which was forming part of Automation & Control segment, to The Tata Power Co. Ltd. (The Parent Company) as a "going concern" on a "slump sale" basis at a consideration of ₹ 831 Lakhs with effect from 1st October, 2014. During the year 2016-17 the required formalities for sale of UGS Business were completed and the agreed consideration was received.

4. Reserves

The Board of Directors has not proposed any amount for transfer to reserves for the year ended 31st March, 2017.

5. Subsidiary and Associate Company

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

TNSL holds the VSAT License issued by Department of Telecommunication (DoT). The Revenue of TNSL for FY 2016-17 was ₹ 7997.00 Lakhs against ₹ 6908.00 Lakhs for FY 2015-16. The Profit after tax was ₹ 224.00 Lakhs against ₹ 339.00 Lakhs in the previous year. The profit was reduced mainly due to increase in tax of ₹ 65.00 Lakhs and increase in depreciation on assets bought for setting up new VSAT Hub.

During FY 2016-17, the Company, as a part of its business strategy, incorporated another wholly owned subsidiary, i.e. NNPL to carry on, inter alia the business of VSAT based Satellite Communication, Value Added Network (VAN), Electronic Data Interchange, sales and maintenance of Satcom equipments including VSATs etc. The Company has not commenced its business operations during the year under review.

In FY 2016-17, the Company sold 9.95% (being part of its total investment of 22.25%) in the share capital of NSL to DTS Corporation, Japan for a consideration of ₹ 3.79 Crores.

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

The Policy for determining material subsidiaries of the Company has been provided in the following link:
http://www.nelco.in/_content/investorrelations/Policy_for_determining_Material_Subsidiaries.pdf

6. Directors and Key Managerial Personnel

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

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

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

On the recommendation of the Nominations, HR & Remuneration Committee, the Board of Directors of the Company approved the change in designation of Mr. P. J. Nath from 'Executive Director & Chief Executive Officer' to 'Managing Director & Chief Executive Officer' (MD & CEO) with effect from 1st June, 2017. Mr. Nath shall hold the office as MD & CEO for remaining tenure of his current appointment, i.e. up to 12th June, 2018. There is no change in the terms and conditions of his appointment and remuneration as approved by the Members on 1st March, 2017 by passing special resolution through postal ballot.

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

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

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

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Governance Guidelines:

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

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

As required under the Act and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees.

The following process was adopted for Board Evaluation:

Feedback was sought from each Director about his/her views on the performance of the Board covering various criteria such as degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, quality of relationship between the Board and the Management and efficacy of communication with external stakeholders. The Nominations, HR and Remuneration Committee (NRC) then discussed the above feedback received from all the Directors.

Based on the inputs received, the Chairman of the NRC also made a presentation to the Independent Directors at their meeting, summarizing the inputs received from the Directors as regards Board performance as a whole, and of the Chairman. The performance of the non-independent non-executive Directors and Board Chairman was also reviewed by them.

Post the meeting of the Independent Directors, their collective feedback on the performance of the Board (as a whole) was discussed by the Chairman of the NRC with the Chairman of the Board. It was also presented to the Board and a plan for improvements was agreed upon.

Every statutorily mandated Committee of the Board conducted a self-assessment of its performance and these assessments were presented to the Board for consideration. Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings. Feedback was provided to the Directors as appropriate. Significant highlights, learning and action points arising out of the evaluation were presented to the Board.

7.1 Committees of the Board

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

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

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

The details of the familiarization programs for Independent Directors are disclosed on the Company's website and the web link for the same is: http://www.nelco.in/_content/investor-relations/Familiarisation_Programme.pdf

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

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

In terms of Section 178(3) of the Act and Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Board has adopted the Policy on Board Diversity, which is reproduced in Annexure-I and Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company, which is reproduced in Annexure-II forming part of this report.

Except the Performance Linked Payment (PLP) which is a part of his Cost to the Company (CTC), the Executive Director & CEO has neither received any commission from the Company nor from its Holding or Subsidiary Company. With the approval of the Board (on the recommendation of the NRC) he has received fees for rendering professional services to TNSL, the wholly owned subsidiary of the Company.

7.3 Particulars of Employees and Remuneration

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

During the year under review, the Company has not employed any employee whose particulars are required to be disclosed in this report pursuant to Rule 5 (2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

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

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

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

MSTT in its order dated 29th April 2017, has allowed the appeal of TNSL and has set aside the demand of the Dept. made for financial year 2008-09 . Accordingly, the tax demands of ₹ 34.09 Crores for the other financial years i.e. 2006-07, 2007-08, 2009-10 and 2010-11 are also likely to be set aside on account of the fact that the order of the Tribunal is binding upon the Joint Commissioner of Sales Tax (JCST) and Assessing Officer.

Income Tax matters of Nelco Ltd:-

Income Tax Department has reduced certain liabilities of ₹ 1,893.00 Lakhs while computing long term Capital Gain on a business sold under slump sale for Assessment Year 2011-12, due to which a Tax demand of ₹ 631.00 Lakhs has been raised on the Company. The said liabilities are not directly related to the businesses sold and as such the Company has gone in appeal against the demand. As per legal opinion sought by Company, it has a very strong case. This matter is presently lying with the Commission of Appeal.

8.1 Corporate Governance

Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and relevant provisions of the Act, a Management Discussion and Analysis Statement, Report on Corporate Governance and Auditors' Certificate, are included in the Annual Report.

8.2 Vigil Mechanism

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

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

9. Risks and Concerns

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

9.1 Risk Management Framework and Internal Financial Controls

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

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

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

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

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

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

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

10. Sustainability

10.1 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013 (Act), every Company having a net worth of ₹ 500.00 Crores or more, or turnover of ₹ 1,000 Crores or more, or net profit of ₹ 5.00 Crores or more (calculated as per Section 198 of the Act) during any financial year shall be required to constitute Corporate Social Responsibility Committee (CSRC). Though your Company has made a net profit of more than ₹ 5.00 Crores in the year under review, the said profit calculated as defined in Section 198 is lower than ₹ 5.00 Crores. As such, constitution of CSRC is not applicable to your Company.

10.2 Safety, Health and Environment:

The Company accords high priority to health, safety, and environment, treating these as integral part of all its activities. The operations of the Company are not 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 are under execution. To ensure success of safety initiatives, the Company involves the line management along with contract workforce in all initiatives rolled out from time to time. Safety Awareness is inculcated through regular Safety Awareness Programs, basic fire safety training, mock drills, regular Safety Committee meetings and capturing employees' voices through safety observation and near miss reporting. The employees working at project sites are given requisite training for ensuring safety during work. Periodic Safety Audits are carried out and action taken to eliminate unsafe conditions.

11. Human Resources

Some of the major human resource initiatives undertaken by the Company during the year under review to supplement efforts towards organizational growth include:

- Manpower: As on 31st March, 2017, the Company had employee strength of 140. During the year under review, 23 employees were recruited and 42 employees were separated (including those transferred as part of divestment of UGS business and employees who had opted for VRS). All the employees who were transferred were extended full benefit of service continuity and service conditions not less favorable than their existing employment conditions.

  The Company implemented Voluntary Retirement Scheme (VRS) for eligible employees in management/ non-management cadre as defined under the said Scheme. The Board believes that the implementation of the VRS would be beneficial to the Company in the coming years. The compensation package offered under the VRS to the eligible employees/workers was consistent with the best industrial practices followed by the Company.

- Employee Engagement: Company's employee engagement platforms are inclusive and empowering. It connects employees with leaders, their peers and Human Resource function. Forums such as Open house, Employee Connect meetings, Skip level meetings, Manager connect meetings, weekly review meetings like AHM (All Hands Meet) provide interactive platforms for sharing information and feedback. There is also a process for conferring rewards and recognitions to the eligible employees. Various initiatives in the field of Employee Recreation have also been instrumental in improving the engagement levels of the employees. The incessant efforts towards empowering people have resulted in overall participation being 94% in the Employee Engagement survey conducted by an independent agency and overall satisfaction score being 76% for 2017.

- Capability Development: In order to build organizational capability that will enable the Company to sustain competitiveness in the market, a comprehensive exercise was undertaken to identify the skill development at the senior management level. The training programs for the employees have been developed based on the findings of that exercise.

- Talent Management: A Career counseling workshop was organized in December 2016 for all the senior management employees where focus was given on providing career inputs for both short term and long term career goals and on developing functional, technical and behavioural skills to achieve career aspirations. Such workshops are conducted on a periodic basis and are an integral part of Company's talent management strategy.

  Industrial Relations: The Company maintained cordial relations with its employees at all levels during the year.

- Policy for Prevention, Prohibition and Redressal of Sexual Harassment at work place: The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against Sexual Harassment and the right to work with dignity. During the year under review, the Company has not received any complaints in this regard.

12. Credit Rating

During the year under review, the rating agency CARE has assigned rating to the Company as under :-

Long Term /Short Term Bank Facilities - Care A- and Care A2+, Term loan - Care A- and Non Fund based facilities - Care A2+

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

Details of LGSI covered under Sec 186 of the Act are given in Annexure - IV forming part of this report.

14. Foreign Exchange – Earnings and Outgo.

(₹ in Lakhs)

Particulars – Standalone	Year ended 31st March 2017 (12 Months)	Period ended 31st March 2016 (18 Months)
Foreign Exchange Earnings	64.39	174.40
Foreign Exchange Outflow	2,758.92	3,178.44

15. Auditors

Deloitte Haskins & Sells LLP (DHS LLP), who are the Statutory Auditors of your Company have expressed their unwillingness to continue as Auditors of the Company from the conclusion of the Annual General Meeting to be held in the year 2017. On the recommendation of the Audit Committee, the Board has proposed for approval of the Members the appointment of Price Waterhouse Chartered Accountants LLP as Statutory Auditors for their first term of 5 (five) years and fix their remuneration. The attention of the Members is invited to item no. 4 of the Notice of the AGM.

16. Auditors' Report

The Auditors Report does not contain any qualifications, reservations or adverse remarks. The consolidated financial statements of the Company have been prepared in accordance with Accounting Standard 21 on Consolidated Financial Statements and Accounting Standard 23 on Accounting of Investments in Associates issued by the Council of The Institute of Chartered Accountants of India. 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.

17. Cost Auditors and Cost Audit Report

M/s. P.D. Dani & Co., Cost Accountants were appointed Cost Auditors of your Company for the period ended 31st March, 2016 in respect of its Telecommunication business. In accordance with the requirement of the Central Government and pursuant to Section 148 of the Act, your Company carries out every year the cost audit. However as per amendment dated 31st December, 2014 in the Act, the cost audit is not applicable to your Company. Accordingly the same has been informed to MCA. As such the cost audit was not carried for the year ended 31st March, 2017.

18. Secretarial Audit Report

M/s. Bhandari & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditors to conduct Secretarial Audit of records and documents of the Company for the year ended 31st March, 2017. The Secretarial Audit Report confirms that the Company has generally complied with the provisions of the Act, Rules, Regulations, and Guidelines, etc. The Secretarial Audit Report is given in Annexure - V forming part of this report. There are no remarks, qualifications or reservations in the Secretarial Audit Report.

19. Conservation of Energy and Technology Absorption

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

20. Related Party Transactions

All related party transactions entered into during the year under review were on an arm's length basis and were in the ordinary course of business. There were no other materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel and Body Corporate(s) which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of these Related Party Transactions as required under Section 134 (3) (h) of the Act in Form AOC 2 is not applicable for the year under review. The Directors draw attention of the Members to Note no. 40 to the Financial Statements which sets out related party disclosures.

In line with the requirements of the Act and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Related Party Transactions and the same is uploaded on the Company's website: http://www.nelco.in/_content/investor-relations/Related_Party_Transaction_Policy.pdf.

21. Deposits

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

22. Extract of Annual Return

Pursuant to Section 92 of the Act and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9, is given in Annexure-VII forming part of this report.

23. Directors' Responsibility Statement

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

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

a) in the preparation of the annual accounts for the period ended 31st March, 2017 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 period ended 31st March, 2017 and of the profit of the Company for that period;

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

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

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

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

24. Acknowledgement

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

On behalf of the Board of Directors,

R.R. Bhinge
Chairman

Mumbai, 23rd May, 2017

Annexure – I : Board Diversity Policy

(Ref: Board's Report, Section 7.2)

1. PURPOSE

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

2. SCOPE

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

3. POLICY STATEMENT

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

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

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

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

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

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

Accordingly, the Committee shall:

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

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

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

4. RESPONSIBILITY AND REVIEW

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

Annexure-II Remuneration policy for Directors, Key Managerial Personnel and other employees

(Ref: Board's Report, Section 7.2)

The philosophy for remuneration of Directors, Key Managerial Personnel ("KMP") and all other employees of Nelco Ltd. ("Company") is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Act") and Clause 49(IV)(B)(1) of the Equity Listing Agreement ("Listing Agreement"). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the company shall abide by the applicable law.

While formulating this policy, the Nominations, HR and Remuneration Committee ("NRC") has considered the factors laid down under Section 178(4) of the Act, which are as under:

"(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals"

Key principles governing this remuneration policy are as follows:

- Remuneration for independent directors and non-independent non-executive directors
  - Independent directors ("ID") and non-independent non-executive directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
  - Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
  - Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the company (taking into consideration the challenges faced by the company and its future growth imperatives).
  - Overall remuneration should be reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay the remuneration.
  - Overall remuneration practices should be consistent with recognized best practices.
  - Quantum of sitting fees may be subject to review on a periodic basis, as required.
  - The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
  - The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
  - In addition to the sitting fees and commission, the company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.

- Remuneration for Managing Director ("MD")/ Executive Directors ("ED")/ KMP/ rest of the employees[1]
  - o The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be
    - Market competitive (market for every role is defined as companies from which the company could attract talent or companies to which the company could lose talent)
    - Driven by the role played by the individual,
    - Reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay,
    - Consistent with recognized best practices and
    - Aligned to any regulatory requirements.
- In terms of remuneration mix or composition,
  - o The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
  - o Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
  - o In addition to the basic/ fixed salary, the company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and also accidental death and dismemberment through personal accident insurance.
  - o The company provides retirement benefits as applicable.
  - o In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
    - Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
    - Industry benchmarks of remuneration,
    - Performance of the individual.
  - o The company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the company.
- Remuneration payable to Director for services rendered in other capacity

  The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

  a) The services rendered are of a professional nature; and

  b) The NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession
- Policy implementation

  The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

  [1]Excludes employees covered by any long term settlements or specific term contracts. The remuneration for these employees would be driven by the respective long term settlements or contracts.

Annexure- III: Disclosure of Managerial Remuneration

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

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

Name of the Director	Ratio of Director's remuneration to the median remuneration of the employees of the Company for the financial year
Non-Executive Directors	
Mr. R. R. Bhinge	0.50
Mr. K. Ramachandran	1.02
Mr. S. Ramakrishnan	1.12
Ms. Hema Hattangady	1.07
Mr. K. Raghuraman	1.18
Executive Director	
Mr. P. J. Nath	16.29

Note: Remuneration includes sitting fees and Performance Linked Payment (PLP) wherever applicable. The PLP for 12 months ended 31st March, 2017 will be paid during FY 2017-18.

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

Name of the Director and Key Managerial Personnel	Percentage increase in remuneration in the financial year
Mr. R. R. Bhinge	4 %
Mr. K. Ramachandran	64 %
Mr. S. Ramakrishnan	Nil
Ms. Hema Hattangady	118%
Mr. K. Raghuraman	51 %
Mr. P. J. Nath, Executive Director & CEO	10.4%
Mr. Uday Banerjee, Chief Financial Officer	8.2 %
Mr. Girish Kirkinde, Company Secretary	10.3%

(c) Percentage increase in the median remuneration of employees in the Financial year 2016-17: (13%)

(d) Number of permanent employees on the rolls of Company as on 31st March, 2017: 140.

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

	% change in remuneration
Average increase in salary of employees (other than managerial personnel)	10.0% (annualized on CTC)
Average increase in remuneration of managerial personnel	8.5% (annualized on CTC)

(f) key parameters for any variable component of remuneration availed by the Directors:

Remuneration paid to Non-Executive Directors:

The Non-Executive Directors remuneration consists of sitting fees. The payment of sitting fee is paid for:

- Attending each meeting of the Board;
- Attending each meeting of Audit Committee, Nominations, HR & Remuneration Committee (NRC), Stakeholder Relationship Committee and Executive Committee of the Board; and
- Attending each meeting of any other Committee(s).

Remuneration paid to Executive Director & CEO:

The NRC evaluates the performance of the Executive Director & CEO by setting the Key Performance Objectives at the beginning of each financial year. The NRC recommends to the Board the compensation of Executive Director & CEO based on the performance during the year vis-a-vis the Key Performance Objectives. The NRC ensures that the overall compensation package is in accordance with applicable laws, in line with the Company's objectives, shareholders' interest, industry standards and has an adequate balance between fixed and variable component.

(g) **Affirmation that the remuneration is as per the remuneration policy of the company:** It is affirmed that the remuneration is as per the 'Remuneration policy for Directors, Key Managerial Personnel and other employees' adopted by the Company.

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

(Ref: Board's Report Section 13)

a) The Company has not given any loans during the year. The details of investments made during the year are given hereunder:

Sl. No	Date of Investment	Details of Investee	No of Shares of ₹ 10/- each	Amount ₹	Nature of Transactions
1	9th Jan, 2017	Nelco Network Products Limited	50,000	5,00,00,0	Unquoted trade investment in Wholly Owned Subsidiary

b) The details of guarantees provided to Axis Bank Ltd. during the year are given hereunder:

Sl. No	Date of Investment	Details of Investee	Amount ₹	Nature of Transactions
-	-	-	Nil	-

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

Annexure – V Secretarial Audit Report.

(Ref: Board's Report, Section 18)

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

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

To

The Members,
NELCO LIMITED
CIN: L32200MH1940PLC003164

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

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

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

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

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

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

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

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

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 # ;

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

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

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

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

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998# ;

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

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

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

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

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

We further report that-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

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

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

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

We further report that during the audit period, the Company has sold part of its investment to the extent 2,05,212 equity shares representing 9.95% of Equity Shares capital of Nelito Systems Limited to DTS Corporation, Japan.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366

Mumbai, April 28, 2017

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

'Annexure A'

To
The Members,
NELCO LIMITED
CIN: L32200MH1940PLC003164

Our Secretarial Audit Report for the Financial Year ended on March 31, 2017 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Bhandari & Associates**
Company Secretaries

S. N. Bhandari
Partner
FCS No: 761; CP. No: 366

Mumbai, April 28, 2017

Annexure VI – Conservation of Energy and Technology Absorption

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

A. Conservation of Energy

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

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

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

B. Technology Absorption

(i) Efforts made towards Technology Absorption:

The major thrust of technology absorption has been in the areas of VSAT services. The Company's wholly owned subsidiary, Tatanet Services Ltd has set up a new VSAT Hub in its facility in Mahape to augment its total satellite bandwidth capacity. The new capacities are also obtained from a new satellite and thereby increasing diversity.

Tatanet Services Ltd. has also deployed alternate technologies for the baseband of the VSAT hub, which will help in catering to more market segments.

Future plan of action: Setting up of one more VSAT hub in Tatanet Services Ltd. to further increase the satellite bandwidth operations, which is already under implementation. The Company is making endeavor in building expertise in varied technologies for satellite communication, rather than getting fixed to only one technology.

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

(ii) Benefits derived:

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

(iii) Expenditure incurred on Research and Development

a. Revenue and recurring expenditure: Nil

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

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

b. Year of Import: NA

c. Has technology been fully absorbed : NA

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

C. Foreign Exchange earnings and outgo (Standalone)

	₹ In Lakhs
Total foreign exchange earned:	64.39
Total foreign exchange used	2,758.92

Annexure – VII Secretarial Audit Report.

(Ref: Board's Report, Section 22)

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2017 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN: L32200MH1940PLC003164

ii) Registration Date: 31st August 1940

iii) Name of the Company: Nelco Limited

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

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

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

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

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Network Systems	43212	96%
2.	Automation & Control	80200	4%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Share Holding

Category code (I)	"Category of Shareholder (II)"	Number of shares held at the beginning of the year 1st April, 2016				Number of shares held at the end of the year 31st March, 2017				% Change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
(A)	**Promoters**									
(1)	**Indian**									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Cental Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Bodies Corporate	11419090	13500	11432590	50.10	11419090	13500	11432590	50.10	0.00
(e)	Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (1)	**11419090**	**13500**	**11432590**	**50.10**	**11419090**	**13500**	**11432590**	**50.10**	**0.00**
(2)	Foreign									0.00
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**11419090**	**13500**	**11432590**	**50.10**	**11419090**	**13500**	**11432590**	**50.10**	**0.00**
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds	0	10850	10850	0.05	0	10850	10850	0.05	0.00
(b)	Banks / Financial Institutions	105258	12990	118248	0.52	56690	12990	69680	0.31	-0.21
(c)	Cental Government	52182	0	52182	0.23	52182	0	52182	0.23	0.00
(d)	State Governments(s)	0	29980	29980	0.13	0	29980	29980	0.13	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Institutional Investors	0	870010	870010	3.81	0	650	650	0.00	-3.81
(h)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	- Alternative Investment Fund	0	0	0	0.00	0	0	0	0.00	0.00
	- OCBs/Foreign Cos	0	0	0	0.00	0	869360	869360	3.81	3.81
	Sub-Total (B) (1)	**157440**	**923830**	**1081270**	**4.74**	**108872**	**923830**	**1032702**	**4.53**	**-0.21**
(2)	Non-Institutions									
(a)	Bodies Corporate									
i	Indian	1658909	8390	1667299	7.31	1421077	8390	1429467	6.26	-1.04
ii	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto ₹ 1 lakh	6884531	466906	7351437	32.22	7466297	453470	7919767	34.71	2.49

Category code (I)	"Category of Shareholder (II)"	Number of shares held at the beginning of the year 1st April, 2016				Number of shares held at the end of the year 31st March, 2017				% Change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1285204	0	1285204	5.63	1000187	0	1000187	4.38	-1.25
(c)	Any Other (Specify)									
	- Directors & their Relatives	0	0	0	0.00	0	0	0	0.00	0.00
	- Trust	600	0	600	0.00	600	0	600	0.00	0.00
	- BC NBFC	0	0	0	0.00	3087	0	3087	0.01	0.01
	Sub-total (B) (2)	**9829244**	**475296**	**10304540**	**45.16**	**9891248**	**461860**	**10353108**	**45.37**	**0.21**
	Total Public Shareholding (B) = (B)(1)+(B)(2)	**9986684**	**1399126**	**11385810**	**49.90**	**10000120**	**1385690**	**11385810**	**49.90**	**0.00**
	TOTAL (A)+(B)	**21405774**	**1412626**	**22818400**	**100.00**	**21419210**	**1399190**	**22818400**	**100.00**	**0.00**
(C)	Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
1	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
2	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	**21405774**	**1412626**	**22818400**	**100.00**	**21419210**	**1399190**	**22818400**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	"Shareholding at the beginning of the year 1st April, 2016"			"Shareholding at the end of the year 31st March, 2017"			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	THE TATA POWER COMPANY LIMITED	11099630	48.64	0.00	11099630	48.64	0.00	0.00
2	AFTAAB INVESTMENT COMPANY LIMITED	328410	1.44	0.00	328410	1.44	0.00	0.00
3	TATA SONS LIMITED	2150	0.01	0.00	2150	0.01	0.00	0.00
4	TATA HYDRO ELECTRIC POWER SUPPLY CO LTD	1050	0.00	0.00	1050	0.00	0.00	0.00
5	TITAN INDUSTRIES LIMITED	1000	0.00	0.00	1000	0.00	0.00	0.00
6	TATA INVESTMENT CORPORATION LTD	350	0.00	0.00	350	0.00	0.00	0.00
	TOTAL	**11432590**	**50.10**	**0**	**11432590**	**50.10**	**0.00**	**0.00**

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

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.1	The Tata Power Company Limited	01-Apr-2016	At the beginning of the year	110,99,630	48.64	110,99,630	48.64
1.1		31-Mar-2017	At the end of the year	0	0.00	110,99,630	48.64
1			Total :	110,99,630	48.64	110,99,630	48.64
2.1	Af Taab Investment Company Limited	01-Apr-2016	At the beginning of the year	3,18,460	1.40	3,18,460	1.40
2.1		31-Mar-2017	At the end of the year - Increase	0	0.00	3,18,460	1.40

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
2.2	Aftaab Investment Company Limited	01-Apr-2016	At the beginning of the year	9,950	0.04	9,950	0.04
2.2		31-Mar-2017	At the end of the year	0	0.00	9,950	0.04
2			Total :	3,28,410	1.44	3,28,410	1.44
3.1	Tata Sons Limited	01-Apr-2016	At the beginning of the year	2,150	0.01	2,150	0.01
3.1		31-Mar-2017	At the end of the year	0	0.00	2,150	0.01
3			Total :	2,150	0.01	2,150	0.01
4.1	The Tata Hydro Electric Power Supply Co Ltd	01-Apr-2016	At the beginning of the year	1,050	0.00	1,050	0.00
4.1		31-Mar-2017	At the end of the year	0	0.00	1,050	0.00
4			Total :	1,050	0.00	1,050	0.00
5.1	Titan Company Limited	01-Apr-2016	At the beginning of the year	1,000	0.00	1,000	0.00
5.1		31-Mar-2017	At the end of the year	0	0.00	1,000	0.00
5			Total :	1,000	0.00	1,000	0.00
6.1	Tata Investment Corporation Limited	01-Apr-2016	At the beginning of the year	350	0.00	350	0.00
6.1		31-Mar-2017	At the end of the year	0	0.00	350	0.00
6			Total :	350	0.00	350	0.00

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

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.1	M/S Schlumberger Limited	01-Apr-2016	At the beginning of the year	8,66,460	3.80	8,66,460	3.80
1.1		31-Mar-2017	At the end of the year	0	0.00	8,66,460	3.80
1			Total :	8,66,460	3.80	8,66,460	3.80
2.1	Digvijay Commerce And Trading Pvt Ltd	01-Apr-2016	At the beginning of the year	1,50,000	0.66	1,50,000	0.66
2.1		13-May-2016	Decrease	-1,50,000	-0.66	0	0.00
2.1		19-Aug-2016	Increase	1,50,000	0.66	1,50,000	0.66
2.1		31-Mar-2017	At the end of the year	0	0.00	1,50,000	0.66
2.2	Digvijay Commerce And Trading Pvt Ltd	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
2.2		13-May-2016	Increase	1,50,000	0.66	1,50,000	0.66
2.2		19-Aug-2016	Decrease	-1,50,000	-0.66	0	0.00
2.2		31-Mar-2017	At the end of the year	0	0.00	0	0.00
2			Total :	1,50,000	0.66	1,50,000	0.66
3.1	Roopa Corporate Services Pvt. Ltd.	01-Apr-2016	At the beginning of the year	1,16,023	0.51	1,16,023	0.51
3.1		24-Jun-2016	Increase	10,000	0.04	1,26,023	0.55

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
3.1		08-Jul-2016	Decrease	-4,912	-0.02	1,21,111	0.53
3.1		22-Jul-2016	Increase	4,912	0.02	1,26,023	0.55
3.1		25-Jul-2016	Decrease	-3,000	-0.01	1,23,023	0.54
3.1		31-Mar-2017	At the end of the year	0	0.00	1,23,023	0.54
3			Total :	1,16,023	0.51	1,23,023	0.54
4.1	Reita Gertrude Gomes	01-Apr-2016	At the beginning of the year	70,000	0.31	70,000	0.31
4.1		25-Nov-2016	Increase	2,000	0.01	72,000	0.32
4.1		16-Dec-2016	Decrease	-2,000	-0.01	70,000	0.31
4.1		17-Mar-2017	Increase	1,000	0.00	71,000	0.31
4.1		31-Mar-2017	At the end of the year	0	0.00	71,000	0.31
4			Total :	70,000	0.31	71,000	0.31
5.1	Usha Khaitan	01-Apr-2016	At the beginning of the year	69,000	0.30	69,000	0.30
5.1		31-Mar-2017	At the end of the year	0	0.00	69,000	0.30
5			Total :	69,000	0.30	69,000	0.30
6.1	Chiranjilal Rajkumar Exports Pvt Ltd	01-Apr-2016	At the beginning of the year	67,500	0.30	67,500	0.30
6.1		31-Mar-2017	At the end of the year	0	0.00	67,500	0.30
6			Total :	67,500	0.30	67,500	0.30
7.1	P Janardhan	01-Apr-2016	At the beginning of the year	63,000	0.28	63,000	0.28
7.1		10-Jun-2016	Decrease	-3,000	-0.01	60,000	0.26
7.1		24-Jun-2016	Decrease	-10,000	-0.04	50,000	0.22
7.1		08-Jul-2016	Decrease	-10,558	-0.05	39,442	0.17
7.1		30-Sep-2016	Increase	55,558	0.24	95,000	0.42
7.1		28-Oct-2016	Decrease	-48,000	-0.21	47,000	0.21
7.1		27-Jan-2017	Decrease	-12,090	-0.05	34,910	0.15
7.1		03-Feb-2017	Decrease	-6,906	-0.03	28,004	0.12
7.1		10-Feb-2017	Decrease	-5,000	-0.02	23,004	0.10
7.1		31-Mar-2017	At the end of the year Increase	34,996	0.15	58,000	0.25
7			Total :	63,000	0.28	58,000	0.25
8.1	Andhra Pradesh Industrial Development Corporation Limited	01-Apr-2016	At the beginning of the year	52,180	0.23	52,180	0.23
8.1		31-Mar-2017	At the end of the year	0	0.00	52,180	0.23
8			Total :	52,180	0.23	52,180	0.23
9.1	Bonanza Portfolio Ltd	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
9.1		15-Apr-2016	Increase	1,860	0.01	1,860	0.01
9.1		22-Apr-2016	Increase	2,069	0.01	3,929	0.02
9.1		29-Apr-2016	Increase	90	0.00	4,019	0.02
9.1		06-May-2016	Decrease	-3,819	-0.02	200	0.00
9.1		13-May-2016	Decrease	-200	0.00	0	0.00
9.1		20-May-2016	Increase	3,824	0.02	3,824	0.02
9.1		27-May-2016	Decrease	-3,724	-0.02	100	0.00
9.1		03-Jun-2016	Increase	356	0.00	456	0.00
9.1		10-Jun-2016	Increase	2,359	0.01	2,815	0.01

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
9.1		17-Jun-2016	Decrease	-162	0.00	2,653	0.01
9.1		24-Jun-2016	Decrease	-2,519	-0.01	134	0.00
9.1		30-Jun-2016	Decrease	-134	0.00	0	0.00
9.1		01-Jul-2016	Increase	100	0.00	100	0.00
9.1		08-Jul-2016	Increase	95	0.00	195	0.00
9.1		11-Jul-2016	Decrease	-145	0.00	50	0.00
9.1		15-Jul-2016	Increase	505	0.00	555	0.00
9.1		18-Jul-2016	Decrease	-205	0.00	350	0.00
9.1		22-Jul-2016	Decrease	-250	0.00	100	0.00
9.1		25-Jul-2016	Increase	400	0.00	500	0.00
9.1		29-Jul-2016	Decrease	-320	0.00	180	0.00
9.1		05-Aug-2016	Increase	320	0.00	500	0.00
9.1		12-Aug-2016	Decrease	-500	0.00	0	0.00
9.1		26-Aug-2016	Increase	2,000	0.01	2,000	0.01
9.1		02-Sep-2016	Decrease	-2,000	-0.01	0	0.00
9.1		09-Sep-2016	Increase	3,491	0.02	3,491	0.02
9.1		16-Sep-2016	Decrease	-2,991	-0.01	500	0.00
9.1		23-Sep-2016	Decrease	-300	0.00	200	0.00
9.1		30-Sep-2016	Increase	5,518	0.02	5,718	0.03
9.1		07-Oct-2016	Decrease	-5,508	-0.02	210	0.00
9.1		14-Oct-2016	Increase	4,769	0.02	4,979	0.02
9.1		21-Oct-2016	Decrease	-4,979	-0.02	0	0.00
9.1		28-Oct-2016	Increase	2,200	0.01	2,200	0.01
9.1		04-Nov-2016	Decrease	-923	0.00	1,277	0.01
9.1		11-Nov-2016	Decrease	-1,077	0.00	200	0.00
9.1		18-Nov-2016	Decrease	-200	0.00	0	0.00
9.1		25-Nov-2016	Increase	5	0.00	5	0.00
9.1		02-Dec-2016	Increase	1,045	0.00	1,050	0.00
9.1		09-Dec-2016	Decrease	-1,050	0.00	0	0.00
9.1		23-Dec-2016	Increase	1	0.00	1	0.00
9.1		31-Dec-2016	Decrease	-1	0.00	0	0.00
9.1		06-Jan-2017	Increase	1,050	0.00	1,050	0.00
9.1		13-Jan-2017	Decrease	-1,000	0.00	50	0.00
9.1		20-Jan-2017	Increase	73	0.00	123	0.00
9.1		27-Jan-2017	Increase	319	0.00	442	0.00
9.1		03-Feb-2017	Increase	854	0.00	1,296	0.01
9.1		10-Feb-2017	Decrease	-996	0.00	300	0.00
9.1		17-Feb-2017	Decrease	-300	0.00	0	0.00
9.1		03-Mar-2017	Increase	110	0.00	110	0.00
9.1		10-Mar-2017	Decrease	-110	0.00	0	0.00
9.1		17-Mar-2017	Increase	276	0.00	276	0.00
9.1		24-Mar-2017	Increase	286	0.00	562	0.00
9.1		31-Mar-2017	At the end of the year Decrease	-562	0.00	0	0.00
9.2	Bonanza Portfolio Ltd	01-Apr-2016	At the beginning of the year	51,959	0.23	51,959	0.23
9.2		01-Apr-2016	Decrease	-1,510	-0.01	50,449	0.22
9.2		08-Apr-2016	Increase	2,020	0.01	52,469	0.23
9.2		15-Apr-2016	Decrease	-546	0.00	51,923	0.23
9.2		22-Apr-2016	Decrease	-550	0.00	51,373	0.23
9.2		29-Apr-2016	Decrease	-243	0.00	51,130	0.22
9.2		06-May-2016	Decrease	-3,189	-0.01	47,941	0.21
9.2		13-May-2016	Increase	1,531	0.01	49,472	0.22
9.2		20-May-2016	Decrease	-846	0.00	48,626	0.21
9.2		27-May-2016	Decrease	-984	0.00	47,642	0.21
9.2		03-Jun-2016	Decrease	-445	0.00	47,197	0.21

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
9.2		10-Jun-2016	Decrease	-2,233	-0.01	44,964	0.20
9.2		17-Jun-2016	Decrease	-516	0.00	44,448	0.19
9.2		24-Jun-2016	Increase	479	0.00	44,927	0.20
9.2		30-Jun-2016	Decrease	-4,867	-0.02	40,060	0.18
9.2		01-Jul-2016	Decrease	-100	0.00	39,960	0.18
9.2		08-Jul-2016	Increase	1,702	0.01	41,662	0.18
9.2		11-Jul-2016	Increase	1,050	0.00	42,712	0.19
9.2		15-Jul-2016	Decrease	-2,418	-0.01	40,294	0.18
9.2		18-Jul-2016	Increase	300	0.00	40,594	0.18
9.2		22-Jul-2016	Decrease	-948	0.00	39,646	0.17
9.2		25-Jul-2016	Increase	176	0.00	39,822	0.17
9.2		29-Jul-2016	Increase	1,811	0.01	41,633	0.18
9.2		05-Aug-2016	Increase	6,855	0.03	48,488	0.21
9.2		12-Aug-2016	Increase	4,712	0.02	53,200	0.23
9.2		19-Aug-2016	Decrease	-765	0.00	52,435	0.23
9.2		26-Aug-2016	Decrease	-2,792	-0.01	49,643	0.22
9.2		02-Sep-2016	Decrease	-590	0.00	49,053	0.21
9.2		09-Sep-2016	Decrease	-330	0.00	48,723	0.21
9.2		16-Sep-2016	Increase	2,718	0.01	51,441	0.23
9.2		23-Sep-2016	Decrease	-19,570	-0.09	31,871	0.14
9.2		30-Sep-2016	Decrease	-7,324	-0.03	24,547	0.11
9.2		07-Oct-2016	Decrease	-5,471	-0.02	19,076	0.08
9.2		14-Oct-2016	Decrease	-814	0.00	18,262	0.08
9.2		21-Oct-2016	Decrease	-2,845	-0.01	15,417	0.07
9.2		28-Oct-2016	Decrease	-6,950	-0.03	8,467	0.04
9.2		04-Nov-2016	Decrease	-627	0.00	7,840	0.03
9.2		11-Nov-2016	Increase	644	0.00	8,484	0.04
9.2		18-Nov-2016	Increase	593	0.00	9,077	0.04
9.2		25-Nov-2016	Increase	197	0.00	9,274	0.04
9.2		02-Dec-2016	Decrease	-3,397	-0.01	5,877	0.03
9.2		09-Dec-2016	Decrease	-50	0.00	5,827	0.03
9.2		16-Dec-2016	Decrease	-1,532	-0.01	4,295	0.02
9.2		23-Dec-2016	Increase	2,951	0.01	7,246	0.03
9.2		31-Dec-2016	Decrease	-419	0.00	6,827	0.03
9.2		06-Jan-2017	Decrease	-1,875	-0.01	4,952	0.02
9.2		13-Jan-2017	Increase	1,723	0.01	6,675	0.03
9.2		20-Jan-2017	Increase	427	0.00	7,102	0.03
9.2		27-Jan-2017	Increase	260	0.00	7,362	0.03
9.2		03-Feb-2017	Decrease	-1,614	-0.01	5,748	0.03
9.2		10-Feb-2017	Increase	546	0.00	6,294	0.03
9.2		17-Feb-2017	Decrease	-596	0.00	5,698	0.02
9.2		24-Feb-2017	Decrease	-610	0.00	5,088	0.02
9.2		03-Mar-2017	Increase	1,217	0.01	6,305	0.03
9.2		10-Mar-2017	Increase	1,877	0.01	8,182	0.04
9.2		17-Mar-2017	Increase	1,739	0.01	9,921	0.04
9.2		24-Mar-2017	Decrease	-1,501	-0.01	8,420	0.04
9.2		31-Mar-2017	At the end of the year Increase	2,193	0.01	10,613	0.05
9.3	Bonanza Portfolio Ltd	01-Apr-2016	At the beginning of the year	1,000	0.00	1,000	0.00
9.3		30-Sep-2016	Increase	150	0.00	1,150	0.01
9.3		31-Mar-2017	At the end of the year	0	0.00	1,150	0.01
9.4	Bonanza Portfolio Ltd.	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
9.4		01-Apr-2016	Increase	1,510	0.01	1,510	0.01
9.4		08-Apr-2016	Decrease	-1,510	-0.01	0	0.00
9.4		15-Apr-2016	Increase	3,100	0.01	3,100	0.01
9.4		22-Apr-2016	Decrease	-2,980	-0.01	120	0.00
9.4		29-Apr-2016	Increase	5	0.00	125	0.00
9.4		06-May-2016	Decrease	-124	0.00	1	0.00
9.4		13-May-2016	Increase	599	0.00	600	0.00
9.4		20-May-2016	Increase	1,300	0.01	1,900	0.01
9.4		27-May-2016	Decrease	-1,900	-0.01	0	0.00
9.4		03-Jun-2016	Increase	2	0.00	2	0.00
9.4		10-Jun-2016	Increase	2,848	0.01	2,850	0.01
9.4		17-Jun-2016	Decrease	-2,103	-0.01	747	0.00
9.4		24-Jun-2016	Decrease	-747	0.00	0	0.00
9.4		22-Jul-2016	Increase	100	0.00	100	0.00
9.4		25-Jul-2016	Decrease	-100	0.00	0	0.00
9.4		05-Aug-2016	Increase	1,054	0.00	1,054	0.00
9.4		12-Aug-2016	Decrease	-1,054	0.00	0	0.00
9.4		02-Sep-2016	Increase	50	0.00	50	0.00
9.4		09-Sep-2016	Increase	300	0.00	350	0.00
9.4		16-Sep-2016	Decrease	-350	0.00	0	0.00
9.4		07-Oct-2016	Increase	100	0.00	100	0.00
9.4		14-Oct-2016	Decrease	-63	0.00	37	0.00
9.4		21-Oct-2016	Decrease	-12	0.00	25	0.00
9.4		28-Oct-2016	Decrease	-25	0.00	0	0.00
9.4		02-Dec-2016	Increase	550	0.00	550	0.00
9.4		09-Dec-2016	Decrease	-550	0.00	0	0.00
9.4		31-Dec-2016	Increase	200	0.00	200	0.00
9.4		06-Jan-2017	Decrease	-200	0.00	0	0.00
9.4		17-Mar-2017	Increase	50	0.00	50	0.00
9.4		24-Mar-2017	Increase	57	0.00	107	0.00
9.4		31-Mar-2017	At the end of the year Decrease	-107	0.00	0	0.00
9.5	Bonanza Portfolio Ltd.	01-Apr-2016	At the beginning of the year	15,000	0.07	15,000	0.07
9.5		23-Sep-2016	Increase	24,000	0.11	39,000	0.17
9.5		31-Mar-2017	At the end of the year	0	0.00	39,000	0.17
9			Total :	67,959	0.30	50,763	0.22
10.1	Il & Fs Securities Services Limited	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
10.1		01-Apr-2016	Increase	79	0.00	79	0.00
10.1		08-Apr-2016	Decrease	-79	0.00	0	0.00
10.1		29-Apr-2016	Increase	2,700	0.01	2,700	0.01
10.1		06-May-2016	Decrease	-2,700	-0.01	0	0.00
10.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
10.2	Il And Fs Securities Services Limited	01-Apr-2016	At the beginning of the year	22,019	0.10	22,019	0.10
10.2		08-Apr-2016	Decrease	-3,326	-0.01	18,693	0.08
10.2		15-Apr-2016	Decrease	-7,200	-0.03	11,493	0.05
10.2		22-Apr-2016	Increase	7,128	0.03	18,621	0.08
10.2		29-Apr-2016	Decrease	-4,678	-0.02	13,943	0.06
10.2		06-May-2016	Decrease	-8,511	-0.04	5,432	0.02
10.2		13-May-2016	Increase	150	0.00	5,582	0.02
10.2		20-May-2016	Increase	1,850	0.01	7,432	0.03

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
10.2		27-May-2016	Increase	6,287	0.03	13,719	0.06
10.2		03-Jun-2016	Decrease	-10,050	-0.04	3,669	0.02
10.2		17-Jun-2016	Increase	2,449	0.01	6,118	0.03
10.2		24-Jun-2016	Decrease	-2,175	-0.01	3,943	0.02
10.2		30-Jun-2016	Increase	955	0.00	4,898	0.02
10.2		08-Jul-2016	Increase	500	0.00	5,398	0.02
10.2		11-Jul-2016	Decrease	-400	0.00	4,998	0.02
10.2		15-Jul-2016	Increase	800	0.00	5,798	0.03
10.2		18-Jul-2016	Increase	550	0.00	6,348	0.03
10.2		22-Jul-2016	Decrease	-169	0.00	6,179	0.03
10.2		25-Jul-2016	Increase	1,500	0.01	7,679	0.03
10.2		29-Jul-2016	Decrease	-1,730	-0.01	5,949	0.03
10.2		05-Aug-2016	Decrease	-50	0.00	5,899	0.03
10.2		19-Aug-2016	Decrease	-830	0.00	5,069	0.02
10.2		26-Aug-2016	Decrease	-401	0.00	4,668	0.02
10.2		02-Sep-2016	Decrease	-780	0.00	3,888	0.02
10.2		09-Sep-2016	Increase	500	0.00	4,388	0.02
10.2		16-Sep-2016	Decrease	-150	0.00	4,238	0.02
10.2		23-Sep-2016	Increase	654	0.00	4,892	0.02
10.2		30-Sep-2016	Increase	1,950	0.01	6,842	0.03
10.2		07-Oct-2016	Increase	2,346	0.01	9,188	0.04
10.2		14-Oct-2016	Decrease	-2,000	-0.01	7,188	0.03
10.2		21-Oct-2016	Increase	3,950	0.02	11,138	0.05
10.2		28-Oct-2016	Increase	17,350	0.08	28,488	0.12
10.2		04-Nov-2016	Increase	26,000	0.11	54,488	0.24
10.2		11-Nov-2016	Decrease	-27,288	-0.12	27,200	0.12
10.2		18-Nov-2016	Decrease	-25,600	-0.11	1,600	0.01
10.2		25-Nov-2016	Decrease	-1,000	0.00	600	0.00
10.2		02-Dec-2016	Increase	1,150	0.01	1,750	0.01
10.2		09-Dec-2016	Decrease	-150	0.00	1,600	0.01
10.2		23-Dec-2016	Decrease	-1,464	-0.01	136	0.00
10.2		31-Dec-2016	Increase	2,000	0.01	2,136	0.01
10.2		06-Jan-2017	Increase	5,000	0.02	7,136	0.03
10.2		13-Jan-2017	Increase	2,900	0.01	10,036	0.04
10.2		20-Jan-2017	Decrease	-1,000	0.00	9,036	0.04
10.2		27-Jan-2017	Decrease	-8	0.00	9,028	0.04
10.2		03-Feb-2017	Increase	1,215	0.01	10,243	0.04
10.2		10-Feb-2017	Increase	6,257	0.03	16,500	0.07
10.2		17-Feb-2017	Decrease	-1,470	-0.01	15,030	0.07
10.2		24-Feb-2017	Decrease	-1,129	0.00	13,901	0.06
10.2		03-Mar-2017	Increase	9,163	0.04	23,064	0.10
10.2		10-Mar-2017	Decrease	-200	0.00	22,864	0.10
10.2		17-Mar-2017	Decrease	-450	0.00	22,414	0.10
10.2		24-Mar-2017	Decrease	-5,151	-0.02	17,263	0.08
10.2		31-Mar-2017	At the end of the year Increase	4,072	0.02	21,335	0.09
10.3	II And Fs Securities Services Limited	01-Apr-2016	At the beginning of the year	8,741	0.04	8,741	0.04
10.3		11-Nov-2016	Increase	27,188	0.12	35,929	0.16
10.3		18-Nov-2016	Decrease	-4,500	-0.02	31,429	0.14
10.3		25-Nov-2016	Decrease	-4,000	-0.02	27,429	0.12
10.3		02-Dec-2016	Decrease	-4,000	-0.02	23,429	0.10
10.3		16-Dec-2016	Decrease	-2,000	-0.01	21,429	0.09
10.3		23-Dec-2016	Decrease	-3,000	-0.01	18,429	0.08
10.3		31-Dec-2016	Decrease	-1,000	0.00	17,429	0.08

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
10.3		31-Mar-2017	At the end of the year	0	0.00	17,429	0.08
10			Total :	30,760	0.13	38,764	0.17
11.1	Icici Bank Limited	01-Apr-2016	At the beginning of the year	78,776	0.35	78,776	0.35
11.1		01-Apr-2016	Decrease	-200	0.00	78,576	0.34
11.1		08-Apr-2016	Increase	600	0.00	79,176	0.35
11.1		29-Apr-2016	Decrease	-299	0.00	78,877	0.35
11.1		06-May-2016	Increase	4,007	0.02	82,884	0.36
11.1		27-May-2016	Increase	1	0.00	82,885	0.36
11.1		03-Jun-2016	Decrease	-1,636	-0.01	81,249	0.36
11.1		10-Jun-2016	Decrease	-428	0.00	80,821	0.35
11.1		17-Jun-2016	Decrease	-29	0.00	80,792	0.35
11.1		24-Jun-2016	Increase	11,960	0.05	92,752	0.41
11.1		30-Jun-2016	Decrease	-44,232	-0.19	48,520	0.21
11.1		08-Jul-2016	Decrease	-7,390	-0.03	41,130	0.18
11.1		15-Jul-2016	Decrease	-22,204	-0.10	18,926	0.08
11.1		22-Jul-2016	Decrease	-53	0.00	18,873	0.08
11.1		29-Jul-2016	Increase	223	0.00	19,096	0.08
11.1		12-Aug-2016	Increase	4,890	0.02	23,986	0.11
11.1		09-Sep-2016	Decrease	-25	0.00	23,961	0.11
11.1		16-Sep-2016	Increase	9,215	0.04	33,176	0.15
11.1		30-Sep-2016	Decrease	-3,298	-0.01	29,878	0.13
11.1		07-Oct-2016	Decrease	-7,175	-0.03	22,703	0.10
11.1		14-Oct-2016	Increase	6,538	0.03	29,241	0.13
11.1		21-Oct-2016	Decrease	-152	0.00	29,089	0.13
11.1		28-Oct-2016	Decrease	-7,144	-0.03	21,945	0.10
11.1		04-Nov-2016	Increase	8,208	0.04	30,153	0.13
11.1		18-Nov-2016	Increase	231	0.00	30,384	0.13
11.1		02-Dec-2016	Decrease	-100	0.00	30,284	0.13
11.1		23-Dec-2016	Increase	540	0.00	30,824	0.14
11.1		31-Dec-2016	Increase	6,992	0.03	37,816	0.17
11.1		06-Jan-2017	Decrease	-10,790	-0.05	27,026	0.12
11.1		20-Jan-2017	Decrease	-30	0.00	26,996	0.12
11.1		27-Jan-2017	Decrease	-675	0.00	26,321	0.12
11.1		03-Feb-2017	Decrease	-200	0.00	26,121	0.11
11.1		17-Feb-2017	Decrease	-40	0.00	26,081	0.11
11.1		24-Mar-2017	Increase	2,000	0.01	28,081	0.12
11.1		31-Mar-2017	At the end of the year Decrease	-4,821	-0.02	23,260	0.10
11			Total :	78,776	0.35	23,260	0.10
12.1	India Infoline Limited	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
12.1		03-Jun-2016	Increase	75,197	0.33	75,197	0.33
12.1		15-Jul-2016	Decrease	-75,197	-0.33	0	0.00
12.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
12.2	India Infoline Limited	01-Apr-2016	At the beginning of the year	1,096	0.00	1,096	0.00
12.2		08-Apr-2016	Decrease	-267	0.00	829	0.00
12.2		15-Apr-2016	Increase	3,010	0.01	3,839	0.02
12.2		22-Apr-2016	Decrease	-3,831	-0.02	8	0.00
12.2		29-Apr-2016	Increase	510	0.00	518	0.00
12.2		06-May-2016	Decrease	-409	0.00	109	0.00
12.2		13-May-2016	Decrease	-109	0.00	0	0.00

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
12.2		27-May-2016	Increase	564	0.00	564	0.00
12.2		03-Jun-2016	Decrease	-464	0.00	100	0.00
12.2		10-Jun-2016	Increase	6,577	0.03	6,677	0.03
12.2		17-Jun-2016	Decrease	-6,532	-0.03	145	0.00
12.2		24-Jun-2016	Increase	795	0.00	940	0.00
12.2		30-Jun-2016	Increase	744	0.00	1,684	0.01
12.2		01-Jul-2016	Increase	5,816	0.03	7,500	0.03
12.2		08-Jul-2016	Increase	461	0.00	7,961	0.03
12.2		11-Jul-2016	Decrease	-5,864	-0.03	2,097	0.01
12.2		15-Jul-2016	Increase	3,303	0.01	5,400	0.02
12.2		18-Jul-2016	Decrease	-832	0.00	4,568	0.02
12.2		22-Jul-2016	Increase	25,782	0.11	30,350	0.13
12.2		25-Jul-2016	Decrease	-22,004	-0.10	8,346	0.04
12.2		29-Jul-2016	Decrease	-8,345	-0.04	1	0.00
12.2		05-Aug-2016	Increase	199	0.00	200	0.00
12.2		12-Aug-2016	Decrease	-199	0.00	1	0.00
12.2		19-Aug-2016	Increase	323	0.00	324	0.00
12.2		26-Aug-2016	Decrease	-124	0.00	200	0.00
12.2		02-Sep-2016	Increase	300	0.00	500	0.00
12.2		09-Sep-2016	Increase	1,255	0.01	1,755	0.01
12.2		16-Sep-2016	Decrease	-505	0.00	1,250	0.01
12.2		23-Sep-2016	Decrease	-269	0.00	981	0.00
12.2		30-Sep-2016	Increase	570	0.00	1,551	0.01
12.2		07-Oct-2016	Decrease	-1,427	-0.01	124	0.00
12.2		14-Oct-2016	Decrease	-124	0.00	0	0.00
12.2		21-Oct-2016	Increase	400	0.00	400	0.00
12.2		28-Oct-2016	Decrease	-285	0.00	115	0.00
12.2		04-Nov-2016	Increase	1,515	0.01	1,630	0.01
12.2		11-Nov-2016	Decrease	-1,630	-0.01	0	0.00
12.2		02-Dec-2016	Increase	30	0.00	30	0.00
12.2		09-Dec-2016	Increase	220	0.00	250	0.00
12.2		16-Dec-2016	Decrease	-250	0.00	0	0.00
12.2		23-Dec-2016	Increase	2,292	0.01	2,292	0.01
12.2		31-Dec-2016	Decrease	-2,292	-0.01	0	0.00
12.2		06-Jan-2017	Increase	742	0.00	742	0.00
12.2		13-Jan-2017	Decrease	-742	0.00	0	0.00
12.2		20-Jan-2017	Increase	300	0.00	300	0.00
12.2		27-Jan-2017	Decrease	-296	0.00	4	0.00
12.2		03-Feb-2017	Increase	310	0.00	314	0.00
12.2		10-Feb-2017	Decrease	-314	0.00	0	0.00
12.2		17-Feb-2017	Increase	83	0.00	83	0.00
12.2		24-Feb-2017	Decrease	-82	0.00	1	0.00
12.2		03-Mar-2017	Increase	50	0.00	51	0.00
12.2		10-Mar-2017	Increase	273	0.00	324	0.00
12.2		17-Mar-2017	Decrease	-311	0.00	13	0.00
12.2		24-Mar-2017	Increase	287	0.00	300	0.00
12.2		31-Mar-2017	At the end of the year Decrease	-300	0.00	0	0.00
12.3	India Infoline Limited	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
12.3		08-Apr-2016	Increase	6	0.00	6	0.00
12.3		15-Apr-2016	Increase	15	0.00	21	0.00
12.3		22-Apr-2016	Decrease	-21	0.00	0	0.00
12.3		06-May-2016	Increase	200	0.00	200	0.00
12.3		13-May-2016	Decrease	-200	0.00	0	0.00
12.3		20-May-2016	Increase	310	0.00	310	0.00

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
12.3		27-May-2016	Decrease	-310	0.00	0	0.00
12.3		30-Jun-2016	Increase	100	0.00	100	0.00
12.3		01-Jul-2016	Increase	400	0.00	500	0.00
12.3		08-Jul-2016	Increase	2,700	0.01	3,200	0.01
12.3		11-Jul-2016	Decrease	-2,116	-0.01	1,084	0.00
12.3		15-Jul-2016	Increase	3,916	0.02	5,000	0.02
12.3		18-Jul-2016	Decrease	-3,485	-0.02	1,515	0.01
12.3		22-Jul-2016	Increase	11,485	0.05	13,000	0.06
12.3		25-Jul-2016	Decrease	-9,742	-0.04	3,258	0.01
12.3		29-Jul-2016	Decrease	-3,258	-0.01	0	0.00
12.3		09-Sep-2016	Increase	10	0.00	10	0.00
12.3		16-Sep-2016	Decrease	-10	0.00	0	0.00
12.3		07-Oct-2016	Increase	10	0.00	10	0.00
12.3		14-Oct-2016	Decrease	-10	0.00	0	0.00
12.3		28-Oct-2016	Increase	3,600	0.02	3,600	0.02
12.3		04-Nov-2016	Decrease	-3,600	-0.02	0	0.00
12.3		25-Nov-2016	Increase	4,000	0.02	4,000	0.02
12.3		02-Dec-2016	Decrease	-4,000	-0.02	0	0.00
12.3		03-Feb-2017	Increase	200	0.00	200	0.00
12.3		10-Feb-2017	Decrease	-200	0.00	0	0.00
12.3		10-Mar-2017	Increase	50	0.00	50	0.00
12.3		17-Mar-2017	Decrease	-50	0.00	0	0.00
12.3		31-Mar-2017	At the end of the year	0	0.00	0	0.00
12.4	India Infoline Limited	01-Apr-2016	At the beginning of the year	81,351	0.36	81,351	0.36
12.4		08-Apr-2016	Decrease	-300	0.00	81,051	0.36
12.4		29-Apr-2016	Decrease	-1,074	0.00	79,977	0.35
12.4		06-May-2016	Decrease	-2,779	-0.01	77,198	0.34
12.4		27-May-2016	Decrease	-2,001	-0.01	75,197	0.33
12.4		03-Jun-2016	Decrease	-75,197	-0.33	0	0.00
12.4		24-Jun-2016	Increase	6,000	0.03	6,000	0.03
12.4		30-Jun-2016	Decrease	-6,000	-0.03	0	0.00
12.4		31-Mar-2017	At the end of the year	0	0.00	0	0.00
12.5	India Infoline Limited	01-Apr-2016	At the beginning of the year	1,132	0.00	1,132	0.00
12.5		31-Mar-2017	At the end of the year	0	0.00	1,132	0.00
12.6	India Infoline Limited	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
12.6		16-Sep-2016	Increase	100	0.00	100	0.00
12.6		23-Sep-2016	Decrease	-100	0.00	0	0.00
12.6		31-Mar-2017	At the end of the year	0	0.00	0	0.00
12			Total :	83,579	0.37	1,132	0.00
13.1	Hitesh Ramji Javeri	01-Apr-2016	At the beginning of the year	2,75,000	1.21	2,75,000	1.21
13.1		29-Jul-2016	Decrease	-35,000	-0.15	2,40,000	1.05
13.1		12-Aug-2016	Decrease	-90,000	-0.39	1,50,000	0.66
13.1		19-Aug-2016	Decrease	-49,899	-0.22	1,00,101	0.44
13.1		30-Sep-2016	Decrease	-50,000	-0.22	50,101	0.22
13.1		21-Oct-2016	Decrease	-50,000	-0.22	101	0.00
13.1		31-Mar-2017	At the end of the year	0	0.00	101	0.00
13			Total :	2,75,000	1.21	101	0.00

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
14.1	Edelweiss Securities Ltd	01-Apr-2016	At the beginning of the year	72,795	0.32	72,795	0.32
14.1		01-Apr-2016	Increase	6,082	0.03	78,877	0.35
14.1		08-Apr-2016	Decrease	-2,601	-0.01	76,276	0.33
14.1		15-Apr-2016	Decrease	-534	0.00	75,742	0.33
14.1		22-Apr-2016	Increase	3,135	0.01	78,877	0.35
14.1		06-May-2016	Increase	4,008	0.02	82,885	0.36
14.1		13-May-2016	Decrease	-2,054	-0.01	80,831	0.35
14.1		20-May-2016	Decrease	-1,698	-0.01	79,133	0.35
14.1		27-May-2016	Decrease	-1,779	-0.01	77,354	0.34
14.1		03-Jun-2016	Decrease	-634	0.00	76,720	0.34
14.1		10-Jun-2016	Decrease	-5,114	-0.02	71,606	0.31
14.1		17-Jun-2016	Decrease	-23,921	-0.10	47,685	0.21
14.1		24-Jun-2016	Decrease	-14,246	-0.06	33,439	0.15
14.1		30-Jun-2016	Increase	573	0.00	34,012	0.15
14.1		08-Jul-2016	Increase	1,906	0.01	35,918	0.16
14.1		15-Jul-2016	Decrease	-1,324	-0.01	34,594	0.15
14.1		22-Jul-2016	Increase	3,700	0.02	38,294	0.17
14.1		05-Aug-2016	Decrease	-228	0.00	38,066	0.17
14.1		12-Aug-2016	Decrease	-40	0.00	38,026	0.17
14.1		26-Aug-2016	Increase	2,704	0.01	40,730	0.18
14.1		16-Sep-2016	Increase	5,954	0.03	46,684	0.20
14.1		09-Dec-2016	Decrease	-147	0.00	46,537	0.20
14.1		16-Dec-2016	Decrease	-14,395	-0.06	32,142	0.14
14.1		06-Jan-2017	Increase	2,196	0.01	34,338	0.15
14.1		13-Jan-2017	Decrease	-34,338	-0.15	0	0.00
14.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
14.2	Edelweiss Securities Ltd	01-Apr-2016	At the beginning of the year	26,331	0.12	26,331	0.12
14.2		01-Apr-2016	Decrease	-6,082	-0.03	20,249	0.09
14.2		08-Apr-2016	Decrease	-20,249	-0.09	0	0.00
14.2		15-Apr-2016	Increase	150	0.00	150	0.00
14.2		22-Apr-2016	Increase	10,212	0.04	10,362	0.05
14.2		29-Apr-2016	Decrease	-1,200	-0.01	9,162	0.04
14.2		06-May-2016	Decrease	-6,533	-0.03	2,629	0.01
14.2		13-May-2016	Decrease	-2,379	-0.01	250	0.00
14.2		20-May-2016	Decrease	-250	0.00	0	0.00
14.2		24-Jun-2016	Increase	92	0.00	92	0.00
14.2		30-Jun-2016	Decrease	-92	0.00	0	0.00
14.2		11-Jul-2016	Increase	105	0.00	105	0.00
14.2		15-Jul-2016	Increase	495	0.00	600	0.00
14.2		18-Jul-2016	Increase	200	0.00	800	0.00
14.2		22-Jul-2016	Decrease	-800	0.00	0	0.00
14.2		29-Jul-2016	Increase	162	0.00	162	0.00
14.2		05-Aug-2016	Decrease	-162	0.00	0	0.00
14.2		12-Aug-2016	Increase	184	0.00	184	0.00
14.2		26-Aug-2016	Decrease	-154	0.00	30	0.00
14.2		02-Sep-2016	Increase	20	0.00	50	0.00
14.2		09-Sep-2016	Increase	10,878	0.05	10,928	0.05
14.2		16-Sep-2016	Increase	1,065	0.00	11,993	0.05
14.2		23-Sep-2016	Increase	100	0.00	12,093	0.05
14.2		30-Sep-2016	Increase	795	0.00	12,888	0.06
14.2		07-Oct-2016	Increase	429	0.00	13,317	0.06
14.2		14-Oct-2016	Decrease	-3,175	-0.01	10,142	0.04
14.2		21-Oct-2016	Decrease	-315	0.00	9,827	0.04

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
14.2		28-Oct-2016	Decrease	-622	0.00	9,205	0.04
14.2		04-Nov-2016	Increase	798	0.00	10,003	0.04
14.2		11-Nov-2016	Decrease	-1,657	-0.01	8,346	0.04
14.2		18-Nov-2016	Decrease	-5,203	-0.02	3,143	0.01
14.2		25-Nov-2016	Decrease	-1,697	-0.01	1,446	0.01
14.2		02-Dec-2016	Decrease	-200	0.00	1,246	0.01
14.2		09-Dec-2016	Decrease	-405	0.00	841	0.00
14.2		16-Dec-2016	Decrease	-841	0.00	0	0.00
14.2		23-Dec-2016	Increase	100	0.00	100	0.00
14.2		31-Dec-2016	Increase	2,261	0.01	2,361	0.01
14.2		06-Jan-2017	Decrease	-2,361	-0.01	0	0.00
14.2		31-Mar-2017	At the end of the year	0	0.00	0	0.00
14.3	Edelweiss Securities Ltd.	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
14.3		05-Aug-2016	Increase	3,000	0.01	3,000	0.01
14.3		12-Aug-2016	Decrease	-3,000	-0.01	0	0.00
14.3		31-Mar-2017	At the end of the year	0	0.00	0	0.00
14			Total :	99,126	0.43	0	0.00

(v) Shareholding of Directors and Key Managerial Personnel

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.1	MR.R.R.BHINGE	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
1.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
1			Total :	0	0.00	0	0.00
2.1	MR.S.RAMAKRISHNAN	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
2.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
2			Total :	0	0.00	0	0.00
3.1	MR.K.RAGHURAMAN	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
3.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
3			Total :	0	0.00	0	0.00
4.1	MR.K.RAMACHANDRAN	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
4.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
4			Total :	0	0.00	0	0.00
5.1	MS.HEMA HATTANGADY	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
5.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
5			Total :	0	0.00	0	0.00
6.1	MR.P.J.NATH	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00

Serial no	Name of the ShareHolder	Date	Reason	Shareholding at the beginning of the year 01.04.2016		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
6.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
6			Total :	0	0.00	0	0.00
7.1	MR.UDAY BANERJEE CHIEF FINANCIAL OFFICER	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
7.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
7			Total :				
8.1	MR.GIRISH V.KIRKINDE COMPANY SECRETARY	01-Apr-2016	At the beginning of the year	0	0.00	0	0.00
8.1		31-Mar-2017	At the end of the year	0	0.00	0	0.00
8			Total :	0	0.00	0	0.00

V) INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	496	7250	-	7,746
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	44	-	44
Total (i+ii+iii)	496	7,294	-	7,790
Change in Indebtedness during the financial year				
- Addition	-	8,500	-	8,500
- Reduction	161	11,650	-	(11,811)
Net Change	(161)	(3,150)	-	(3,311)
Indebtedness at the end of the financial year				
i) Principal Amount	335	4,100	-	4,435
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	3	-	3
Total (i+ii+iii)	335	4,103	-	4,438

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Mr. P. J. Nath, Executive Director & CEO	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	83.33	83.33
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	7.98	7.98
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - others, specify…	Nil	Nil
5.	Others, please specify	Nil	Nil
6.	Total (A)	91.31	91.31
7.	Ceiling as per the Act	Ceiling for the year ended 31st March, 2017: ₹138.72 lakhs	

B. Remuneration to other directors:

₹ in Lakhs

Sl. No.	Name of Directors	Particulars of Remuneration			Total Amount
		Fee for attending board / committee Meetings*	Commission payable for FY 2016-17	Others, please specify	
I.	Independent Directors				
1.	Mr. K.Raghuraman	6.60	-	5.46	12.06
2.	Mr. K.Ramachandran	5.70	-	-	5.70
3.	Ms. Hema Hattangady	6.00	-	3.27	9.27
	Total (I)	18.30	-	8.73	27.03
II.	Other Non-Executive Directors				
1.	Mr. S.Ramakrishnan	6.30	-	0.18	6.48
2	Mr. R.R. Bhinge	2.80	-	-	2.80
	Total (II)	9.10	-	0.18	9.28
	Total Managerial Remuneration (I + II)	27.40	-	8.91	36.31
	Overall Ceiling as per the Act (@1% of profit calculated under Section 198 of the Companies Act, 2013)		Not applicable as no commission paid to any non-Executive Director		

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. P.J. Nath ED & CEO	Mr. Girish Kirkinde, Company Secretary	Mr. Uday Banerjee, CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	83.33	34.91	50.51	168.75
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7.98	1.95	2.67	12.60
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify…	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
6	**Total**	**91.31**	**36.86**	**53.18**	**181.35**

VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC SITUATION

The Indian economy is on a steady growth trajectory. Riding on strong macroeconomic fundamentals, favorable business sentiments and downward trend in interest rates, the economy grew by 7.1 per cent in 2016-17 as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF).

The government had taken several initiatives in 2016-17 in the areas of infrastructure, easing the process of doing business, opening the doors to FDI, targeting inflation for monetary policy, starting campaigns on smart cities, urban development and encouraging startups. There were some transformation reforms including passage of the Constitution Amendment Bill for GST and Demonetization of high denomination bank notes.

The demonetization of high denomination bank notes announced by Government on November 8, 2016, has generated benefits including increased money in the banking system and reduction in interest. Newer banking licenses have been issued to Small finance and Payment banks for fanning out into the rural and remote areas of the country.

The government strengthened the reforms in the upstream oil & gas sector which will enhance domestic exploration and production. Oil imports account for over a quarter of India's total import bill currently. The government plans to reduce the oil imports dependence by 10% by 2022. Around 31 small oil and gas fields were awarded to different companies under a liberalized revenue-sharing model in order to increase the exploration and development. The Government of India plans to auction 280 mines with an estimated mineral value of over ₹10 lakh crore (US$ 153.64 billion). The government also wants to increase the renewable power capacity by 5 times to reach 175 GW by 2022. This is likely to increase private sector participation in the energy sector as a whole.

The Government has also come up with Digital India initiative, which focuses on creation of digital infrastructure, delivering services digitally to the remotest of the areas and to increase the digital literacy. Numerous foreign companies are setting up their facilities in India on account of government initiatives like Make in India and Digital India. This has positively impacted the development of rural industrial clusters and creation of smart villages which will complement the smart cities initiative.

The major push of the government is on growth stimulation and rural penetration powered by greater access to banking, technology adoption and other structural and infrastructure reforms.

COMPANY STRATEGY AND DIRECTIONS:

Business Strategy:

Nelco has one major business line, which is VSAT service.

The Company also has two other business lines as given below:

a) Integrated Security & Surveillance Solutions (ISSS), which is operating in restricted mode

b) Unattended Ground Sensors, which was divested effective from 1st October, 2014 and transfer got completed on 2nd January, 2017.

The Company is one of the major VSAT service providers in India and is amongst the top 3 players in the country. The Company focuses in providing highly reliable data connectivity solutions across the remote parts of the country for the B2B sector using its VSAT services. The Company is leveraging on the increasing focus of some of the important industry segments in expanding to the remote locations, e.g. the Banking & Financial Services, Renewable Energy, Mining, offshore Oil & gas exploration etc., where the deployment of VSATs is likely to further increase in the years to come. The Company is also evaluating the various Govt. initiatives which are based around expansion to the remote villages across the country which require reliable VSAT connectivity, and will participate in these selectively.

The VSAT industry is fast expanding globally due to advancement in technology, which has opened up many new growth sectors like mobility services, mainly for Aero and Maritime Communication. The advancement in antenna technology is further revolutionizing this industry. With smaller foot print flat panel antenna, many new applications are evolving for VSATs like connected cars. While the Aero and Maritime communication services are fast growing sectors for VSAT industry globally, these services are not yet offered in India due to regulatory restrictions. The Company has made its applications to the Government for the necessary regulatory clearances for offering these services in the country and plans to launch these services once the necessary clearances are obtained. The Company estimates the VSAT industry in India to more than double in 2 – 3 years time once the license for offering the Maritime and Aero Communication services are given.

The Company has been providing System Integration services for security and surveillance applications mainly to the Govt. and Defense customers, under its Integrated Security Surveillance Solutions (ISSS) business. The margins in this business have been thin because of low value addition and aggressive bidding by competition to become the lowest bidder to bag the contracts in the Govt. & Defense organizations. The frequent project delays further erode the margins and lead to delayed cash flows. Considering these, the Company continues to take a cautious approach towards this business by focusing only on delivering its commitments towards its existing customers for all the existing projects and restricting in bidding for new projects.

The Company had provided the UGS systems to Indian Defense starting 2002, which have been deployed in the Northern Border of the country for detecting intrusion across the border. As a part of the agreement with Ministry of Defense, the Company had a long term obligation to provide spares support to the customer. Considering that the demand for spares has been very low and lumpy in nature and there has been no fresh demand for UGS systems for many years, the Company had decided to divest this business.

The Company decided to have different strategies for each of the three businesses considering the market potential, its own strengths and focus.

- VSAT business: To grow the business aggressively in the existing segments by leveraging its current market positioning as a reliable VSAT operator as well as get into newer market segments and services.
- ISSS business: Focus in meeting all the contractual obligations towards its existing customers and focus in offering warranty and AMC services.
- UGS business: Complete the divestment of the business.

Each of the above strategic initiatives has been deployed and is at a different stage of implementation.

VSAT BUSINESS STRATEGY AND DIRECTIONS:

Industry structure and development

The VSAT services industry is 26+ years old in India and continues to be a regulated industry operating under the license from Department of Telecom, Govt. of India. The VSAT operators are required to lease satellite transponder space only from Antrix Corporation Ltd. ("Antrix"), a part of ISRO (a Govt. of India Company under Dept. of Space), as per the current regulations. Antrix arranges for the Transponder space in satellites belonging to ISRO or foreign satellite operators. The industry has been growing at around 8% pa with no increase in the number of players. There are 5 main operators for this business in the country, with only two of them being pure play VSAT players and the remaining ones having integrated play with Telecom and/or IT. The VSAT services are used mainly for data communication and to some extent voice communication needs in a Closed User Group (CUG) without any connection to the PSTN.

The operators are required to set up VSAT hubs in India for the purpose of enabling VSAT services. The electronics at the central VSAT Hub are provided by a handful of global technology providers. The electronics at the remote locations need to be of the same technology as the central VSAT hub and as such becomes proprietary in nature.

Market opportunities:

The VSAT market is at an inflection point in India. Globally this industry is growing at a rapid pace due to advancement in technology which has helped in widening the use of satellite communication. The prospects for the VSAT industry in India also look to be bright based on large potential for new services around mobility - Maritime Communication, Aero in-flight connectivity and Surface transport communication services, which can be offered once the regulations permit the same.

The VSATs continue to be the most preferred mode of data communication in the B2B segment in remote and rural locations due to its ability to offer high availability services at same price points as the metro locations and non-availability of reliable alternate media. The growing need for expanding to remote locations for sectors like Banking which needs to reach out to the unbanked locations, Renewable Energy, Mining etc. gives the boost to the VSAT business in the country.

The Banking industry continues to use VSATs for expanding their ATM footprint across the country. VSATs are the most preferred connectivity option for ATMs, especially in remote locations, due to the need for high availability services, remoteness of the locations and low bandwidth consumption. Currently there are about 110,000 ATMs connected on VSATs, which is likely to grow to around 200,000 in the next 4 years.

There was a temporary slowdown in the deployment of ATMs during the current year due to initial challenges posed by demonetization. However, the growth opportunities for ATMs in the long run continue to be intact. Despite the growth of cards and other payment systems, the market for cash and hence ATMs to dispense it, is likely to remain strong in India, like other global economies. While cash transactions as a proportion of total payment flows are likely to reduce, it will still remain a significant part of the payment flows by volume of transactions and total absolute value, which drives the ATM industry. Factors like ATM penetration and density, which are way below global norms, also indicate that there is room for growth in ATMs in India. Newer applications for customer experience, convergence of ATMs and digital world as inter-related delivery channels could further boost ATM growth in the near future.

The Govt. had awarded 10 licenses for Small Banks, 11 licenses for Payment Banks and 4 New Banking licenses already. These will also lead to a major expansion of the infrastructure into the rural belts and thereby bringing in opportunities for the VSAT services.

The communication service for the offshore Oil & Gas exploration sector is a growing business in India. The exploration activities are accelerated by Government's drive to reduce import of crude oil. The most reliable medium of connectivity for the offshore rigs in India is VSAT currently. The bandwidth consumption is higher as compared to many other sectors due to the nature of applications being run, which is likely to further go up with newer applications like IoT and analytics being deployed by the industry.

The potential for VSATs in the Government sector is large due to thrust on panchayat connectivity, public distribution system, education, health and water management. Though the overall potential is more than 100,000 VSATs, the time frames for implementation are however uncertain.

The availability of High Throughput Satellites (HTS) and other developments in equipment technology, particularly the antenna technology, can give a major boost to the VSAT industry by increasing the applications where it will be able to provide services at a competitive price. HTS has already made a large impact for the VSAT industry in most other countries. It is expected that HTS would be available for commercial use India within the next 2 years on Indian as well as foreign satellites.

The availability of Low Earth Orbit Satellite (LEO) in the future will give further growth to the VSAT industry as large capacity low latency satellite bandwidth will be available, which will further increase the use of VSATs.

Strengthening presence in the existing market segments

The Company has a continued focus in strengthening its presence in existing market segments for VSAT services. It has become a preferred VSAT service provider for segments like ATMs and offshore Oil & Gas exploration. The Company has strengthened its presence in the Banking & Finance segment with a base of apx. 45,000 VSATs for off-site ATMs and bank branches. The company had more than 45% market share of the incremental VSAT deployment in off-site ATMs during the year. The dominant position in providing communication services for offshore Oil rigs has created potential for future growth in Maritime Communication services, which can be rolled out as soon as the regulatory clearances are obtained.

The Company has been focusing in improving its customer support and project implementation capabilities, which are tuned towards the specific market segments. In particular the Company has significantly improved its capability to offer customer support services in the remote locations by strengthening its franchisee network. The Company has further strengthened its expertise in handling the end to end requirements of the various market segments. The Company has created VSAT solutions with pole mount antenna facilities to address the challenges of infrastructure unavailability for installing the antenna, particularly in rural areas.

Getting into newer services and markets

There are multiple Enterprise segments which need reliable data connectivity services in remote locations due to their business critical needs. Many such segments have not yet adopted VSATs in a large scale due to various reasons. The Company's focus is to improve the awareness of VSATs amongst some of these sectors and build stronger presence.

The Company is also pursuing with Govt. of India for permission to offer the Aero and Maritime Communication services in the country and believes that the same would be given in the near future.

Investing in augmenting infrastructure

The Company has been making continuous investment in augmenting its infrastructure for providing VSAT services. During the course of the year the company had set up a new Extended-C VSAT Hub in Mahape which got operational from May 2016. The initial capacity was 24 MHz, which will be augmented in due course. There are now two Extended-C band VSAT Hubs in Mahape and two Ku band Hubs, one each at Mahape and Dehradun. The Company has deployed latest technologies for the VSAT hub, which will help in catering to more market segments. The company has also added 18 MHz of Ku band capacity in its Dehradun Hub during the year. These infrastructure augmentations would help the Company in meeting the diverse needs of the market and help fuel its growth.

The Company plans to set up one more Ku band VSAT hub in FY18 to further increase the satellite bandwidth capacities during the coming year. The Company is making endeavor in building expertise in varied technologies for satellite communication to prepare for adopting newer technologies in the future.

Differentiated Enterprise Offerings:

The Company has been focusing in augmenting its solutions in the VSAT services. It has become a preferred VSAT service provider for segments like ATM and offshore Oil & Gas exploration. The Company continues to drive performance improvement through TL9000, ISO 20000 and ISO27001.

ISSS BUSINESS STRATEGY & DIRECTIONS:

The Company refrained from addressing any new requirements in the market for ISSS business. It has focused in only fulfilling its obligations towards its existing customers, mainly in terms of warranty and AMC services. The decision to refrain from bidding for new projects was due to continued challenges of low margins, poor payment terms and delayed decision making by the customers.

DIVESTMENT OF THE UGS BUSINESS:

The Company had taken decision to divest the UGS business which was not strategic for its future growth. The Company sold this business to its parent The Tata Power Company Ltd. (TPC) , which has a much larger focus in the Defense sector with a wider product line and its own R&D facilities. The divestment of the UGS business was completed during the year after receiving the necessary approvals. The associated employees of the UGS business and customer contracts have been transferred to TPC.

SEGMENT WISE PERFORMANCE

The Company has two reportable segments viz. (1) Network Systems consisting of VSAT services (including SATCOM) and (2) Automation & Control consisting of Integrated Security and Surveillance Solutions (ISSS) and UGS business. The Company has a wholly owned subsidiary – Tatanet Services Ltd., for delivering satellite bandwidth services through VSATs, whose performance is included within the consolidated VSAT services revenue. The current period of review for the Company is 1st April, 2016 to 31st March, 2017. The figures of the current year would not be comparable with the previous year's figures which were for period of 18 months (1st October, 2014 to 31st March, 2016).

During the year the Company has also formed a wholly owned subsidiary – Nelco Network Products Limited. However there has been no business operation in this company during the course of the year.

Network Systems

VSAT Services:

During the period under review, the revenue for the VSAT business on consolidated basis including SATCOM was ₹ 13,973 Lakhs as against ₹ 18,738 Lakhs in the previous year, which was a 18 month period. On standalone basis the revenue for the VSAT business including SATCOM was ₹ 8,545 Lakhs as against ₹ 12,065 Lakhs in the previous year, which was a 18 month period.

The Company added 9,053 VSATs to its installed base as against 15,803 VSATs during the 18 month period in the previous year. The VSAT installed base for the company is in excess of 50,000 as on 31st March, 2017, which works out to around 19% of the total installed base of the industry. ,

The Company has added 6,998 VSATs in the ATMs for various banks, which works out to more than 45% of the VSATS sold for the ATMs during this period. These ATMs are directly owned by the Banks, out sourced to the major Brown Label ATM services providers as well as White label ATMs.

The Company also fared well in the niche segment of offshore Oil & Gas exploration by bagging contract from one more major global player to serve their needs in India. This further strengthened its position in this segment. The Company now serves more than 70% of the rigs for offshore oil exploration in India.

The Company continued its focus in developing newer markets for VSAT services.

Automation & Control

The Company had restricted its operations in the ISSS business and the UGS business was under divestment during the period of review. The revenue from Automation & Control was ₹ 394 Lakhs as against ₹ 1,256 Lakhs in the previous year which was a 18 month period.

OUTLOOK

Network Systems

The Company has strengthened its presence in the Banking & Finance segment and the offshore Oil & Gas exploration segment. It has deployed close to 8,000 VSATs for off-site ATMs and bank branches during the year. The dominant position in providing connectivity solutions for offshore Oil & Gas rigs has created potential for future growth in Maritime services due to commonality in the eco-system.

The Company is pursuing for the permissions from Govt. of India to offer the Aero and Maritime Communication services in the country and believes that the permission would be given in the near future. The market potential of these two services will be in excess of ₹ 1000 Crore in the next 5 years, of which the Company expects to get a fair share.

The new Ku VSAT Hub will be installed during the year to further give a significant boost to the VSAT business of the Company for the coming years and help to further strengthen its position in the market.

The availability of High Throughput Satellites (HTS) can give a significant impetus to the VSAT industry by increasing the applications where it will be able to provide services at a competitive price. HTS has already made a large impact for the VSAT industry in most other countries. HTS capacity demand globally is likely to grow from 50 Gbps currently to over 1000 Gbps by 2023. It is expected that HTS would be available for India within the next 2 years time and the Company is poised to leverage on this.

Automation & Control

The Company is refraining from bidding for new projects in ISSS and concentrating only in meeting its obligations towards its existing customers by offering them the highest quality warranty and AMC services as per its contractual terms.

RISKS AND CONCERNS

Network Systems

- **Technology obsolescence Risk**

  Due to the proprietary nature of the VSAT technology, the Company is dependent on limited technologies for hardware. Any obsolescence of technology poses a risk for the operations. While there are options available to migrate the services to an alternative technology, there is a cost attached to the same.

- **Threat from alternate technology**

  The expansion and spread of terrestrial telecom infrastructure to remote areas to offer MPLS services poses a threat for VSAT services. The 3G and 4G services could also pose a threat if the services are rolled out across the country to cover the remote locations with high availability services, although this may not be very pronounced for the next 3 – 4 years considering high capex investment required for the same.

- **Operating Risk**

  Foreign rate fluctuations adversely impact the profitability of operations since major part of the VSAT hardware is imported. Also, though the transponder space is provided by Antrix (a part of ISRO), foreign rate fluctuations adversely impact the profitability of operations since the contracts are in foreign currencies.

  The Company has a high dependence on few market segments, like Banking & Finance and offshore Oil & Gas exploration, for its revenue and profitability. Any major vagaries in these segments can impact Company's performance in the short term.

- **Regulatory Environment**

  The VSAT services are regulated by DoT and the licenses are given for shared hub services based on the Satcom policy of the country. Any major change in the Govt. regulations pertaining to Satcom policy and/or VSAT services could also pose a threat. Newer services like Aero and Maritime Communication are dependent on Govt. giving the necessary approvals. ISRO is insisting on migrating all VSATs operating on foreign satellites to Indian satellites, which could impact the profitability of the Company in FY18 and FY19.

- **Technical Infrastructure**

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

Automation & Control

- **Non availability of spares**

  The company continues to support the executed projects by way of Warranty & Annual Maintenance Contracts. As these projects have been executed using hardware and software supplied by multiple OEMs a few years ago, the support provided by the Company is contingent upon availability of the equipment and support from the OEMs. Technological obsolescence and closure of OEMs business may affect this business adversely.

Risk Management

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

INTERNAL CONTROL ON FINANCIAL RECORDS

The internal Control Systems deployed at the Company are commensurate with its size, scale and complexity of operations. The Control Systems encompasses the policies, processes, tasks, behavior and other aspects of Nelco Ltd., taken together, facilitates effective & efficient operations and quality of internal and external reporting and compliances of all applicable laws & regulation. Adequacy of the systems is also assessed periodically.

The Company has an independent Internal Audit firm mandated to conduct internal audit of the Company and any deviations, observations or recommendations suggested by Internal Auditors are reviewed and suitable actions are taken under the aegis of the Audit Committee. During the year the Audit Committee met regularly to review reports of Internal Auditors.

During the year, to further strengthen the internal financial controls a renowned professional consultant firm was hired to conduct an assessment of existing financial controls and advice on closing of gaps if any. The Company has taken all necessary steps to ensure that all known control gaps have been addressed.

KEY DEVELOPMENTS IN HUMAN RESOURCES

Company strongly believes that people are its greatest asset and this has been the focal point of all its HRM practices. Keeping in view of the above, major developments include:

- During the year, Company divested its UGS business and all the associated officers were transferred to Tata Power, who bought the business. The transfer was done with the full benefit of service continuity and service conditions which were not less favorable than the existing employment conditions.
- The Company also announced a VRS for the Workers associated with UGS business who could not be transferred with the business and other officers and staff from other functions whose services became redundant due to shrinking of the business. The VRS was given to 13 workers/staff and 3 officers.
- As on 31st March, 2017 the Company had employee strength of 140. During the year, 23 employees were recruited and 42 employees were separated (including those transferred as part of divestment of UGS business).
- In the Industrial Relations front, the Company maintained cordial relations with its employees during the period.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company subscribes fully to the principles and spirit of sound Corporate Governance and embodies the principles of fairness, transparency, accountability and responsibility into the value systems driving the Company. The Company is committed to attain high standards of Corporate Governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvements of internal controls and sound investor relations. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders' value over a sustained period of time. The Company has implemented the mandatory requirement of Corporate Governance as set out under Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (Listing Regulations).

2. Board of Directors Composition

As on 23rd May 2017, the Company's Board of Directors comprises 6 members, out of whom 1 is Executive Director and 5 are Non-Executive Directors (NEDs). Out of these 5 NEDs, 3 are Independent Directors. The Board's composition is in compliance with the requirements of Regulation 17(1) of the Listing Regulations.

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

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

The names and categories of the Directors on the Board, the number of directorships and committee positions held by them in companies as on 31st March 2017:

Name of the Directors and Business Relationship	Category of Directorship	*Number of Directorship	**Number of Committee positions held	
		Director	Chairman	Member
Mr. R. R. Bhinge, Chairman	Non-Executive Chairman (Non-Independent)	4	-	1
Mr. K. Raghuraman	Non-Executive Director (Independent)	7	3	3
Mr. K. Ramachandran		1	-	2
Ms. Hema Hattangady		1	-	1
Mr. S. Ramakrishnan	Non-Executive Director (Non-Independent)	4	-	5
Mr. P. J.Nath	Executive Director & CEO	2	-	1

*Excludes directorship in Nelco Ltd., alternate Directorships and Directorships in private companies, foreign companies and Section 8 companies.

**Represents Chairmanships/Memberships of Audit Committee and Stakeholders Relationship Committee (including Nelco Ltd.).

Notes:

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

b) None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees [as prescribed in SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015] across all the companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

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

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

e) None of the Independent Directors of the Company served as Independent Director in more than 7 listed companies. None of the Independent Directors is a Whole – Time Director in any other company.

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

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

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

3. Board Meetings

Nine Board Meetings were held during the financial year and the gap between the two meetings did not exceed four months. Following are the dates on which the said meetings were held: 4th May 2016, 31st May 2016, 17th June 2016, 25th July 2016, 27th September 2016, 27th October 2016, 18th January 2017, 31st January 2017 and 15th March 2017.

Attendance of Directors during FY 2017:

Name of the Directors and Business Relationship	Category of Directorship	#No. of Board Meetings attended	Attendance at the last AGM held on 25th July 2016.
Mr. R. R. Bhinge, Chairman	Non-Executive Chairman (Non-Independent)	9	Yes
Mr. K. Raghuraman	Non-Executive Director (Independent)	9	Yes
Mr. K. Ramachandran		8	No
Ms. Hema Hattangady		8	Yes
Mr. S. Ramakrishnan	Non-Executive Director (Non-Independent)	9	Yes
Mr. P. J. Nath	Executive Director & CEO	9	Yes

The information required under Part A of Schedule II of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is being made available to the Board periodically. At Board / Committee meetings, department heads and representatives who can provide additional insights into the items being discussed are invited.

Post meeting follow up mechanism

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

Meeting of Independent Directors

During the year, the Independent Directors of the Company met on 15th March 2017, without the presence of Executive Director and other members of management. The Independent Directors reviewed the performance of Non-Independent Directors, the Chairman and the Board as a whole. They also assessed the quality and adequacy of the information between the Company's management and the Board.

Annual Strategy Board Meet

During FY2017, an Annual Strategy Board meet was organized in 18th January 2017. As a part of the agenda, the Board conducted a strategy review of the Company's business segments, and also future growth, risk orientation and resource optimization.

Details of familiarisation programmes imparted to Directors including Independent Directors

The Board members of the Company (Independent and Non-Independent) are afforded every opportunity to familiarize themselves with the Company, its management, its operations and above all, the Industry perspective and issues. They are made to interact with senior management personnel and proactively provided with relevant news, views and updates on the Company and sector.

All the information/documents sought by them is/are also shared with them for enabling a good understanding of the Company, its various operations and the industry of which it is a part.

An offsite Board familiarisation programme was held in 27th September 2016 for the Board members where various external speakers provided inputs on varied industry related topics. The web link of familiarisation programmes imparted to Directors is http://www.nelco.in/_content/investor-relations/Familiarisation_Programme.pdf

Code of Conduct

The Board has laid down Codes of Conduct for NEDs which includes details as specified in Schedule IV to the Act. The Company has adopted the Tata Code of Conduct for all the employees including Managing Director/Executive Directors. Both the codes of conduct are posted on the Company's website www.nelco.in. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. The Executive Director and CEO has also confirmed and certified the same. The certification is enclosed at the end of this report.

4. Committees of the Board

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

➢ **Mandatory Committees:**

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

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

Audit Committee of Directors

Composition of the Audit Committee of Directors (Audit Committee) and details of meetings attended by the Directors during the financial year:

Name of the Director	Category of Directorship	No. of meetings attended
Mr. K. Raghuraman, Chairman	Non-Executive Independent	7
Mr. K. Ramachandran, Member		6
Ms. Hema Hattangady, Member		7
Mr. S.Ramakrishnan , Member	Non-Executive Non-Independent	7

The Audit Committee met 7 times during the financial year on the following dates:

4th May 2016, 17th June 2016, 25th July 2016, 26th September 2016, 27th October 2016, 31st January 2017 and 15th March 2017.

The terms of reference, role and scope of the Audit Committee are in line with those prescribed by SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The Company also complies with the provisions of Section 177 of the Companies Act, 2013 (the Act) pertaining to Audit Committee and its functioning.

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

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

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

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

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

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

Internal Controls and Risk Management

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

5. Stakeholders Relationship Committee

In terms of Section 178(5) of the Act, the Company has constituted Stakeholders Relationship Committee (SRC).

Composition of the SRC and details of meetings attended by the Directors during the financial year:

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

The SRC met twice during the financial year on 11th August 2016 and 31st January 2017.

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

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

Sl. No.	Description	Total		
A.	**Letters received from Statutory Bodies**	Received	Replied	Pending
	Securities and Exchange Board of India (SEBI) (SCORES)	0	0	0
	Stock Exchanges	0	0	0
	Depositories (NSDL/CDSL)	0	0	0
	Ministry of Corporate Affairs	0	0	0
B.	**Letters received from Shareholders**			
	Non Receipt of Annual Report	1	1	0

There were no cases pending for Transfers and 2 cases for Demats were pending as on 31st March 2017 which were subsequently rejected.

The responsibilities of the SRC inter alia include:

- Review of statutory compliance relating to all security holders.
- Resolving the grievances of all security holders of the Company.
- Overseeing and reviewing of all matters related to the transfer of securities and movement in shareholding and ownership of the Company.

6. Nominations, HR and Remuneration Committee

In terms of Section 178(1) of the Act, the Company has constituted Nominations, HR and Remuneration Committee (NRC).

Composition of the NRC and the details of meetings attended by the Directors during the financial year:

Name of the Director	Category of Directorship	No. of meetings attended
Mr.K.Ramachandran, Chairman	Non-Executive Independent	3
Mr. K.Raghuraman, Member		4
Ms. Hema Hattangady (Appointed w.e.f. 1st April 2016)		4
Mr. S.Ramakrishnan, Member	Non-Executive / Non Independent	4
Mr.R.R.Bhinge, Member		4

The NRC met 4 times during the financial year on 31st May 2016, 11th August 2016, 19th December 2016 and 15th March 2017.

Mr. K.Ramachandran, Chairman of the NRC could not make it to attend the last Annual General Meeting (AGM), and in his absence Mr. K.Raghuraman member of the NRC was present at the AGM to answer the queries of the Shareholders if any.

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

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

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

• Board Composition and succession related

• Evaluation related

• Remuneration related

• Board Development related

• Review of HR Strategy, Philosophy and Practices

• Other functions

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

Board Evaluation

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

Remuneration to Executive Director

The details of remuneration and perquisites paid and/or value calculated as per the Income Tax Act, 1961 to the Executive Director and Chief Executive Officer for the period ended 31st March 2017 are as under:-

Terms of Agreement	Mr. P. J. Nath, Executive Director & CEO
Period of Appointment	13th June, 2015 to 12th June, 2018
Salary (Basic Salary)	₹ 38,11,660
Perquisites& Allowances	₹ 48,61,713
Performance Linked Incentives	-
Contribution to Provident Fund & Superannuation Fund, Leave encashment, gratuity and other benefits	PF = ₹ 457,399 Gratuity = ₹ 210,684
Retirement Benefits	-
Notice Period	By either party giving six months notice or the Company paying six months' salary in lieu thereof.
Severance fees	There is no separate provision for payment of severance fees.
Stock Option	Nil

Remuneration to Non Executive Directors (NEDs)

The Company pays sitting fees of ₹ 30,000/- per meeting per Director with effect from 1st April 2016 to the NEDs for attending meetings of the Board and Committee except Stakeholders Relationship Committee for which sitting fees is ₹ 15,000/- per meeting. The details of sitting fees paid to NEDs during the financial year are as under:-

Name of the Directors	Sitting fees (₹)
Mr.R.R.Bhinge	2,80,000/-
Mr.S.Ramakrishnan	6,30,000/-
Mr.K.Raghuraman	6,60,000/-
Mr.K.Ramachandran	5,70,000/-
Ms. Hema Hattangady	6,00,000/-

None of the NEDs had any pecuniary relationship or transactions with the Company other than the Directors fees received by them.

Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company is posted on Company's website at http://www.nelco.in/_content/investor-relations/RemunerationPolicyforDirectors,KMPandOther%20employees.pdf

7. Executive Committee of the Board

The Executive Committee of the Board comprises of Mr. R.R. Bhinge (Chairman), Mr. K. Ramachandran, Mr. S. Ramakrishnan and Mr. P. J. Nath (Executive Director & CEO). This Committee covers a detailed review of the following items before being presented to the full Board:

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

8. Material Subsidiary Company

Regulation 16 (1) (c) of Listing Regulations defines a "Material Subsidiary" whose income or net worth exceeds 20% of the consolidated income or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company has one "Material Subsidiary" during the year under review viz. Tatanet Services Ltd. An Independent Director of the Company has been appointed on the Board of the said Subsidiary Company. The minutes of Board meetings of the Subsidiary Company are placed before the Board of Directors of the Company for review.

9. Prevention of Insider Trading

In accordance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 14th May 2015) (the Regulations), the Board of Directors of the Company has adopted the Tata Code for Prevention of Insider Trading and Code of Corporate Disclosure Practice (the Code) to be followed by Directors, Employees and other connected persons. The Code is based on the principle that Directors and Employees of a Tata Company owe a fiduciary duty to, among others, the Members of the Company, to place the interest of the Members above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Code contains regulations for preservation of price sensitive information, pre-clearance of trade and monitoring and implementation of the Code. Under the Code, the Audit Committee is inter alia, empowered:

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

10. General Body Meetings

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

Financial year ended	Day & Date	Time	Venue
30th September 2013 (FY 2012-13)(12 Months)	Wednesday, 22nd January 2014	3.00 p.m.	Ebony, Hotel Regenza By Tunga, Ground floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703
30th September 2014 (FY 2013-14) (12 Months)	Wednesday, 28th January 2015	3.00 p.m	Unison, Hotel Four Points By Sheraton, 2nd Floor, Plot No. 39/1, 6 to 15, Sector 30A, Vashi, Navi Mumbai – 400 701
31st March 2016 (FY 2014-16) (18 Months)	Monday, 25th July 2016	3.00 p.m	Ebony, Hotel Regenza By Tunga, Ground floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703

Details of Special Resolutions passed in the last three AGMs

30th September 2013	Nil
30th September 2014	Approval for payment of Remuneration to Mr. P.J.Nath, Executive Director & CEO
31st March 2016	Nil

All the Special Resolutions moved at the previous AGMs were passed with requisite majority.

None of the business required to be transacted at this AGM is proposed to be passed by Postal Ballot.

Postal Ballot

During the financial year the Company completed one Postal Ballot process pursuant to Section 110 of the Companies Act, 2013 ("Act") for obtaining the approval of its Members on the Special Resolution Pursuant to Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with Schedule V to the Act and the Rules made thereunder, as amended from time to time for terms of remuneration of Mr.P.J.Nath, Executive Director & CEO.

Mr. P.N. Parikh, or failing him Mr. Mitesh Dhabliwala of M/s. Parikh & Associates, Practicing Company Secretaries was appointed as Scrutinizer who carried out the Postal Ballot process in a fair and transparent manner.

Voting Pattern and Procedure for Postal Ballot

Particular	Pursuant to Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with Schedule V to the Act and the Rules made thereunder, as amended from time to time for terms of remuneration of Mr. P. J. Nath, Executive Director & CEO
Appointment of Scrutinizer	18th January 2017
Dispatch of postal ballot forms along with postage prepaid business reply envelopes to its Members	30th January 2017
The last date and time fixed by the Company for receipt of the forms	1st March 2017 5.00 p.m.
The results of the Postal Ballot via postal ballot forms and e-voting facility was announced on	3rd March 2017
Special Resolutions set out in the Notice duly passed by	Requisite majority of the Shareholders.

No Court convened meetings were held during last three financial years.

11. Disclosures

1. There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their subsidiaries or relatives etc. during the financial year, that may have potential conflict with the interests of the Company at large.
2. The Board has received disclosures from key managerial personnel and senior management relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
3. There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.
4. The Board of Directors of the Company has adopted a Whistle Blower Policy for establishing a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The said policy has been posted on the Company's intranet site. The Company affirms that no employee has been denied access to the Audit Committee.
5. All mandatory requirements as prescribed under Schedule II Listing Regulations have been complied by the Company. The status of compliance with the non-mandatory requirements, as stated under Part E of Schedule-II to the Listing Regulations is as under:
   - The Non-Executive Chairman maintains a separate office, for which the Company is not required to reimburse expenses.
   - The Company posts the quarterly, half yearly and annual financial results on its website www.nelco.in
   - The Company has appointed separate persons to the post of chairperson and managing director or chief executive officer.
   - The Internal Auditor of the Company reports to the audit committee.
6. The URL of policy for determining 'material' subsidiaries is http://www.nelco.in/_content/investor-relations/Policy_for_determining_Material_Subsidiaries.pdf
7. The URL of policy on dealing with related party transaction is http://www.nelco.in/_content/investor-relations/Related_Party_Transaction_Policy.pdf
8. The Company follows Ind AS issued by The Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.
9. In terms of part B of Schedule II Listing Regulations, the Executive Director & CEO and the Chief Financial Officer made a certification to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board.

12. Means of Communication

i) **Quarterly and half yearly Results** are published in the Free Press Journal (English) and Navashakti (Marathi) newspapers and displayed on the Company's website www.nelco.in

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

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

iv) **Extensive Business Reporting Language (XBRL):** XBRL is a language for electronic communication of business and financial data. It offers major benefits to all those who have to create, transmit, use or analyze such information which aids better analysis and decision making. Ministry of Corporate Affairs (MCA) vide its Circular No.8/2012 dated 10th May, 2012 [as amended on. 29th June, 2012], has already mandated all cost auditors and the concerned companies to file their Cost Audit Reports and Compliance Reports for the year 2011-12 onwards [including the overdue reports relating to any previous year(s)] only in the XBRL mode.

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

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

13. General Shareholder Information

i) The AGM of the Company is scheduled on Thursday, 21st September 2017 at 3.00 p.m. at Ebony, Hotel Regenza by Tunga, Ground Floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703.

As required under Regulation 36(3) of Listing Regulations, particulars of Directors seeking appointment/ re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on 21st September 2017.

ii) Financial Year: 1st April 2016 to 31st March 2017.

iii) Book Closure: From 12th September 2017 to 14th September 2017 (both days inclusive).

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

BSE Limited (BSE)

(Regional Stock Exchange)

Phiroze Jeejeebhoy Towers

Dalal Street, Mumbai 400 001.

National Stock Exchange of India Limited (NSE)

'Exchange Plaza', Bandra-Kurla Complex

Bandra (E), Mumbai 400 051.

The Company has paid the requisite Annual Listing fees to the stock exchanges for the year 2016-17.

v) Stock Code and Corporate Identification Number (CIN)

BSE Ltd. (Physical segment) – 4112, Demat Segment- 504112

National Stock Exchange of India Ltd. – NELCO EQ

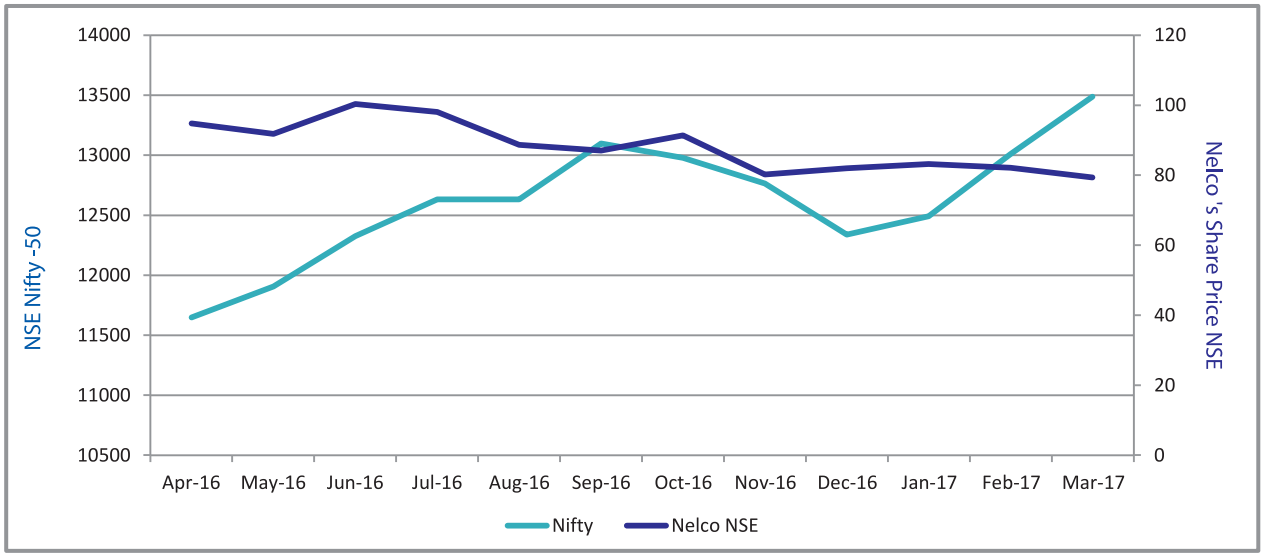
CIN allotted to the Company by the Ministry of Corporate Affairs, Govt. of India is L32200MH1940PLC003164.

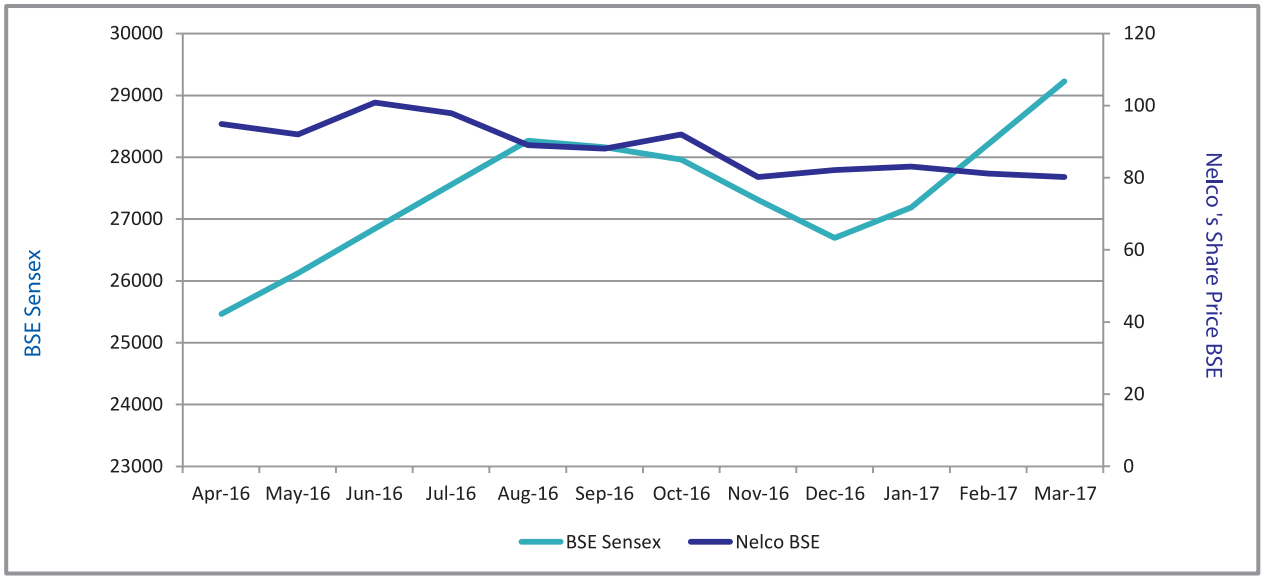
vi) **Market Information:**

(a) Market Price Data: High, Low during each month and trading volumes of the Company's Equity Shares during the period 1st April 2016 to 31st March 2017 at the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) are given below:-

Stock Exchange	BSE			NSE		
Month	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low(₹)	No. of shares traded
April 2016	103	87	1696670	103	86	5149501
May 2016	99	86	1224385	99	85	3945525
June 2016	110	92	2018859	110	91	6289122
July 2016	104	92	1784622	104	92	5370265
August 2016	96	82	880629	96	81	2516223
September 2016	96	80	1559347	94	80	4612650
October 2016	99	84	1521272	99	84	4602633
November 2016	92	68	596460	92	68	1755563
December 2016	88	76	877282	88	75	3481414
January 2017	88	78	578183	89	78	2686463
February 2017	87	76	263356	87	77	1018678
March 2017	83	76	494870	82	76	1727678

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





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

vii. Registrars and Transfer Agents:

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

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

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

Branches of TSRD

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

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

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

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

Agent of TSRD

Shah Consultancy Services Limited

3, Sumatinath Complex, Pritam Nagar, Akhada Road, Ellisbridge, Ahmedabad 380 006.

Telefax: 079 2657 6038 E-mail: shahconsultancy8154@gmail.com

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

viii) **Distribution of Shares as on 31st March 2017.**

No. of shares held (Range)	Shareholding	% of total Shareholding	No. of Shareholders	% of total Shareholders
1-5000	3052985	13.38	21,702	86.55
5001 to 10000	1485299	6.51	1787	7.13
10001 to 20000	1248626	5.47	807	3.22
20001 to 30000	769319	3.37	297	1.18
30001 to 40000	476112	2.09	131	0.52
40001 to 50000	579733	2.54	122	0.49
50001 to 100000	1099767	4.82	152	0.61
100001 and above	14106559	61.82	76	0.30
Total	**22818400**	**100.00**	**25074**	**100.00**

ix) **Shareholding pattern as on 31st March 2017.**

Sr. No.	Category	No. of shares	Percentage
1	The Tata Power Company Limited alongwith its subsidiaries	11418090	50.04
2	Financial Institutions/ Banks	69680	0.31
3	Mutual Funds	10850	0.05
4	State Government / Government Companies / Central Government	82162	0.36
5	Bodies Corporate / Trusts/Others	1447654	6.34
6	Individuals	8793612	38.54
7	FIIs/NRI/Foreign Corporate Bodies	996352	4.36

x) **Top 10 Shareholders of the Company as on 31st March 2017.**

Sr. No.	Category	No. of shares	Percentage
1	The Tata Power Company Limited	11099630	48.64
2	Schlumberger Limited	866460	3.80
3	Aftaab Investment Company Limited	318460	1.40
4	Digvijay Commerce and Trading Pvt. Ltd	150000	0.66
5	Roopa Corporate Services Pvt. Ltd.	123023	0.54
6	Reita Gertrude Gomes	71000	0.31
7	Usha Khaitan	69000	0.30
8	Chiranjilal Rajkumar Exports Pvt. Ltd.	67500	0.30
9	P Janardhan	58000	0.25
10	Andhra Pradesh Industrial Development Corporation Limited	52180	0.23
	Total	**12875253**	**56.42**

Xi) **Dematerialization of Shares as on 31st March 2017 and Liquidity:**

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

Particulars of Shares	Equity Shares of ₹ 10/- each		Shareholders	
	Number	% of Total	Number	% of Total
Dematerialized form				
NSDL	1,78,07,775	78.04	13,970	55.71
CDSL	36,11,435	15.83	8,645	34.48
Sub-total	2,14,19,210	93.87	22,615	90.19
Physical form	13,99,190	6.13	2,459	9.81
Total	**2,28,18,400**	**100.00**	**25,074**	**100.00**

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

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

xiii) Commodity price risk and hedging activity:

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

xiv) Currency exchange risk and hedging activity:

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

xv) Works/facilities and address for correspondence

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

14. E-voting

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

15. Reconciliation of Share Capital Audit

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

16. Compliance of Share Transfer Formalities

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

17. Secretarial Audit

In terms of the Act, the Company appointed M/s. Bhandari & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of records and documents of the Company for FY2017. The Secretarial Audit Report is provided as Annexure V to the Board's Report.

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

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company has transferred the applicable Unclaimed Dividend for the FY 2008-09 to IEPF. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

DECLARATION

As provided under Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, I affirm that the Board Members and the Senior Management Personnel have confirmed compliance with the Codes of Conduct, as applicable to them, for the year ended 31st March 2017.

For NELCO Limited

P. J. Nath
Executive Director & CEO

Navi Mumbai, 23rd May 2017.

TO THE MEMBERS OF
NELCO LIMITED

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter reference no. GS/1460A dated September 27, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Nelco Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Place: Mumbai
Date: 23rd May 2017

Gurvinder Singh
Partner
(Membership No. 110128)

nelco
unlock potential

Standalone Financial Statements

IINDEPENDENT AUDITOR'S REPORT

To The Members of Nelco Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Nelco Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the 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, 2017 and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

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

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

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

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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

iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Mumbai, 9th May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Nelco Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us, 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 as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Mumbai, 9th May, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the Building Completion Certificate provided to us, we report that, the title deed, comprising the immovable property of building which is freehold, is held in the name of the Company as at the balance sheet date. In respect of immovable property of land that have been taken on lease and disclosed as fixed asset in the standalone financial statements, the lease agreement is in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in Lakhs)	Amount Unpaid (Rs. in Lakhs)
Income – Tax Laws	Income –Tax	Appellate Authority - Commissioner Level	2010-11	631	631
Sales – Tax Laws	Sales-Tax	Appellate Authority - High Court Level	1989-90 and 1990-91	21	17
		Appellate Authority - Commissioner Level	1985-86 to 1990-91, 1992-93, 1996-97, 2003-04	9	9
		Appellate Authority - Joint Commissioner Level	1992-93, 2008-09 to 2010-11	128	80
		Deputy Commissioner of Sales Tax	2012-13	50	50

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in Lakhs)	Amount Unpaid (Rs. in Lakhs)
Customs Duty Laws	Customs Duty	Appellate Authority - Assessing Officer Level	1991 to 1993	29	9
Excise Duty Laws	Excise Duty	Appellate Authority - Commissioner Level	1983-84 to 1985-86	66	56
		Appellate Authority - Assistant Director Level	2006-07	1	-
Service Tax Laws	Service Tax	Appellate Authority - up to Commissioner Level	2003-04, 2005-06, 2006-07	218	218

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Mumbai, 9th May, 2017

Standalone Balance Sheet as at 31st March, 2017

(Rs. in Lakhs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
ASSETS				
Non-current assets				
(a) Property, plant and equipment	**4**	1,846	1,479	1,667
(b) Capital Work-in-Progress	**4**	285	52	18
(c) Intangible assets	**4**	9	16	48
(d) Financial Assets				
(i) Investments	**5**	618	704	219
(ii) Loans	**6**	910	1,110	1,439
(iii) Other Financial Assets	**7 (a)**	20	44	44
(e) Deferred tax assets (net)	**34**	-	-	-
(f) Income Tax Assets (net)	**8**	1,154	1,626	1,040
(g) Other non-current assets	**9 (a)**	22	90	77
Sub -Total Non-Current Assets		**4,864**	**5,121**	**4,552**
Current assets				
(a) Inventories	**10**	901	800	963
(b) Financial Assets				
(i) Trade Receivables	**11**	3,378	3,937	3,606
(ii) Cash and cash equivalents	**12**	279	441	99
(iii) Bank balances other than (ii) above	**13**	33	34	32
(iv) Other Financial Assets	**7 (b)**	539	2,216	2,114
(c) Other current assets	**9 (b)**	437	357	514
Sub-Total Current Assets		**5,567**	**7,785**	**7,328**
TOTAL ASSETS		**10,431**	**12,906**	**11,880**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	**14**	2,282	2,282	2,282
(b) Other Equity	**15**	(790)	(1,432)	(1,532)
Total Equity		**1,492**	**850**	**750**
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	**16 (a)**	12	29	49
(ii) Other Financial Liabilities	**17 (a)**	20	35	68
(b) Provisions	**18 (a)**	348	437	435
Sub-Total non-current liabilities		**380**	**501**	**552**
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	**16 (b)**	4,971	7,897	6,202
(ii) Trade Payables	**19**	2,725	2,747	3,313
(iii) Other Financial Liabilities	**17 (b)**	140	161	158
(b) Provisions	**18 (b)**	243	367	437
(c) Other current liabilities	**20**	480	383	468
Sub Total Current Liabilities		**8,559**	**11,555**	**10,578**
Total Liabilities		**8,939**	**12,056**	**11,130**
TOTAL LIABILITIES AND EQUITY		**10,431**	**12,906**	**11,880**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants`

R.R. Bhinge
Chairman

P. J. Nath
Executive Director & CEO

Gurvinder Singh
Partner
Place: Mumbai
Date : 9th May, 2017

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary
Place: Mumbai
Date : 9th May, 2017

Standalone Statement of Profit and Loss for the year ended 31st March, 2017

(Rs. in Lakhs)

	Particulars	Note No.	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
1	Revenue from Operations	21	8,939	13,321
2	Other income	22	879	454
3	**Total Income (1+2)**		**9,818**	**13,775**
4	**Expenses**			
	(a) Cost of materials consumed		-	128
	(b) Purchases of stock-in-trade		2,640	4,078
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(101)	8
	(d) Employee Benefits Expense	24	1,959	2,794
	(e) Voluntary Retirement Expenses	38	159	-
	(f) Finance costs	25	732	1,158
	(g) Depreciation and Amortisation Expense	26	464	707
	(h) Other Expenses	27	3,298	4,924
	Total expenses (4)		**9,151**	**13,797**
5	**Profit before tax (3-4)**		**667**	**(22)**
6	Tax expense:-			
	(i) Current tax	34	-	-
	(ii) Deferred tax	34	-	-
	Total Tax Expense (i+ii)		**-**	**-**
7	**Profit / (Loss) for the period from Continuing Operations (5-6)**		**667**	**(22)**
	Discontinued Operations			
8	**(Loss) from Discontinued Operations**	30	-	(7)
9	Add :-Gain on sale of Managed Services (MS) Business	30	-	162
10	**Profit from discontinued operations (8+9)**		-	155
11	**Profit for the period (7+10)**		**667**	**133**
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss	28	(25)	(33)
12	**Total Other Comprehensive Income**		(25)	(33)
13	**Total Comprehensive Income for the period (11+12)**		**642**	**100**
14	**Earnings per share (Face value of Rs 10/- per share) : (Basic and Diluted)**			
	Continuing Operations		2.92	(0.10)
	Discontinued Operations		-	0.68
	Total Operations (for continuing and discontinued operations)		**2.92**	**0.58**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants`

Gurvinder Singh
Partner
Place: Mumbai
Date : 9th May, 2017

For and on behalf of the Board of Directors

R.R. Bhinge
Chairman

P. J. Nath
Executive Director & CEO

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary
Place: Mumbai
Date : 9th May, 2017

Standalone Statement of Cash Flows for the year ended 31st March, 2017

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
A. Cash Flows From Operating Activities		
Profit for the year	**667**	**133**
Adjustments for:		
Gain on sale of Managed Services (MS) Business (Refer note 30)	-	(162)
Interest income	(248)	(221)
Dividend income	(7)	(2)
Profit on sale of Investment in Associate	(288)	-
Other non-operating income (net of expenses directly attributable to such income)	(232)	(201)
Profit on sale of property, plant and equipment (net)	-	(5)
Foreign exchange gain (net)	(52)	(1)
Net gain/ (loss) arising on financial assets designated at FVTPL	(38)	(24)
Finance costs	732	1,158
Depreciation and Amortisation Expense	464	707
Doubtful advances written off	-	23
Provision for doubtful debts	82	137
Provision for foreseeable losses	-	3
Provision for warranty (net)	9	5
Net (Gain) / Loss on foreign exchange forward contracts	32	-
Operating profit before working capital changes - (i)	**1,121**	**1,550**
Movements in working capital		
(Increase)/decrease in Other Financial Assets	580	(90)
(Increase)/decrease in Other non-current assets	68	(13)
(Increase)/decrease in Inventories	(101)	131
(Increase)/decrease in Trade Receivables	515	(410)
(Increase)/decrease in Other current assets	7	190
Increase/(decrease) in Other Financial Liabilities	(27)	(18)
Increase/(decrease) in Provisions	(205)	(109)
Increase/(decrease) in Trade Payables	121	(467)
Increase/(decrease) in Other current liabilities	97	(85)
Cash generated from operations - (ii)	**1,055**	**(871)**
Income tax refund / (paid) - (iii)	472	(586)
Net cash generated by/(used in) operating activities - Total (i+ii+iii)	**2,648**	**93**
B. Cash Flows From Investing Activities		
Interest received	248	221
Dividend received from associate	7	2
Repayment of loan given to subsidiary	200	329
Payments for property, plant and equipment (Including Capital Work-in-Progress)	(1,054)	(531)
Proceeds from disposal of property, plant and equipment	-	7
Payments for intangible assets	(3)	(8)
Investment in subsidiaries	(5)	(484)
Proceeds on sale of investment in associate (Refer note 5)	380	-
Movement in Bank balances not considered as Cash and cash equivalents	1	(2)
Proceeds on sale of MS Business (Refer note 30)	-	210
Net cash generated by/(used in) investing activities	**(226)**	**(256)**
C. Cash Flows From Financing Activities		
Proceeds on sale of UGS business to Holding Company (Refer note 29)	1,132	-
Proceeds from Borrowings	9,048	16,260
Repayment of Borrowings	(11,991)	(14,585)
Interest paid	(773)	(1,170)
Net cash generated by/(used in) financing activities	**(2,584)**	**505**
Net increase in cash and cash equivalents (A+B+C)	**(162)**	**342**
Cash and cash equivalents at the beginning of the year	441	99
Cash and cash equivalents at the end of the year (as defined in Ind AS 7 "Statement of Cash Flows") included in Note 12 (refer note 1 below)	**279**	**441**

See accompanying notes forming part of the standalone financial statements

Notes:

1) Cash and cash equivalents includes:

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
(a) Balances with Banks:-			
On Current accounts	22	166	44
(b) Cheques on hand	256	272	54
(c) Cash on hand	1	3	1
Total - Cash and cash equivalents as per standalone statement of cash flows	**279**	**441**	**99**

2) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard - 7 "Statement of Cash Flows".

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants`

Gurvinder Singh
Partner
Place: Mumbai
Date : 9th May, 2017

For and on behalf of the Board of Directors

R.R. Bhinge
Chairman

P. J. Nath
Executive Director & CEO

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary
Place: Mumbai
Date : 9th May, 2017

Standalone Statement of Changes in Equity (SOCIE) for the year ended 31st March, 2017

(Rs. in Lakhs)

Particulars	Equity Share Capital		Reserves and Surplus		Equity instruments through OCI [d]	Total [a+b+c+d]
	Number of shares	Equity share capital [a]	General Reserve [b]	Retained earnings [c]		
Balance as at 1st October, 2014	**228,17,461**	**2,282**	**250**	**(1,789)**	**7**	**750**
Profit for the eighteen months ended 31st March, 2016	-	-	-	133	-	133
Other comprehensive income for the eighteen months ended 31st March, 2016	-	-	-	(33)	-	(33)
Balance as at 31st March, 2016	**228,17,461**	**2,282**	**250**	**(1,689)**	**7**	**850**
Profit for the year ended 31st March, 2017	-	-	-	667	-	667
Other comprehensive income for the year ended 31st March, 2017	-	-	-	(26)	1	(25)
Balance as at 31st March, 2017	**228,17,461**	**2,282**	**250**	**(1,048)**	**8**	**1,492**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants`

Gurvinder Singh
Partner

Place: Mumbai
Date : 9th May, 2017

For and on behalf of the Board of Directors

R.R. Bhinge
Chairman

P. J. Nath
Executive Director & CEO

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary

Place: Mumbai
Date : 9th May, 2017

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

1.1 General Information

Nelco Limited (Formerly known as National Ekco Radio & Engineering Co Ltd) herein after referred to as "Nelco" or "the Company" was established in 1940. The Company was formed as a JV between E K Cole & Fazalbhoy. The Company became "Nelco Limited" in 1969.

In 1969, the Company was pre-dominantly the manufacturer of audio-visual appliances like Television, calculator, Servo Voltage Stabilizers and such other office equipment. In late 90's the Company entered in Automation business (SCADA, Traction & Drives), which was divested in 2010. In 1995, the Company through its subsidiary, Tatanet Services Limited (TNSL) first installed VSAT captive hub for Tata Group Companies connectivity and in 2003 it entered into the public domain in VSAT services.

Nelco is today focused in providing systems and solutions in the areas of VSAT connectivity. It also provides solutions in the area of Integrated Security & Surveillance.

The Company offers a range of innovative and customized solutions for businesses and government institutions under one roof.

Equity shares of the Company are listed in India on the Bombay Stock Exchange and The National Stock Exchange. The registered office of the Company is located at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai - 400 710, CIN: L32200MH1940PLC003164.

The standalone financial statements are presented in Indian Rupee (INR) which is also Functional Currency of the Company. The standalone financial statements were authorised for issue by the directors on 9th May, 2017.

1.2 The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April 2016, with a transition date of 1st October 2014. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS and interpretations that are issued and effective for the 'First Ind AS financial statements' for the year ended 31st March 2017, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in note 3.1 below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in retained earnings.

2. 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.

2.1 Basis of preparation

a. Statement of Compliance

The standalone financial statements have been prepared in accordance with Ind AS notified under the Companies Indian Accounting Standards Rules, 2015.

Upto the eighteen months ended 31st March, 2016, the Company prepared its standalone financial statements in accordance with the requirements of previous GAAP, which included standards notified under the Companies (Accounting Standard) Rules, 2006. These are the company's first Ind AS standalone financial statements. The date of transition to Ind AS is 1st October, 2014. Refer Note 3 for the details of first time adoption exemptions availed by the company.

b. Basis of measurement

The standalone financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain items that are measured at fair value as required by relevant Ind AS:

- Financial assets and financial liabilities measured initially at fair value (refer accounting policy on financial Instruments);
- Defined benefit and other long-term employee benefits.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

2.2 Property, plant and equipment

All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the items. Subsequent costs are added to existing item's carrying amount or recognised as a separate item, 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. All other subsequent costs related to an item 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 tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

b. Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate cost net off estimated residual value, over the 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 & Machinery (Third Shift)	Radio Frequency (RF) Antenna – 9 Years Basic Electronics – 6 Years
Office Equipment (VSAT)	Antenna – 10 Years Electronics - 7.50 Years Basic Electronics – 6 Years

Intangible assets are amortised over 5 years based on useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 gains/(losses).

2.3 Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.4 Investments and other financial assets

a. Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or in the other comprehensive income.

Investment in equity shares (Other than investment in subsidiaries and associate) have been designated at Fair value through Other Comprehensive Income (FVTOCI) on the basis of facts and circumstances that existed at the transition date.

b. Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, except for specifically identified cases, Company follows a simplified approach where provision is made as per the ageing buckets which are designed based on historical facts and patterns.

c. Derecognition of financial assets

A financial asset is derecognised only when

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

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

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

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

2.6 Financial Liabilities

Financial Liabilities are subsequently measured at amortised cost or at Fair Value through Profit or Loss (FVTPL).

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost.

2.7 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.

2.8 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.

2.9 Inventories

Inventories are valued at cost, which is determined on weighted average net off provision for cost of obsolescence / slow moving inventory and other anticipated losses, wherever considered necessary.

Cost of inventories includes all other costs incurred in bringing the inventories to their present location and condition.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

2.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Company recognises revenue as follows:

a. Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are passed to the buyer, usually on dispatch of the goods.

b. Rendering of Services

Revenue from contracts is recognised as services are rendered and as related costs are incurred.

Revenue from maintenance contracts is recognised on a pro-rata basis over the period of the contract.

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

d. Rental Income

The Company's policy for recognition of revenue from operating leases is described in note 2.13 below.

e. Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

2.11 Foreign currency translation

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 gains/(losses).

2.12 Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

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

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

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. 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.

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.

2.13 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Finance Lease

When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Corresponding liability to the lessor is included in the standalone financial statements as finance lease obligation.

Operating Lease

Lease payments under operating leases are recognised as an income / expense on a straight line basis in the Standalone Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

2.14 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.

2.15 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.

a. Onerous Contracts

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

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

b. Warranties

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

2.16 Employee benefits

a. Short-term obligations

Liabilities for salaries and wages, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the reporting period are recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.

b. Other long-term employee benefit obligations

The liabilities for Gratuity and Compensated absences which are not expected to be settled wholly within 12 months after the end of the reporting period are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

c. Post-employment obligations (Defined Benefit Obligations)

The Company operates the following post-employment schemes:

- defined benefit plans - Gratuity
- defined contribution plans such as Provident Fund, Superannuation Fund and Employees' State Insurance Corporation (ESIC).

Defined Benefit Plans - Gratuity obligations

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the defined benefit obligation. This cost is included in "Employee Benefit Expenses" in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

Defined contribution plans

Company pays Provident Fund, Superannuation Fund and ESIC contributions to publicly administered funds as per local regulations. Company's contribution to Provident Fund, Superannuation Fund and ESIC is recognised on accrual basis in the Statement of Profit and Loss.

2.17 Segment reporting

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

The Company has identified following 2 reportable segments.

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

b. Network systems comprises of sales of solution for management of network connectivity, networking services and turnkey communication systems supply and integration.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit after tax before other comprehensive income by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per share is computed by dividing the profit after tax before other comprehensive income by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti dilutive.

2.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management of the Company are 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) Useful lives of property, plant and equipment

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

b) Estimation of defined benefit obligation

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

c) Recognition of deferred tax assets

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

d) Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure so provided and included as liability.

e) Recognition and measurement of unbilled revenue

Unbilled receivables are for services provided but not yet billed. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

2.20 Derivative financial instruments:

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

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

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

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the company from 1st April, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and noncash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment which is yet to be notified may have impact on the company's standalone statement of cash flows.

3. First time adoption of Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the standalone financial statements for the year ended 31st March, 2017, the comparative information presented in these standalone financial statements for the eighteen months ended 31st March, 2016 and in the preparation of the opening Ind AS balance sheet as at 1st October, 2014 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in standalone financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

3.1 Exemptions and exceptions availed.

3.2 Reconciliation of total equity as at 31st March, 2016 and as at 1st October, 2014.

3.3 Reconciliation of total comprehensive income for the eighteen months ended 31st March, 2016.

3.4 Impact on cash flows for the eighteen months ended 31st March, 2016.

3.1 Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

a. Ind AS Optional exemptions

i. Deemed Cost

Ind AS 101 permits a first-time adopter to continue with the carrying value for all of its property, plant and equipment as recognised in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

ii. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 determining whether an arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

iii. Equity investments at FVTOCI

The Company has designated investment in equity shares (Other than investment in subsidiaries and associate) at FVTOCI on the basis of facts and circumstances that existed at the transition date.

iv. Investments in subsidiaries and associate

Ind AS 101 permits a first-time adopter to measure investments in subsidiaries and associate at cost. The cost of such investment may be determined in accordance with Ind AS 27 or deemed cost (fair value or previous GAAP carrying value) in its opening Ind AS balance sheet. Accordingly, the Company has elected to measure investments in subsidiaries and associate at their previous GAAP carrying value.

b. Ind AS mandatory exceptions

i. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1st October, 2014 are consistent with the estimates as at the same date made in conformity with previous GAAP.

ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company accordingly has made such assessment to assess such classification and measurement on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

iii. De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iv. Government loans

A first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with Ind AS 32, Financial Instruments: Presentation. A first-time adopter shall apply the requirements in Ind AS 109, Financial Instruments, and Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to Ind ASs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with Ind AS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS Balance Sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind ASs.

The company has sales tax deferral loan, whereby the sales tax collected by the Company is to be deposited with the authorities in a phased manner without any interest. Accordingly, the Company has elected to carry such sales tax deferral loan at previous GAAP carrying value.

v. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

3.2 Reconciliation of total equity as at 31st March, 2016 and as at 1st October, 2014.

Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016 and 1st October, 2014:

(Rs. in Lakhs)

Particulars	Notes	As at 31st March 2016 (End of last period presented under previous GAAP)			As at 1st October, 2014 (Date of transition)		
		As per Previous GAAP	Effect of Ind AS transi-tion	As per Ind AS	As per Previous GAAP	Effect of Ind AS transi-tion	As per Ind AS
ASSETS							
Non-current assets							
(a) Property, plant and equipment	a,c,f	1409	70	1,479	1,843	(176)	1,667
(b) Capital Work-in-Progress		52	-	52	18	-	18
(c) Intangible assets	a	133	(117)	16	469	(421)	48
(d) Financial Assets							
(i) Investments	g	696	8	704	212	7	219
(ii) Loans		1,110	-	1,110	1,439	-	1,439
(iii) Other Financial Assets		44	-	44	44	-	44
(e) Deferred tax assets (net)		-	-	-	-	-	-
(f) Income Tax Assets (net)		1,626	-	1,626	1,040	-	1,040
(g) Other non-current assets		90	-	90	77	-	77
Sub Total Non-Current Assets		**5,160**	**(39)**	**5,121**	**5,142**	**(590)**	**4,552**
Current assets							
(a) Inventories	a	1,347	(547)	800	1,514	(551)	963
(b) Financial Assets							
(i) Trade Receivables	a,d(i), e	4,179	(242)	3,937	3,680	(74)	3,606
(ii) Cash and cash equivalents		441	-	441	99	-	99
(iii) Bank balances other than (ii) above		34	-	34	32	-	32
(iv) Other Financial Assets	a	984	1,232	2,216	1,283	831	2,114
(c) Other current assets		357	-	357	514	-	514
Sub Total Current Assets		**7,342**	**443**	**7,785**	**7,122**	**206**	**7,328**
TOTAL ASSETS		**12,502**	**404**	**12,906**	**12,264**	**(384)**	**11,880**
EQUITY AND LIABILITIES							
EQUITY							
(a) Equity Share Capital		2,282	-	2,282	2,282	-	2,282
(b) Other Equity		(1,862)	430	(1,432)	(1,245)	(287)	(1,532)
TOTAL EQUITY		**420**	**430**	**850**	**1,037**	**(287)**	**750**
LIABILITIES							
Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		29	-	29	49	-	49
(ii) Other financial liabilities	d(ii)	48	(13)	35	96	(28)	68
(b) Provisions	d(iii)	450	(13)	437	504	(69)	435
Sub Total non-current liabilities		**527**	**(26)**	**501**	**649**	**(97)**	**552**
Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		7,897	-	7,897	6,202	-	6,202
(ii) Trade Payables		2,747	-	2,747	3,313	-	3,313
(iii) Other financial liabilities		161	-	161	158	-	158
(b) Provisions		367	-	367	437	-	437
(c) Other current liabilities		383	-	383	468	-	468
Sub Total current liabilities		**11,555**	**-**	**11,555**	**10,578**	**-**	**10,578**
TOTAL LIABILITIES		**12,082**	**(26)**	**12,056**	**11,227**	**(97)**	**11,130**
TOTAL LIABILITIES AND EQUITY		**12502**	**404**	**12,906**	**12,264**	**(384)**	**11,880**

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

3.2 Reconciliation of total equity as at 31st March, 2016 and 1st October, 2014 (Contd…)

(Rs. in Lakhs)

Particulars	Notes	As at 31st March, 2016	As at 1st October, 2014
Equity under Previous GAAP		**420**	**1037**
Add:- Profit / (loss) on transfer of UGS business (refer note 29)	a	293	(166)
Adjustments:-			
Reversal of depreciation on Discontinued Operations	a	157	-
Effect of change in depreciation on account of componentisation of Property, Plant and Equipment	c	74	-
Interest income / (expense) on financial assets and financial liabilities (net)	d	(72)	25
Provision of trade receivables based on Expected Credit Loss model	e	(30)	-
Effect of measuring investments at fair value through Other Comprehensive Income	g	8	7
Depreciation due to transition to Schedule II of the Companies Act, 2013 on Tangible Assets with Nil remaining useful life	f	-	(151)
Others		-	(2)
Equity under IND AS		**850**	**750**

3.3 Reconciliation of total comprehensive income for the eighteen months ended 31st March, 2016

Effect of Ind AS adoption on the Statement of Profit and Loss for the eighteen months ended 31st March, 2016

(Rs. in Lakhs)

	Particulars	Notes	For the eighteen months ended 31st March, 2016 (End of last period presented under previous GAAP)		
			As per Previous GAAP	Effect of Ind AS transition	As per Ind AS
I	Revenue from Operations	d(i)	13,371	(50)	13,321
II	Other Income	d(i)	430	24	454
III	**Total Income (I + II)**		**13,801**	**(26)**	**13,775**
IV	**Expenses :**				
	Cost of materials consumed		127	1	128
	Purchase of stock- in-trade		4,078	-	4,078
	Changes in inventories of finished goods, stock-in-trade and work-in-progress		8	-	8
	Employee Benefits Expense	b	2,827	(33)	2,794
	Finance Costs	d(ii)	1,143	15	1,158
	Depreciation and Amortisation Expense	c	781	(74)	707
	Other Expenses	d(iii),e	4,838	86	4,924
	Total Expenses (IV)		**13,802**	**(5)**	**13,797**
V	**Profit Before Tax (III-IV)**		**(1)**	**(21)**	**(22)**
VI	Tax Expense:				
	(i) Current Tax		-	-	-
	(ii) Deferred Tax	f	47	(47)	-
	Total Tax Expense (i+ii)		**47**	**(47)**	**-**
VII	**Profit for the period from Continuing Operations (V-VI)**		**(48)**	**26**	**(22)**

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

3.3 Reconciliation of total comprehensive income for the eighteen months ended 31st March, 2016 (Contd…)

(Rs. in Lakhs)

	Particulars	Notes	For the eighteen months ended 31st March, 2016 (End of last period presented under previous GAAP)		
			As per Previous GAAP	Effect of Ind AS transition	As per Ind AS
	Discontinued Operations				
VIII	(Loss) from Discontinued Operations	a	(626)	619	(7)
IX	Add :-Gain on sale of MS Business		162	-	162
X	**Profit from discontinued operations**		**(464)**	**619**	**155**
XI	**Profit for the Period (VII+X)**		**(512)**	**645**	**133**
	Other Comprehensive Income				
	Items that will not be reclassified to profit or loss	b, g, h	-	(33)	(33)
XII	**Total Other Comprehensive Income**		**-**	**(33)**	**(33)**
XIII	**Total Comprehensive Income for the period (XI+XII)**		**(512)**	**612**	**100**

Particulars	Notes	Eighteen months ended 31st March, 2016
Net Profit/(Loss) as per previous GAAP		**(512)**
Add:- Profit/(loss) on transfer of UGS business (refer note 29)	a	459
Adjustments :		
Remeasurement of Defined benefit obligations recognised in Other Comprehensive Income	b	33
Reversal of depreciation on Discontinued Operations	a	157
Effect of change in depreciation on account of componentisation of Property, Plant and Equipment	c	74
Interest income / (expense) on financial assets and financial liabilities (net)	d	(97)
Provision of trade receivables based on Expected Credit Loss model	e	(30)
Deferred Tax on depreciation due to transition to Schedule II of the Companies Act, 2013 on Tangible Assets with Nil remaining useful life	f	47
Others		2
Net Profit / (Loss) as per IND AS		**133**
Other Comprehensive Income	h	(33)
Total Comprehensive Income under IND AS		**100**

Notes to the reconciliations:

a. **<u>Profit / (loss) on transfer of UGS business</u>** (refer note 29)

During the quarter ended 31st December, 2016, all the conditions precedent for transfer of Unattended Ground Sensors (UGS) Business to The Tata Power Company Limited (TPCL) were satisfied and a joint letter confirming the same was signed subsequently on 2nd January, 2017 and accordingly, the financial information of prior periods have been restated with effect from 1st October, 2014, as if transfer had occurred on 1st October, 2014 as the transaction is between the entities under common control. Accordingly, the depreciation charge of Rs. 157 Lakhs in respect of UGS Business for the eighteen months ended 31st March, 2016 has also been reversed. The assets attributable to the UGS business have been impaired as at 1st October, 2014 to the tune of Rs. 166 Lakhs.

The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 450 Lakhs comprising of reversal of depreciation of Rs. 157 lakhs and profit on transfer of UGS business of Rs. 293 lakhs for the eighteen months ended 31st March 2016, (Decrease in total equity of Rs. 166 lakhs as at 1st October, 2014) and Increase in profit before tax of Rs. 619 Lakhs, and in profit for the period of Rs. 619 Lakhs for the eighteen months ended 31st March, 2016.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

b. Remeasurement of Defined benefit obligations recognised in Other Comprehensive Income

Under previous GAAP, actuarial gains and losses were recognised in the Statement of Profit and Loss. Under Ind AS, actuarial gains and losses form part of remeasurement which is recorded in other comprehensive income. The actuarial gains for the eighteen months ended 31st March, 2016 were Rs. 33 Lakhs. This change does not affect total equity, but there is an increase in profit before tax of Rs. 33 Lakhs, and in profit for the period of Rs. 33 Lakhs for the eighteen months ended 31st March, 2016.

c. Effect of change in depreciation on account of componentisation of Property, Plant and Equipment

Ind AS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. Accordingly, the Company has carried out componentization for applicable class of assets. The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 74 Lakhs (No effect on total equity as at 1st October, 2014), and Increase in profit before tax of Rs. 74 Lakhs, and in profit for the period of Rs. 74 Lakhs for the eighteen months ended 31st March, 2016.

d. Interest income / (expense) on financial assets and financial liabilities (net)

d(i). Trade Receivables

Under Ind AS, the Company has measured long term trade receivables at amortised cost based on the effective interest rate method subsequent to initial recognition. The net effect of these changes is a decrease in total equity as at 31st March, 2016 of Rs. 100 Lakhs (Decrease of Rs. 74 Lakhs as at 1st October, 2014), and decrease in profit before tax of Rs. 26 Lakhs, and in profit for the period of Rs. 26 Lakhs for the eighteen months ended 31st March, 2016.

d(ii). Liability towards voluntary retirement scheme

Under Ind AS, the Company has measured "Liability towards voluntary retirement scheme" at amortised cost based on the effective interest rate method subsequent to initial recognition. The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 13 Lakhs (Increase of Rs. 28 Lakhs as at 1st October, 2014), and decrease in profit before tax of Rs. 15 Lakhs, and in profit for the period of Rs. 15 Lakhs for the eighteen months ended 31st March, 2016.

d(iii). Provision for estimated losses on onerous contracts

Under previous GAAP, discounting of provisions was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the balance sheet date without considering the effect of discounting. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value of money is material. The Company has discounted the provisions to present value at the reporting dates resulting in the provisions being decreased by Rs. 13 Lakhs as at 31st March, 2016 (Rs. 69 Lakhs as at 1st October, 2014). The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 13 Lakhs (Rs. 69 Lakhs as at 1st October, 2014), and decrease in profit before tax of Rs. 56 Lakhs, and in profit for the period of Rs. 56 Lakhs for the eighteen months ended 31st March, 2016.

e. Provision of trade receivables based on Expected Credit Loss model

Under previous GAAP, the Company has created provision for impairment of receivables based on incurred losses model. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to ECL model, the Company impaired its trade receivables by Rs.30 Lakhs as at 31st March, 2016. The net effect of these changes is a decrease in total equity as at 31st March, 2016 of Rs. 30 Lakhs, and decrease in profit before tax of Rs. 30 Lakhs, and in profit for the period of Rs. 30 Lakhs for the eighteen months ended 31st March, 2016.

f. Deferred Tax on depreciation due to transition to Schedule II of the Companies Act, 2013 on Tangible Assets with Nil remaining useful life

Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Company has, effective 1st October, 2014, reviewed and revised the estimated useful lives of its fixed assets, in accordance with the provisions of Schedule II to the Act. Consequently, on account of transition provision, Rs. 151 Lakhs (Including deferred tax of Rs. 47 Lakhs) has been adjusted to Reserves and surplus as on 1st October, 2014. The net effect of these changes is a decrease in total equity as at 31st March, 2016 of Rs. Nil (Rs. 151 Lakhs as at 1st October, 2014), and increase in profit before tax of Rs. Nil, and in profit for the period of Rs. 47 Lakhs for the eighteen months ended 31st March, 2016.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

g. Effect of measuring investments at fair value through Other Comprehensive Income

Under previous GAAP, investment in equity shares (excluding Investments in Subsidiaries and Associate) were measured at cost less diminution in value which is other than temporary. Under Ind AS, these financial assets have been classified as FVTOCI. On date of transition to Ind AS, these financial assets have been recorded at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in the carrying amount by Rs. 8 Lakhs as at 31st March, 2016 and by Rs. 7 Lakhs as at 1st October, 2014. The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 8 Lakhs (Rs. 7 Lakhs as at 1st October, 2014). This change does not affect profit before tax and profit for the period for the eighteen months ended 31st March, 2016.

h. Other Comprehensive Income

Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income.

3.4 Impact on cash flows for the eighteen months ended 31st March, 2016

(Rs. in Lakhs)

Particulars	For the eighteen months ended 31st March, 2016 (End of last period presented under previous GAAP)		
	As per Previous GAAP	Effect of Ind AS transition	As per Ind AS
A. Net cash generated by/(used in) operating activities	416	(323)	93
B. Net cash generated by/(used in) investing activities	(457)	201	(256)
C. Net cash generated by/(used in) financing activities	383	122	505
Net increase in cash and cash equivalents (A+B+C)	**342**	-	**342**
Cash and cash equivalents at the beginning of the year	99	-	99
Cash and cash equivalents at the end of the year (as defined in Ind AS 7 "Statement of Cash Flows") included in Note 12	**441**	**-**	**441**

Notes forming part of the standalone financial statements

4. Property, Plant and Equipment, Intangible Assets and Capital Work-in-Progress

(Rs. in Lakhs)

Particulars	Cost					Accumulated Depreciation / Amortisation					Net Block	
	As at 1st April, 2016	Additions during the year	Deductions / Adjustments	Transfer on sale of MS Business	As at 31st March, 2017	As at 1st April, 2016	Depreciation / Amortisation for the Year	Deductions / Adjustments	Transfer on sale of MS Business	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
i. Property, Plant and Equipment												
Leasehold Land (Finance Lease)	26	-	-	-	26	1	*	-	-	1	25	25
	26	-	-	-	*26*	-	*1*	-	-	*1*	*25*	*26*
Building	139	-	-	-	139	18	12	-	-	30	109	121
	139	-	-	-	*139*	-	*18*	-	-	*18*	*121*	*139*
Plant and Machinery	1,009	215	-	-	1,224	295	218	-	-	513	711	714
	694	*318*	-	*3*	*1,009*	-	*295*	-	-	*295*	*714*	*694*
Electrical Installation	103	5	-	-	108	48	15	-	-	63	45	55
	103	-	-	-	*103*	-	*48*	-	-	*48*	*55*	*103*
Office Equipment												
i) Own	226	64	*	-	290	151	37	-	-	188	102	75
	218	*11*	*2*	*1*	*226*	-	*151*	-	-	*151*	*75*	*218*
(ii) Given on Lease (Operating Lease)	646	537	-	-	1,183	162	170	-	-	332	851	484
	478	*168*	-	-	*646*	-	*162*	-	-	*162*	*484*	*478*
Vehicles	9	-	-	-	9	4	2	-	-	6	3	5
	9	-	-	-	*9*	-	*4*	-	-	*4*	*5*	*9*
Total - Property, Plant and Equipment (i)	**2,158**	**821**	**-**	**-**	**2,979**	**679**	**454**	**-**	**-**	**1,133**	**1,846**	**1,479**
	1,667	*497*	*2*	*4*	*2,158*	-	*679*	-	-	*679*	*1,479*	*1,667*
ii. Intangible Assets												
Testing Software	44	3	-	-	47	28	10	-	-	38	9	16
	48	*8*	-	*12*	*44*	-	*28*	-	-	*28*	*16*	*48*
Total - Intangible Assets (ii)	**44**	**3**	**-**	**-**	**47**	**28**	**10**	**-**	**-**	**38**	**9**	**16**
	48	*8*	-	*12*	*44*	-	*28*	-	-	*28*	*16*	*48*
Total - Property, Plant and Equipment & Intangible Assets (i+ii)	**2,202**	**824**	**-**	**-**	**3,026**	**707**	**464**	**-**	**-**	**1,171**	**1,855**	**1,495**
	1,715	*505*	*2*	*16*	*2,202*	-	*707*	-	-	*707*	*1,495*	*1,715*
iii. Capital work-in-progress											**285**	**52**
											52	*18*
Grand Total (i+ii+iii)											**2,140**	**1,547**
											1,547	*1,733*

Figures in italics represent previous year's figures.Note

* Figures are less than Rs.50,000

Notes forming part of the standalone financial statements

5. Investments - Non Current

Particulars	Face value (Rs.)	As at 31st March, 2017		As at 31st March, 2016		As at 1st October, 2014	
		Quantity (Number)	Amount (Rs. in Lakhs)	Quantity (Number)	Amount (Rs. in Lakhs)	Quantity (Number)	Amount (Rs. in Lakhs)
Unquoted-Equity Shares (all fully paid)							
Investments in subsidiaries							
1. Tatanet Services Limited (Face value as at 1st October, 2014 - Rs.100 per share)	10	49,00,000	490	49,00,000	490	6,000	6
2. Nelco Network Products Limited	10	50,000	5	-	-	-	-
Investments in Associate							
Nelito Systems Limited (Refer notes 1 and 2 below)	10	2,53,665	113	4,58,877	205	4,58,877	205
In Other Companies							
Technopolis Knowledge Park Limited (Carried at fair value through OCI)	10	18,10,000	-	18,10,000	-	18,10,000	-
Other investments							
Ordinary Shares of Zoroastrian Co-operative Bank Limited(Carried at Fair Value through OCI)	25	4,000	10	4,000	9	4,000	8
Total Investments			**618**		**704**		**219**

Notes:

1. **Change in the Company's ownership interest in an Associate**

   As at 31st March, 2016, the Company held a 22.25% interest in Nelito Systems Limited. In March 2017, the Company disposed off a 9.95% interest in Nelito Systems Limited to a third party for sale proceeds of Rs.380 Lakhs.

2. Although the Company holds less than 20% of the equity shares of Nelito Systems Limited, and it has less than 20% of the voting power at shareholder meetings, the Company exercises significant influence by virtue of its contractual right to appoint two out of seven directors to the board of directors of that company.

6. Loans

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Loans and Advances to Subsidiary (Tatanet Services Limited)	910	1,110	1,439
Total	**910**	**1,110**	**1,439**

7. Other Financial Assets

(a) Non-Current

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Security Deposit	20	44	44
Total	**20**	**44**	**44**

Notes forming part of the standalone financial statements

(b) Current (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
a) Security Deposits			
- Unsecured, considered good	108	91	87
- Doubtful	21	21	21
	129	**112**	**108**
Less : Allowance for Doubtful Deposits	(21)	(21)	(21)
	108	**91**	**87**
b) Loans to Employees	5	10	13
c) Receivable from Holding Company	223	1,231	831
d) Unbilled Debtors	203	884	1,183
Total	**539**	**2,216**	**2,114**

8. Income Tax Assets (net)

Non-Current (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Tax refund receivable	1,154	1,626	1,040
Total	**1,154**	**1,626**	**1,040**

9. Other assets

(a) Other non-current assets (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Balances with Government Authorities	22	90	42
Others	**-**	**-**	**35**
Total	**22**	**90**	**77**

(b) Other current assets (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Prepaid Expenses	43	41	68
Advance to Suppliers	105	76	210
Vat Receivable	34	40	162
Cenvat credit Receivable	137	74	33
Amount due as refund of Addtitional duty of Customs	50	-	-
Others	68	126	41
Total	**437**	**357**	**514**

10. Inventories (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Inventories (lower of cost and net realisable value)			
a) Contract Work-in-progress	35	84	233
b) Raw Materials	-	-	73
c) Work-in-progress	-	-	10
d) Stock-in-trade	866	699	647
e) Stock-in-trade in Transit	-	17	-
Total	**901**	**800**	**963**

Notes forming part of the standalone financial statements

11. Trade receivables - Current

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Trade receivables			
- Unsecured, considered good	3,378	3,937	3,606
- Doubtful	175	216	307
	3,553	**4,153**	**3,913**
Less : Allowance for Doubtful Debts (expected credit loss allowance)	(175)	(216)	(307)
Total	**3,378**	**3,937**	**3,606**

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

2. The Normal credit period allowed by the Company ranges from 0 to 60 days.

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

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

5. **Information about major customers:**

   Five customers as at 31st March, 2017 and Four customers as at 31st March, 2016 contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was Rs.1,710 Lakhs and Rs.1,869 Lakhs as at 31st March, 2017 and as at 31st March, 2016 respectively.

Movement in expected credit loss allowance

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Balance at the beginning of the year	216	307
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses (Simplified approach)	(41)	(91)
Balance at the end of the year	**175**	**216**

12. Cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
(a) Balances with Banks:-			
On Current accounts	22	166	44
(b) Cheques on Hand	256	272	54
(c) Cash on hand	1	3	1
Total - Cash and cash equivalents as per standalone statement of cash flows	**279**	**441**	**99**

Notes forming part of the standalone financial statements

Specified Bank Notes Disclosure (SBN's)

The details of specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are given below:

(Amount in Rs.)

Particulars	Specified Bank Notes	Other Denomination Note	Total
Closing cash on hand as on 8th November, 2016	1,26,500*	1,39,208	2,65,708
(+) Permitted receipts	-	4,25,001	4,25,001
(-) Permitted payments	-	(4,41,860)	(4,41,860)
(-) Amounts Deposited in Banks	(1,26,500)	-	(1,26,500)
Closing cash on hand as on 30th December, 2016	**-**	**1,22,349**	**1,22,349**

* Includes Cash given to employees for maintaining imprest balance.

13. Bank balance other than Cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
In earmarked Accounts			
(a) Unpaid Dividend accounts	9	12	12
(b) Balances held as margin money against letter of credit and bank guarantees	24	22	20
Total	**33**	**34**	**32**

Notes forming part of the standalone financial statements

14. Equity Share Capital

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Authorised share capital:			
2,50,00,000 (2,50,00,000 as at 31st March, 2016) equity shares of Rs.10/- each	2,500	2,500	2,500
Redeemable Preference Shares of Rs.100/- each	2,500	2,500	2,500
	5,000	**5,000**	**5,000**
Issued share capital:			
2,28,18,400 (2,28,18,400 as at 31st March, 2016) equity shares of Rs.10/- each	2,282	2,282	2,282
	2,282	**2,282**	**2,282**
Subscribed and paid-up share capital:			
2,28,17,461 (2,28,17,461 as at 31st March, 2016) equity shares of Rs.10/- each	2,282	2,282	2,282
Total	**2,282**	**2,282**	**2,282**

Notes:

(i) There has been no movement in issued, subscribed and paid-up share capital of the Company, during the last five years.

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

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st October, 2014	
	Number of shares	Rs in Lakhs	Number of shares	Rs in Lakhs	Number of shares	Rs in Lakhs
Equity shares - Subscribed						
The Tata Power Company Limited (48.65%) (Holding Company)	110,99,630	1,110	110,99,630	1,110	110,99,630	1,110
Aftaab Investment Company Limited (1.44%) (Subsidiary of Holding Company)	3,28,410	33	3,28,410	33	3,28,410	33

(iii) 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. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Class of shares / Name of shareholder	As at 31st March, 2017		As at 31st March, 2016		As at 1st October, 2014	
	Number of shares held	% holding in that class of shares	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						
The Tata Power Company Limited	110,99,630	48.65%	110,99,630	48.65%	110,99,630	48.65%

Notes forming part of the standalone financial statements

15. Other Equity (refer SOCIE)

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
General Reserve	250	250	250
Retained Earnings	(1,048)	(1,689)	(1,789)
Reserve for Equity instrument through OCI	8	7	7
Total	**(790)**	**(1,432)**	**(1,532)**

15.1 General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

15.2 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.

15.3 Reserve for Equity Instrument through OCI

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

Note 16. Borrowings

(a) Non-Current

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Unsecured - at amortised cost			
(i) Deferred Sales tax liability (Under the Sicom Incentive Scheme)	12	29	49
Total	**12**	**29**	**49**

Notes:

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

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014	Terms of Repayment	Rate of Interest (p.a.)
Deferred Sales tax liability (Under the Sicom Incentive Scheme)	12	29	49	Repayable in five equal annual instalments after ten years from the year of availment of respective loan.	Interest free

Notes forming part of the standalone financial statements

(b) Current

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Unsecured - at amortised cost			
(i) Term Loans from Banks	3,000	3,750	1,250
(ii) Inter Corporate Deposits	1,100	3,500	4,300
	4,100	**7,250**	**5,550**
Secured - at amortised cost			
(i) Term Loans from Banks (Refer note (i) below)	335	496	347
(ii) Cash Credit balance with Banks (Refer note (ii) below)	536	151	305
	871	**647**	**652**
Total	**4,971**	**7,897**	**6,202**

Notes:

(i) Secured by pari-passu first charge both on the present and future property, plant and equipment (all tangible moveable plant and machinery) of the company.

(ii) Secured by hypothecation of all tangible moveable assets, including stocks of raw materials, finished goods, goods-in-process, book debts, monies receivable and a second charge on property, plant and equipment of the Company.

(iii) The term loans from banks are repayable on demand. Repayment schedule as follows: (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014	Terms of Repayment	Rate of Interest (p.a)
IDFC Bank Ltd	2500	-	-	Quarterly repayment	9.85%
South Indian Bank Limited	500	2,500	-	Bullet repayment- payable on February, 2017 and June, 2017	10.80%
Zoroastrian Bank Limited	335	496	347	Sixty monthly installment	11.00%
Bank Of India	-	1,250	1,250	Half yearly repayment	10.45%

17. Other Financial Liabilities

a) Non Current (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Liability towards Voluntary Retirement Scheme	20	35	68
Total	**20**	**35**	**68**

b) Current (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Interest accrued but not due on borrowings	3	44	56
Liability towards Voluntary Retirement Scheme	21	28	44
Sundry Deposits received from Customers	58	58	24
Current Maturities of long-term debt	17	19	22
Fair value of foreign exchange forward contracts	32	-	-
Unclaimed Dividend	9	12	12
Total	**140**	**161**	**158**

Notes forming part of the standalone financial statements

18. Provisions

a) Non-Current (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Provision for Employee Benefits obligations:			
Compensated absences (Refer Note 38)	145	143	109
Gratuity (Refer Note 38 b(ii))	192	240	186
	337	**383**	**295**
Provision-Others:			
Estimated losses on onerous contracts (Refer Note 44)	11	54	140
Total	**348**	**437**	**435**

b) Current (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Provision for Employee Benefits obligations:			
Compensated absences (Refer Note 38)	31	23	18
Gratuity (Refer Note 38 b (ii))	35	22	26
	66	**45**	**44**
Provision-Others :			
Estimated losses on onerous contracts (Refer Note 44)	78	95	82
Warranty (Refer Note 44)	99	227	311
	177	**322**	**393**
Total	**243**	**367**	**437**

19. Trade Payables - Current

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Trade Payables:			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 45)	-	-	-
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	2,725	2,747	3,313
Total	**2,725**	**2,747**	**3,313**

20. Other current liabilities

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
(i) Advance received from customers	396	317	400
(ii) Income received in Advance	12	14	25
(iii) Statutory remittances (contribution to PF, ESIC and withholding taxes)	72	52	43
Total	**480**	**383**	**468**

Notes forming part of the standalone financial statements

21. Revenue from operations

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Sale of products	3,239	5,531
Sale of Services	5,695	7,743
Total A	**8,934**	**13,274**
Other Operating revenue		
Scrap sales	5	2
Commission income	-	45
Total B	**5**	**47**
Total Revenue from Operations (A+B)	**8,939**	**13,321**

Information about major customers:

One customer during the year ended 31st March 2017 and one customer during the eighteen months ended 31st March, 2016 contributed to more than 10% of the revenue individually. Revenue from these customers was Rs. 2,569 Lakhs and Rs. 2,872 Lakhs during the year ended 31st March, 2017 and eighteen months ended 31st March, 2016, respectively.

22. Other income

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
a) Interest Income:		
Interest on Bank deposits	4	8
Interest on Income tax refund	132	-
Interest on loan to subsidiary	112	213
	248	**221**
b) Dividend income from long term investments		
Associate	7	2
	7	**2**
c) Other non-operating income (net of expenses directly attributable to such income)		
Commission from Subsidiary	8	11
Insurance claims recovered	14	-
Liabilities/Provisions no longer required, written back	91	98
Bad Debts Recovered	-	34
Rent Income	87	57
Profit on Sale of Investment in Associate	288	-
Provision for foreseeable losses written back (Refer note 44)	43	-
Others	3	1
	534	**201**
d) Other gains and losses		
Profit on sale of property, plant and equipment (net)	-	5
Foreign exchange gain (net)	52	1
Net gain/ (loss) arising on financial assets designated at FVTPL	38	24
	90	**30**
Total Other income (a+b+c+d)	**879**	**454**

Notes forming part of the standalone financial statements

23. Changes in inventories of finished goods, stock-in-trade and work-in-progress

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Inventories at the beginning of the period :		
Stock - in - trade	716	647
Work-in-progress	-	10
Contracts in progress	84	233
	800	**890**
Less :- Inventories of MS Business transferred (Refer note 30)		
Stock - in - trade	-	82
Less : Inventories at the end of the period :		
Stock - in - trade	866	716
Contracts in progress	35	84
	901	**800**
Net (increase) / decrease in inventories of finished goods, stock-in-trade and work-in-progress	**(101)**	**8**

24. Employee Benefits Expense

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Salaries and wages	1,688	2,403
Contributions to provident fund and other funds (Refer note 38 b(I))	79	111
Gratuity (Refer note 38 b(II))	38	43
Staff Welfare Expenses	154	237
Total Employee Benefits Expense	**1,959**	**2,794**

25. Finance costs

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Interest expense on:		
Borrowings	682	1,075
Trade payables	4	14
Bank charges	40	53
Unwinding of Discounts on provisions	6	16
Total Finance costs	**732**	**1,158**

Finance costs relating to financial liabilities designated as at fair value through profit or loss are included in 'Other income' in Note 22.

26. Depreciation and Amortisation Expense

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Depreciation of property, plant and equipment pertaining to continuing operations	454	679
Amortisation of intangible assets	10	28
Total Depreciation and Amortisation Expense	**464**	**707**

Notes forming part of the standalone financial statements

27. Other expenses

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Consumption of loose tools	22	27
Subcontracting expenses	995	1,364
Power and fuel	176	228
Rent including lease rentals	75	123
Repairs and maintenance - Buildings	-	3
Repairs and maintenance - Others	283	256
Insurance	9	20
Rates and taxes	12	17
Travelling and conveyance	211	318
Freight and forwarding	201	321
Legal and professional charges	154	143
Consultancy charges	218	320
Installation expenses	218	730
Payments to Auditors (Refer note below)	58	64
Bad debts written off	122	227
Less: Provision for doubtful debts made in earlier years written back	(122)	(227)
Doubtful advances written off	-	23
Standing Advisory Committee on Radio Frequency Allocation (SACFA) Fees	100	134
Provision for doubtful debts	82	137
Provision for foreseeable losses (Refer note 44)	-	3
Provision for warranty (net) (Refer note 44)	9	5
Net (Gain) / Loss on foreign exchange forward contracts	32	-
Miscellaneous expenses	443	688
Total Other Expenses	**3,298**	**4,924**

Note: (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Payments to the Auditors comprises (net of service tax where applicable)		
As auditors - statutory audit	15	16
For taxation matters*	6	9
For other services	36	39
Reimbursement of expenses	1	-
Total	**58**	**64**

*Represents payment of Rs. 6 Lakhs (Previous year Rs.9 Lakhs) for taxation matters to an affiliated firm in view of the networking arrangement which is registered with the Institute of Chartered Accountant of India.

28. Other Comprehensive Income - Items that will not be reclassified to profit or loss

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Net fair value gain on investments in equity shares at FVTOCI	1	-
Remeasurement of Defined benefit obligations (Refer note 38 b(ii))	(26)	(33)
Total Other Comprehensive Income	**(25)**	**(33)**

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

29. Unattended Ground Sensors Business (Discontinued Operations)

a. The Company vide its letter dated 3rd April, 2014 had informed the Stock Exchange about the approval of the Board of Directors to restructure the operations of Company's Integrated Security & Surveillance Solutions business (ISSS business) which inter alia, includes the business of Unattended Ground Sensors (UGS) and forms part of the Automation & Control segment. As part of such restructuring, the Board of Directors of the Company at its meeting held on 28th January, 2015 accepted an offer made by The Tata Power Company Limited (TPCL), for its Strategic Engineering Division to purchase the business of UGS as a going concern on a slump sale basis at a consideration of Rs. 831 Lakhs with effect from 1st October, 2014. The shareholders by postal ballot on 25th June, 2015 approved the transaction. The Business Transfer Agreement (BTA) was signed on 5th August, 2015. During the quarter ended 31st December, 2016, all the conditions precedent were satisfied and a joint letter confirming the same was signed subsequently on 2nd January, 2017 and accordingly, the standalone financial statements for the eighteen months ended 31st March, 2016 have been restated to give effect of transfer of UGS Business to TPCL with effect from 1st October, 2014. as the transaction is between the entities under common control.

b. The assets attributable to the UGS business have been impaired as at 1st October, 2014 to the tune of Rs. 166 Lakhs. The same has been adjusted against opening reserves as at 1st October, 2014.

c. The financial parameters in respect of the ordinary activities attributable to the UGS business are as follows:

(Rs. in Lakhs)

Particulars	Year ended 31st March, 2017#	Eighteen months ended 31st March, 2016#
Sale of Products @	538	252
Sale of Services	-	-
Revenue from Operations	**538**	**252**
Other Income	-	-
Total Income (A)	**538**	**252**
Expenses		
Cost of Materials Consumed	-	126
Purchases of stock-in-trade @	364	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(5)	-
Employee Benefits Expense	88	212
Finance costs	73	120
Depreciation and Amortisation Expense	-	-
Other Expenses	27	87
Total Expenses (B) *	**547**	**545**
(Loss) Before Tax (A-B)	(9)	(293)
Less :- Tax Expenses	-	-
(Loss) After Tax	**(9)**	**(293)**
Carrying amount of assets as at the balance sheet date relating to the discontinued operation to be disposed off	-	941
Carrying amount of liabilities at the balance sheet date relating to the discontinued operation to be settled	-	-
Net Cash flow attributable to the discontinued operation		
Cash flow from / (used in) operating activities	1,005	(274)
Cash flow from / (used in) investing activities	-	(9)
Cash flow from / (used in) financing activities	(73)	(120)

* includes Rs.78 Lakhs (Previous year Rs 141 Lakhs) expenses attributable to UGS business.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

#The transfer being concluded during the quarter ended 31st December, 2016, effective from 1st October, 2014, the results of operation for the eighteen months ended 31st March, 2016 and for the year ended 31st March, 2017, represents transactions performed on behalf of TPCL. The settlement for these transactions have been done during the quarter ended 31st March, 2017.

@ At the request of TPCL, the Company has continued with certain operations of the transferred business, during the quarter ended 31st March, 2017, pending assignment of certain contracts by the customer to TPCL. Accordingly, Sale of Products (Rs.137 Lakhs) and Purchase of stock- in-trade (Rs.137 Lakhs) in respect of these contracts have been included above, under the respective heads.

30. Managed Services Business (Discontinued Operations)

a. Further, as part of restructuring, the Board of Directors of the Company at its meeting held on 18th March, 2015 accepted the offer received from a company for the transfer of Managed Services business (MS Business) forming part of Network System segment as a going concern on a slump sale basis at a consideration of Rs. 210 Lakhs with effect from 1st April, 2015. The shareholders by postal ballot on 25th June, 2015 had approved the transaction. The said transaction was concluded on 31st August, 2015 after entering into definitive agreement and after obtaining various approvals as required under applicable laws. The said transaction was given effect during the quarter ended 30th September, 2015 with effect from 1st April, 2015. An amount of Rs.162 Lakhs is accounted as "Gain on sale of MS Business" during the eighteen months ended 31st March, 2016.

b. The financial parameters in respect of the ordinary activities attributable to the MS business are as follows:

(Rs. in Lakhs)

Particulars	Year ended 31st March, 2017	Eighteen months ended 31st March, 2016
Sale of Products	-	334
Sale of Services	-	219
Total Income (A)	**-**	**553**
Expenses		
Purchases of stock-in-trade	-	155
Changes in inventories of finished goods, stock-in-trade and work-in-progress	-	82
Employee Benefits Expense	-	107
Finance costs	-	14
Depreciation and Amortisation Expense	-	2
Other Expenses	-	213
Total Expenses (B) *	**-**	**573**
(Loss) Before Tax (A-B)	-	(20)
Less :- Tax Expenses	-	-
(Loss) After Tax #	**-**	**(20)**
Carrying amount of assets as at the balance sheet date relating to the discontinued operation to be disposed off	-	-
Carrying amount of liabilities at the balance sheet date relating to the discontinued operation to be settled	-	-
Net Cash flow attributable to the discontinued operation		
Cash flow from / (used in) operating activities	-	78
Cash flow from / (used in) investing activities	-	16
Cash flow from / (used in) financing activities	-	(14)

* includes Rs. Nil (Previous year Rs. 51 Lakhs) expenses attributable to MS business.

includes, loss after tax of Rs. 13 Lakhs in respect of MS business run on behalf of other company for the period from 1st April, 2015 to 31st August, 2015.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

31. Though the Company has accumulated losses as at 31st March, 2017, considering that the Company has made profit after tax of Rs. 667 Lakhs for the year ended 31st March, 2017 and also considering the business plan, the Company has prepared these standalone financial statements on going concern basis.

32. Financial Instruments (Fair Value Measurements):

The Company has various financial assets and liabilities. The disclosures regarding the classification, fair value hierarchy, capital management, credit risk, liquidity risk and market risk are as follows:

a) Classification of Financial Assets and Liabilities (Rs. in Lakhs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
A. Financial Assets				
I. Measured at Cost				
(i) Investment in subsidiaries and associate	5	608	695	211
II. Measured at FVTOCI				
(i) Investment in equity instruments	5	10	9	8
III. Measured at Amortised Cost				
(i) Trade Receivables	11	3,378	3,937	3,606
(ii) Cash and cash equivalents	12	279	441	99
(iii) Bank balances other than (ii) above	13	33	34	32
(iv) Other Financial Assets	7	559	2,260	2,158
Total (A)		**4,867**	**7,376**	**6,114**
B. Financial Liabilities				
I. Measured at Amortised Cost				
(i) Borrowings	16	4,983	7,926	6,251
(ii) Trade Payables	19	2,725	2,747	3,313
(iii) Other Financial Liabilities	17	160	196	226
Total (B)		**7,868**	**10,869**	**9,790**

b) Fair Value Hierarchy of Financial Assets and Liabilities

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The Company has measured investment in equity shares (Other than investment in subsidiaries and associate) at FVTOCI on level 3 input in terms of Ind AS 113.

c) Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

d) Financial risk management

Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and its impact on the standalone financial statements.

(i) 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 trade receivables and security deposits.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited as majority credit sales are made to high credit worthy entities and balance credit sales are against securities in the form of customer security deposits, bank guarantees and letter of credit. All trade receivables are reviewed and assessed for default on regular basis. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

For trade receivables, except for specifically identified cases, the Company follows a simplified approach where provision is made as per Ageing buckets which are designed based on Historical facts and patterns. The ageing for trade receivables is as follows:

(Rs. in Lakhs)

Particulars (Ageing)	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Within the Credit Period	2,116	1,945	2,066
Upto 6 months	1,304	1,543	1,087
6 months to 1 year	32	503	388
Above 1 year	101	162	372
Gross Trade receivables	**3,553**	**4,153**	**3,913**
Allowance for bad receivables	(175)	(216)	(307)
Net Trade receivables	**3,378**	**3,937**	**3,606**

Other financial assets

The Company maintains exposure in security deposits, cash and cash equivalents and Bank balance in earmarked Accounts.

In case of security deposits, the credit risk is low.

In case of Bank balance in earmarked Accounts, the credit risk is very low.

The Company's maximum exposure to credit risk as at 31st March, 2017, 31st March, 2016 and 1st October, 2014 is the carrying value of each class of financial assets as disclosed in the standalone financial statements.

(ii) 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.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The management monitors the Company's net liquidity position through forecasts on the basis of expected cash flows.

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

The table below provides details regarding the contractual maturities of significant financial liabilities:

(Rs. in Lakhs)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st October, 2014		
	Upto 1 year	More than 1 year	Total	Upto 1 year	More than 1 year	Total	Upto 1 year	More than 1 year	Total
(i) Borrowings									
- Non-Current	-	12	12	-	29	29	-	49	49
- Current	4,803	168	4,971	7,766	131	7,897	6,166	36	6,202
(ii) Trade Payables	2,725	-	2,725	2,747	-	2,747	3,313	-	3,313
(iii) Other Financial Liabilities	140	20	160	161	35	196	158	68	226
Total	**7,668**	**200**	**7,868**	**10,674**	**195**	**10,869**	**9,637**	**153**	**9,790**

The table below provides details regarding the contractual maturities of significant financial assets: (Rs. in Lakhs)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st October, 2014		
	Upto 1 year	More than 1 year	Total	Upto 1 year	More than 1 year	Total	Upto 1 year	More than 1 year	Total
(i) Investment in equity instruments *	-	10	10	-	9	9	-	8	8
(ii) Trade Receivables	3,378	-	3,378	3,937	-	3,937	3,606	-	3,606
(iii) Cash and cash equivalents	279	-	279	441	-	441	99	-	99
(iv) Bank balances other than (iii) above	33	-	33	34	-	34	32	-	32
(v) Other Financial Assets	539	20	559	2,216	44	2,260	2,114	44	2,158
Total	**4,229**	**30**	**4,259**	**6,628**	**53**	**6,681**	**5,851**	**52**	**5,903**

* Investment does not include investment in equity shares of subsidiaries and associate.

The Company manages contractual financial liabilities and contractual financial assets on net basis.

(iii) Market Risk

Foreign Exchange Risk

Company is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (INR), primarily with respect to the US Dollar (USD). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

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

The table below shows the unhedged currency exposure of financial assets and liabilities:

Particulars	Foreign Currency	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
		Amount in Foreign currency (in Lakhs)		
Receivable	USD	0.27	0.19	0.33
	GBP	0.03	-	-
Payable	USD	0.45	1.13	2.84
	EUR	0.18	0.20	0.40
	NOK	0.12	0.12	0.12

Foreign currency exposures in respect of payable that have been hedged by a forward exchange contract as at the period end USD 13.37 Lakhs (As at 31st March, 2016 - USD 10.63 Lakhs and as at 1st October, 2014 – USD 7.89 Lakhs)

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

The sensitivity of profit or loss and equity to changes in the exchange rates that arise from foreign currency denominated financial instruments mentioned above is as below.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens 5% against the relevant currency. For a 5% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

(Rs. in Lakhs)

Particulars	Impact on profit or loss and equity		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
USD Sensitivity:			
Increase by 5%	(0.56)	(3.12)	(7.75)
Decrease by 5%	0.56	3.12	7.75
GBP Sensitivity:			
Increase by 5%	0.12	-	-
Decrease by 5%	(0.12)	-	-
EURO Sensitivity:			
Increase by 5%	(0.63)	(0.75)	(1.56)
Decrease by 5%	0.63	0.75	1.56
NOK Sensitivity:			
Increase by 5%	(0.05)	(0.05)	(0.06)
Decrease by 5%	0.05	0.05	0.06

Interest Rate Risk:

The Company borrows funds only at fixed interest rates. Hence, the Company is not exposed to Interest rate risk presently.

33. Segment Reporting

The Company has presented data relating to its segment based on its Consolidated Financial Statements. Accordingly, in terms of paragraph 4 of the Indian Accounting Standard 108 (Ind AS-108) "Operating Segments", no disclosure related to segments are presented in the Standalone Financial Statements.

34. Income Tax

a. Components and movements of Deferred Tax Assets (Net): (Rs. in Lakhs)

Particulars	As at 1st October, 2014 (a)	Recognised in the Statement of Profit and Loss (b)	As at 31st March, 2016 (c=a+b)	Recognised in the Statement of Profit and Loss (d)	As at 31st March, 2017 (e=c+d)
i. Items of Deferred Tax Assets :					
Disallowances under Section 43B of the Income Tax Act, 1961	112	4	116*	(55)	61*
Provision for Doubtful Debts (expected credit loss allowance)	101*	(101)	-*	-	-*
Provision for Estimated losses on onerous contracts	-*	-	-*	-	-*
Voluntary Retirement Scheme under Section 35DDA of the Income Tax Act, 1961	-*	-	-*	-	-*
Unabsorbed tax depreciation and business losses	-*	-	-*	-	-*
Total Deferred Tax Assets (i)	**213**	**(97)**	**116**	**(55)**	**61**
ii. Items of Deferred Tax Liabilities :					
Property, Plant and Equipment and Intangible Assets	213	(97)	116	(55)	61
Total Deferred Tax Liability (ii)	**213**	**(97)**	**116**	**(55)**	**61**
Net Deferred Tax Assets (i-ii)	**-**	**-**	**-**	**-**	**-**

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

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

b. The Company has carried forward unabsorbed tax depreciation and business losses. Accordingly, the company does not have any current tax expense for the year ended 31st March, 2017 and for the eighteen months ended 31st March, 2016. So far as deferred tax is concerned, deferred tax asset is created only to the extent of deferred tax liability. Accordingly, the company does not have any deferred tax expense for the year ended 31st March, 2017 and for the eighteen months ended 31st March, 2016.

35. Information in respect of "Construction Contracts", is as follows:

(Rs. in Lakhs)

Particulars	Year ended 31st March, 2017	Eighteen months ended 31st March, 2016
Contract revenue recognised during the period	264	698
Aggregate of contract costs incurred and recognised profits (less recognised losses) up to period end	4,445	8,702
Retention money for contracts in progress as at Balance Sheet date	383	372
Gross amount due from customers for contract work (Asset) as at Balance Sheet date	238	968
Gross amount due to customers for contract work (Liability) as at Balance Sheet date	-	-

For the method used to determine the contract revenue recognised and the stage of completion on contract in progress, refer note 2.10 (e).

36. Capital and other commitments

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	108	122	59

37. Lease

37.1 Finance Lease

The Company as Lessee

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

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

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

37.2 Operating lease

The Company as Lessor

(1) Operating leases relate to VSATs given on lease, owned by the Company with lease terms between 5 to 7 years.

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

(3) No refundable deposits are taken and the lease rentals recognised in the Standalone Statement of Profit and Loss for the period included under Sale of Services under Revenue from Operations aggregate to Rs. 274 Lakhs (Previous Year : Rs. 332 Lakhs).

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

Non-cancellable operating lease receivables (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Not later than 1 year	194	128	116
Later than 1 year and not longer than 5 years	679	565	694
Later than 5 years	-	-	126
Total	**873**	**693**	**936**

38. Employee Benefit Obligations

a. Short-term Employee Benefits

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

b. Long-term Employee Benefits

i) Defined Contribution Plans

Company's contribution paid/payable during the period to provident fund, superannuation fund and ESIC contribution are recognised as an expense and included in Note 24 under the heading "Contributions to provident and other funds" are as under:

(Rs. in Lakhs)

Sr. No	Particulars	Twelve months ended 31st March, 2017	Eighteen months ended 31st March, 2016
a)	Contribution to Employees' Superannuation Fund	20	28
b)	Contribution to Employees' State Insurance Scheme	1	1
c)	Contribution to Provident Fund	58	82
	Total	**79**	**111**

Provident Fund:

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund is administered by the Trust formed by the Company. The Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit.

The Rules of the Company's provident fund administered by the Trust requires that if the Board of Trustees are unable to pay interest at the rate declared by Central Government under para 60 of the Employees' Provident Fund Scheme, 1952 then the shortfall shall be made good by the Company. Having regard to the assets of the fund and the return on the investments, the Company does not expect any shortfall in the foreseeable future.

ii) Defined Benefit Plans

The Company offers the following defined benefit schemes to its employees:

- **Gratuity (Unfunded)**

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

Amount recognised in the Statement of Profit and Loss (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Current Service Cost	18	20
Interest Cost (Net)	20	23
Total Expense recognised in the Statement of Profit and Loss	**38**	**43**

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

Amount recognised in Other Comprehensive Income: (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Due to change in Demographic Assumptions	1	7
Due to change in Financial Assumptions	1	19
Due to Experience	24	7
Total Remeasurement (gains)/losses recognised in OCI	**26**	**33**

Change in defined obligation (DBO) during the year (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Present value of DBO at the beginning	262	212
Current Service Cost	18	20
Interest Cost (Net)	20	23
Remeasurement (gain)/loss	26	33
Benefits paid	(99)	(26)
Present value of DBO at the end	**227**	**262**

Principal Actuarial assumptions

Particulars	As at 31st March, 2017	As at 31st March, 2016
Discount rate	7.51%	7.56%
Expected rate of escalation in salary	6.00%	6.00%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 14.70% p.a. b. For service 5 years and above - 5.30% p.a.
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	

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

a) **Interest rate risk -** A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk -** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

c) **Salary risk -** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Sensitivity

Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is: (Rs. in Lakhs)

Particulars	Change in Assumption	As at 31st March, 2017		As at 31st March, 2016	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(12)	14	(14)	16
Expected rate of escalation in salary	1%	14	(13)	16	(15)
Rate of Employee Turnover	1%	1	(1)	1	(1)

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

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

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

iii) Other Long-term Employee Benefits

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

An amount of **Rs.51 Lakhs** (previous year Rs.70 Lakhs) has been charged to the Statement of Profit and Loss for the year ended 31st March, 2017 towards Compensated absences.

Actuarial assumptions for long-term compensated absences

Particulars	As at 31st March, 2017	As at 31st March, 2016
Discount rate	7.51%	7.56%
Expected rate of escalation in salary	6.00%	6.00%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 14.70% p.a. b. For service 5 years and above - 5.30% p.a.

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

39. During the year ended 31st March, 2017, the Company has implemented a Voluntary Retirement Scheme (VRS). Accordingly, VRS expenditure of Rs.159 Lakhs has been debited to the Statement of Profit and Loss.

40. Related Party Transactions

Description of relationship	Names of related parties
Holding company	The Tata Power Company Limited
Promoter of Holding company	Tata Sons Limited
Subsidiary companies	(i) Tatanet Services Limited (ii) Nelco Network Products Limited
Associate	Nelito Systems Limited
Key Management Personnel (KMP)	Mr. P. J. Nath (Executive Director and CEO)

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

(Rs. in Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited	Tata Sons Limited	Tatanet Services Limited	Nelco Network Products Limited	Nelito Systems Limited	Key Management Personnel
		(Holding Co.)	(Promoter of Holding Co.)	(Subsidiary)	(Subsidiary)	(Associate)	
1)	**Receiving :**						
a)	Services	- (-)	17 (-)	- (-)	- (-)	- (-)	- (-)
2)	**Sales/ Rendering :**						
a)	Goods	- (101)	- (-)	- (-)	- (-)	- (-)	- (-)

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

(Rs. in Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited (Holding Co.)	Tata Sons Limited (Promoter of Holding Co.)	Tatanet Services Limited (Subsidiary)	Nelco Network Products Limited (Subsidiary)	Nelito Systems Limited (Associate)	Key Management Personnel
b)	Services	-	-	2,569	-	-	-
		(6)	(-)	(2,872)	(-)	(-)	(-)
3)	**Other Income**	1	-	8	-	-	-
		(2)	(-)	(10)	(-)	(-)	(-)
4)	**Finance :**						
a)	Inter Corporate Loans Repayment (net)	-	-	-	-	-	-
		(500)	(-)	(-)	(-)	(-)	(-)
b)	Interest Paid/Payable	-	-	-	-	-	-
		(42)	(-)	(-)	(-)	(-)	(-)
c)	Loans and Advances repaid during the period (net)	-	-	200	-	-	-
		(-)	(-)	(329)	(-)	(-)	(-)
d)	Dividend received	-	-	-	-	7	-
		(-)	(-)	(-)	(-)	(2)	(-)
e)	Interest Received	-	-	112	-	-	-
		(-)	(-)	(213)	(-)	(-)	(-)
5)	**Other Transactions :**						
a)	Guarantees and collaterals given	-	-	-	-	-	-
		(-)	(-)	(1,075)	(-)	(-)	(-)
b)	Reimbursements received from parties	-	-	-	-	-	-
		(-)	(-)	(25)	(-)	(-)	(-)
c)	Equity Contribution	-	-	-	5	-	-
		(-)	(-)	(484)	(-)	(-)	(-)
6)	**Balance Outstanding as at the end of the period**						
a)	Trade Receivables	1	-	685	-	-	-
		(1)	(-)	(608)	(-)	(-)	(-)
b)	Trade Payables	-	17	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)
c)	Sales consideration receivable for UGS Business (Refer note 29)	-	-	-	-	-	-
		(831)	(-)	(-)	(-)	(-)	(-)
d)	Other Recoverable	223	-	-	-	-	-
		(400)*	(-)	(-)	(-)	(-)	(-)
e)	Loans and advances given	-	-	910	-	-	-
		(-)	(-)	(1,110)	(-)	(-)	(-)
f)	Guarantees and collaterals	-	-	3,075	-	-	-
		(-)	(-)	(3,075)	(-)	(-)	(-)
7)	**Managerial Remuneration (Refer note 41 below)**	-	-	-	-	-	91
		(-)	(-)	(-)	(-)	(-)	(202)

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

Notes:

i) Related Party relationship is as identified by the Company and relied upon by the auditors.

ii) Figures in brackets pertain to the previous year.

* Includes loss after tax of Rs.293 Lakhs in respect of UGS Business run on behalf of TPCL for the period from 1st October, 2014 to 31st March, 2016.

41. Compensation of key management personnel

The remuneration of key management personnel during the year was as follows: (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Short-term benefits	87	194
Post-employment benefits	4	8
Other long-term benefits (Refer note (i) below)	-	-
Total	**91**	**202**

Notes:

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

42. Earnings per Share (EPS)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
1. Net profit after tax attributable to equity shareholders **(Rs. in Lakhs)**		
(a) Continuing Operations	667	(22)
(b) Discontinued Operations	-	155
(c) Total Operations	667	133
2. Weighted Average Number of Equity Shares	2,28,17,461	2,28,17,461
3. EPS **(Rs.)** [Basic and Diluted] (Face value per share Rs. 10)		
(a) Continuing Operations (1(a) / 2)	2.92	(0.10)
(b) Discontinued Operations (1(b) / 2)	-	0.68
(c) Total Operations (1(c) / 2)	2.92	0.58

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

43. Contingent Liabilities (to the extent not provided for)

(Rs. in Lakhs)

	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
a)	Guarantees issued by the company on behalf of its subsidiary (Tatanet Services Limited)	3,075	3,075	2,000
	(Amount of loan outstanding against this guarantee is Rs.659 Lakhs (As at 31st March, 2016 - Rs.553 Lakhs and as at 1st October, 2014 - Rs.371 Lakhs)			
b)	Claims against the company not acknowledged as debt comprises of:			
	i) Excise duty, sales tax and service tax claims disputed by the company relating to issues of applicability and classification	490	558	655
	ii) Other matters (excluding claims where amounts are not ascertainable)	29	29	29
c)	Income Tax Demand against the company not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which company is in appeal.	631	631	631
	Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities			

44. Disclosure as required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets" as at period end are as follows:

a) Provision for Warranty relates to warranty provision made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under free warranty period ranging from one to three years.

b) Provision for future losses pertains to certain onerous contracts where the unavoidable costs of meeting the obligations as per the contracts exceed the economic benefits expected to be received from it.

c) The movement and provision during the period are as follows: (Rs. in Lakhs)

Particulars	Warranties		Future foreseeable losses on contracts	
	Year ended 31st March, 2017	Eighteen months ended 31st March, 2016	Year ended 31st March, 2017	Eighteen months ended 31st March, 2016
Opening Balance	227	311	149	222
Add: Provision during the period	32	107	-	12
(Less): Utilisation during the period	(137)	(89)	(17)	(76)
(Less): Reversal during the period	(23)	(102)	(54)	(64)
Add: Effects of unwinding of discounts on Provision	-	-	11	55
Closing Balance	**99**	**227**	**89**	**149**
Current (Refer note 18(b))	99	227	78	95
Non-current (Refer note 18(a))	-	-	11	54

Significant accounting policies and notes to the accounts of Standalone Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

45. Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. This information has been relied upon by the Auditors. There are no outstanding dues of Micro, Small and Medium Enterprises, which are outstanding for more than the stipulated period. There is no amount of interest due and payable.

46. During the last year, the Company had surrendered its factory license, as the Company does not intend to carry out any manufacturing activity.

47. Events after the reporting period

There are no events after the reporting period that materially affect these standalone financial statements.

48. Approval of standalone financial statements

The standalone financial statements were approved for issue by the board of directors on 9th May, 2017.

Signature to Notes forming part of the Standalone Financial Statements "1" to "48"

For and on behalf of the Board of Directors

R.R.Bhinge
Chairman

P.J. Nath
Executive Director & CEO

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary

Place: Mumbai
Date: 9th May, 2017

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Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NELCO LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Nelco Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its associate comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and an associate referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the

consolidated state of affairs of the Group and its associate as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of Rs.4,359 Lakhs as at March 31, 2017, total revenues of Rs.7,997 Lakhs and net cash (outflows) amounting to (Rs.27 Lakhs) for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs.39 Lakhs for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and an associate is based solely on the reports of the other auditors.

(b) The comparative financial information for the Eighteen Months ended March 31, 2016 and the transition date opening balance sheet as at October 1, 2014 in respect of a subsidiary and an associate included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries and an associate incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies and an associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's reports of the Parent, subsidiary companies and an associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's, subsidiary company's and associate company's incorporated in India internal financial controls over financial reporting.

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

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and the other auditors by the Management of the respective Group entities.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Mumbai, 9th May, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Nelco Limited (hereinafter referred to as "Parent"), its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its associate company, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its associate company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 2 subsidiary companies and 1 associate company, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Mumbai, 9th May, 2017

Consolidated Balance Sheet as at 31st March, 2017

(Rs in Lakhs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
ASSETS				
Non-current assets				
(a) Property, plant and equipment	4	3,443	2,709	2,861
(b) Capital Work-in-Progress	4	285	611	336
(c) Intangible assets	4	117	52	88
(d) Financial Assets				
(i) Investments	5	527	877	835
(ii) Other Financial Assets	6 (a)	20	44	44
(e) Deferred tax assets (net)	33	78	52	-
(f) Income Tax Assets (net)	7	2,141	2,561	1,705
(g) Other non-current assets	8 (a)	22	90	78
Sub Total Non-Current Assets		**6,633**	**6,996**	**5,947**
Current assets				
(a) Inventories	9	901	800	963
(b) Financial Assets				
(i) Trade Receivables	10	3,669	4,311	3,791
(ii) Cash and cash equivalents	11	304	493	459
(iii) Bank balances other than (ii) above	12	54	34	32
(iv) Other Financial Assets	6 (b)	695	2,394	2,288
(c) Other current assets	8 (b)	797	547	768
Sub Total Current Assets		**6,420**	**8,579**	**8,301**
TOTAL ASSETS		**13,053**	**15,575**	**14,248**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	13	2,282	2,282	2,282
(b) Other Equity	14	**(95)**	**(697)**	**(886)**
Total Equity		**2,187**	**1,585**	**1,396**
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	15 (a)	212	29	49
(ii) Other Financial Liabilities	16 (a)	20	35	68
(b) Provisions	17 (a)	348	437	435
Sub Total non-current liabilities		**580**	**501**	**552**
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	15 (b)	5,430	8,451	6,573
(ii) Trade Payables	18	3,100	3,091	3,541
(iii) Other Financial Liabilities	16 (b)	229	685	500
(b) Provisions	17 (b)	243	367	437
(c) Other current liabilities	19	1,284	895	1,249
Sub Total current liabilities		**10,286**	**13,489**	**12,300**
Total Liabilities		**10,866**	**13,990**	**12,852**
TOTAL LIABILITIES AND EQUITY		**13,053**	**15,575**	**14,248**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants`

Gurvinder Singh
Partner
Place: Mumbai
Date : 9th May, 2017

For and on behalf of the Board of Directors

R.R. Bhinge
Chairman

P. J. Nath
Executive Director & CEO

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary
Place: Mumbai
Date : 9th May, 2017

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

(Rs in Lakhs)

	Particulars	Note No.	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
1	Revenue from Operations	20	14,367	19,994
2	Other income	21	493	269
3	**Total Income (1+2)**		**14,860**	**20,263**
4	**Expenses**			
	(a) Cost of materials consumed		-	128
	(b) Purchases of stock-in-trade		2,640	4,078
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(101)	8
	(d) Employee Benefits Expense	23	1,959	2,794
	(e) Voluntary Retirement Expenses	37	159	-
	(f) Finance costs	24	850	1,309
	(g) Depreciation and Amortisation Expense	25	802	1,111
	(h) Other Expenses	26	7,897	10,813
	Total expenses (4)		**14,206**	**20,241**
5	Share of profit of associate		39	44
6	**Profit before tax (3-4+5)**		**693**	**66**
7	Tax expense:-			
	(i) Current tax	33	91	52
	(ii) Deferred tax	33	(26)	(52)
	Total Tax Expense (i+ii)		**65**	**-**
8	**Profit for the period from Continuing Operations (6-7)**		**628**	**66**
	Discontinued Operations			
9	(Loss) from Discontinued Operations	29	-	(7)
10	Add :-Gain on sale of Managed Services (MS) Business	29	-	162
11	**Profit from discontinued operations (9+10)**		**-**	**155**
12	**Profit for the period (8+11)**		**628**	**221**
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss	27	(26)	(32)
13	**Total Other Comprehensive Income**		(26)	(32)
14	**Total Comprehensive Income for the period (12+13)**		**602**	**189**
15	**Earnings per share (Face value of Rs 10/- per share) : (Basic and Diluted)**	41		
	Continuing Operations		2.75	0.29
	Discontinued Operations		-	0.68
	Total Operations (for continuing and discontinued operations)		**2.75**	**0.97**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants`

Gurvinder Singh
Partner
Place: Mumbai
Date : 9th May, 2017

For and on behalf of the Board of Directors

R.R. Bhinge
Chairman

P. J. Nath
Executive Director & CEO

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary
Place: Mumbai
Date : 9th May, 2017

Consolidated Statement of Cash Flows for the year ended 31st March, 2017

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
A. Cash Flows From Operating Activities		
Profit for the year	**628**	**221**
Adjustments for:		
Gain on sale of Managed Services (MS) Business (Refer note 29)	-	(162)
Income tax expense	65	-
Share of profit of associate	(39)	(44)
Interest income	(169)	(48)
Other non-operating income (net of expenses directly attributable to such income)	(227)	(190)
Profit on sale of property, plant and equipment (net)	-	(5)
Foreign exchange gain (net)	(45)	(2)
Net gain/ (loss) arising on financial assets designated at FVTPL	(38)	(24)
Finance costs	850	1,309
Depreciation and Amortisation Expense	802	1,111
Doubtful advances written off	-	23
Provision for doubtful debts	121	169
Provision for foreseeable losses	-	3
Provision for warranty (net)	9	5
Net (Gain) / Loss on foreign exchange forward contracts	32	-
Loss on Sale of Investment in Associate	10	-
Operating profit before working capital changes - (i)	**1,999**	**2,366**
Movements in working capital		
(Increase)/decrease in Other Financial Assets	593	(105)
(Increase)/decrease in Other non-current assets	68	(12)
(Increase)/decrease in Inventories	(101)	131
(Increase)/decrease in Trade Receivables	559	(631)
(Increase)/decrease in Other current assets	(163)	255
Increase/(decrease) in Other Financial Liabilities	(24)	(15)
Increase/(decrease) in Provisions	(205)	(109)
Increase/(decrease) in Trade Payables	145	(350)
Increase/(decrease) in Other current liabilities	389	(354)
Cash generated from operations - (ii)	**1,261**	**(1,190)**
Income tax refund / (paid) (iii)	329	(908)
Net cash generated by/(used in) operating activities - Total (i+ii+iii)	**3,589**	**268**
B. Cash Flows From Investing Activities		
Interest received	169	48
Payments for property, plant and equipment (Including Capital Work-in-Progress)	(1,613)	(1,018)
Proceeds from disposal of property, plant and equipment	-	7
Payments for intangible assets	(97)	(16)
Proceeds on sale of investment in associate (Refer note 5)	380	-
Movement in Bank balances not considered as Cash and cash equivalents	(20)	(2)
Proceeds on sale of MS Business (Refer note 29)	-	210
Net cash generated by/(used in) investing activities	**(1,181)**	**(771)**
C. Cash Flows From Financing Activities		
Proceeds on sale of UGS business to Holding Company (Refer note 28)	1,132	-
Proceeds from Borrowings	11,195	16,558
Repayment of Borrowings	(14,033)	(14,700)
Interest paid	(891)	(1,321)
Net cash generated by/(used in) financing activities	**(2,597)**	**537**
Net increase in cash and cash equivalents (A+B+C)	**(189)**	**34**
Cash and cash equivalents at the beginning of the year	493	459
Cash and cash equivalents at the end of the year (as defined in Ind AS 7 "Statement of Cash Flows") included in Note 11 (refer note 1 below)	**304**	**493**

See accompanying notes forming part of the consolidated financial statements

Notes:

1) Cash and cash equivalents includes:

(Rs in Lakhs)

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
(a) Balances with Banks:-			
On Current accounts	47	218	404
(b) Cheques on hand	256	272	54
(c) Cash on hand	1	3	1
Total - Cash and cash equivalents as per consolidated statement of cash flows	**304**	**493**	**459**

2) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard - 7 "Statement of Cash Flows".

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants`

Gurvinder Singh
Partner

Place: Mumbai
Date : 9th May, 2017

For and on behalf of the Board of Directors

R.R. Bhinge
Chairman

P. J. Nath
Executive Director & CEO

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary

Place: Mumbai
Date : 9th May, 2017

Consolidated Statement of Changes in Equity (SOCIE) for the year ended 31st March, 2017

(Rs. in Lakhs)

Particulars	Equity Share Capital		Reserves and Surplus		Equity instruments through OCI [d]	Total [a+b+c+d]
	Number of shares	Equity share capital [a]	General Reserve [b]	Retained earnings [c]		
Balance as at 1st October, 2014	**22,817,461**	**2,282**	**250**	**(1,146)**	**10**	**1,396**
Profit for the eighteen months ended 31st March, 2016	-	-	-	221	-	221
Other comprehensive income for the eighteen months ended 31st March, 2016	-	-	-	(32)	-	(32)
Balance as at 31st March, 2016	**22,817,461**	**2,282**	**250**	**(957)**	**10**	**1,585**
Profit for the year ended 31st March, 2017	-	-	-	628	-	628
Other comprehensive income for the year ended 31st March, 2017	-	-	-	(27)	1	(26)
Balance as at 31st March, 2017	**22,817,461**	**2,282**	**250**	**(356)**	**11**	**2,187**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants`

For and on behalf of the Board of Directors

R.R. Bhinge
Chairman

P. J. Nath
Executive Director & CEO

Gurvinder Singh
Partner

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary

Place: Mumbai
Date : 9th May, 2017

Place: Mumbai
Date : 9th May, 2017

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

1.1 General Information

Nelco Limited (Formerly known as National Ekco Radio & Engineering Co Ltd) herein after referred to as "Nelco" or "the Company" was established in 1940. The Company was formed as a JV between E K Cole & Fazalbhoy. The Company became "Nelco Limited" in 1969.

In 1969, the Company was pre-dominantly the manufacturer of audio-visual appliances like Television, calculator, Servo Voltage Stabilizers and such other office equipment. In late 90's the Company entered in Automation business (SCADA, Traction & Drives), which was divested in 2010. In 1995, the Company through its subsidiary, Tatanet Services Limited (TNSL) first installed VSAT captive hub for Tata Group Companies connectivity and in 2003 it entered into the public domain in VSAT services.

Nelco is today focused in providing systems and solutions in the areas of VSAT connectivity. It also provides solutions in the area of Integrated Security & Surveillance.

The Company offers a range of innovative and customized solutions for businesses and government institutions under one roof.

Equity shares of the Company are listed in India on the Bombay Stock Exchange and The National Stock Exchange. The registered office of the Company is located at EL-6, TTC Industrial Area, MIDC, Electronic Zone, Mahape, Navi Mumbai - 400 710, CIN: L32200MH1940PLC003164.

The consolidated financial statements are presented in Indian Rupee (INR) which is also Functional Currency of the Company. The consolidated financial statements were authorised for issue by the directors on 9th May, 2017.

1.2 The Group has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2016, with a transition date of 1st October, 2014. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS and interpretations that are issued and effective for the 'First Ind AS financial statements' for the year ended 31st March, 2017, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Group has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in note 3.1 below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in retained earnings.

2. Summary of Significant accounting policies

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

2.1 Basis of preparation

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with Ind AS notified under the Companies Indian Accounting Standards Rules, 2015.

Upto the eighteen months ended 31st March, 2016, the Company prepared its consolidated financial statements in accordance with the requirements of previous GAAP, which included standards notified under the Companies (Accounting Standard) Rules, 2006. These are the company's first Ind AS consolidated financial statements. The date of transition to Ind AS is 1st October, 2014. Refer Note 3 for the details of first time adoption exemptions availed by the company.

b. Basis of consolidation

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

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

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Goodwill

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

Particulars of subsidiaries and an associate:

Name of the Company	Principal Activity	Country of Incorporation	Percentage of Voting Power as at 31st March, 2017	Percentage of Voting Power as at 31st March, 2016	Percentage of Voting Power as at 1st October, 2014
I. Subsidiary Companies - Direct					
a) Tatanet Services Limited (TNSL)	Providing Bandwidth Services	India	100.00	100.00	100.00
b) Nelco Network Products Limited (NNPL)	Sale of VSAT Equipments	India	100.00	Not Applicable	Not Applicable
II. Associate					
a) Nelito Systems Limited (Nelito)	Software Solutions and Services	India	12.30	22.25	22.25

c. Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain items that are measured at fair value as required by relevant Ind AS:

- Financial assets and financial liabilities measured initially at fair value (refer accounting policy on financial Instruments);
- Defined benefit and other long-term employee benefits.

2.2 Property, plant and equipment

All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the items. Subsequent costs are added to existing item's carrying amount or recognised as a separate item, 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. All other subsequent costs related to an item 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 tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

b. Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate cost net off estimated residual value, over the 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.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

Type of Assets	Useful Life
Plant & Machinery (Third Shift)	Radio Frequency (RF) Antenna – 9 Years Basic Electronics – 6 Years
Office Equipment a) VSAT	Antenna – 10 Years Electronics - 7.50 Years Basic Electronics – 6 Years
b) HUB	RF Hub – 11 Years Base Hub - 10 Years Basic Electronics – 6 Years

Intangible assets are amortised over 5 years based on useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 gains/(losses).

2.3 Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.4 Investments and other financial assets

a. Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or in the other comprehensive income.

Investment in equity shares (Other than investment in associate) have been designated at Fair value through Other Comprehensive Income (FVTOCI) on the basis of facts and circumstances that existed at the transition date.

b. Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, except for specifically identified cases, Company follows a simplified approach where provision is made as per the ageing buckets which are designed based on historical facts and patterns.

c. Derecognition of financial assets

A financial asset is derecognised only when

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

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

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

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Group's cash management system.

2.6 Financial Liabilities

Financial Liabilities are subsequently measured at amortised cost or at Fair Value through Profit or Loss (FVTPL).

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost.

2.7 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.

2.8 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.

2.9 Inventories

Inventories are valued at cost, which is determined on weighted average net off provision for cost of obsolescence / slow moving inventory and other anticipated losses, wherever considered necessary.

Cost of inventories includes all other costs incurred in bringing the inventories to their present location and condition.

2.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Group recognises revenue as follows:

a. <u>Sale of goods</u>

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are passed to the buyer, usually on dispatch of the goods.

b. <u>Rendering of Services</u>

Revenue from contracts is recognised as services are rendered and as related costs are incurred.

Revenue from maintenance contracts is recognised on a pro-rata basis over the period of the contract.

c. <u>Dividend and Interest Income</u>

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

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

d. Rental Income

The Group's policy for recognition of revenue from operating leases is described in note 2.13 below.

e. Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

2.11 Foreign currency translation

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 gains/(losses).

2.12 Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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.

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

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

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. 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.

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.

2.13 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Finance Lease

When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Corresponding liability to the lessor is included in the consolidated financial statements as finance lease obligation.

Operating Lease

Lease payments under operating leases are recognised as an income / expense on a straight line basis in the Consolidated Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

.2.14 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.

2.15 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.

a. Onerous Contracts

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

b. Warranties

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

2.16 Employee benefits

a. Short-term obligations

Liabilities for salaries and wages, including other monetary and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the reporting period are recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled.

b. Other long-term employee benefit obligations

The liabilities for Gratuity and Compensated absences which are not expected to be settled wholly within 12 months after the end of the reporting period are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

c. Post-employment obligations (Defined Benefit Obligations)

The Company operates the following post-employment schemes:

- defined benefit plans - Gratuity
- defined contribution plans such as Provident Fund, Superannuation Fund and Employees' State Insurance Corporation (ESIC).

Defined Benefit Plans - Gratuity obligations

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the defined benefit obligation. This cost is included in "Employee Benefit Expenses" in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

Defined contribution plans

Company pays Provident Fund, Superannuation Fund and ESIC contributions to publicly administered funds as per local regulations. Company's contribution to Provident Fund, Superannuation Fund and ESIC is recognised on accrual basis in the Statement of Profit and Loss.

2.17 Segment reporting

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

The Group has identified following 2 reportable segments.

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

b. Network systems comprises of sales of solution for management of network connectivity, networking services and turnkey communication systems supply and integration.

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit after tax before other comprehensive income by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per share is computed by dividing the profit after tax before other comprehensive income by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti dilutive.

2.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

a) Useful lives of property, plant and equipment

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

b) Estimation of defined benefit obligation

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

c) Recognition of deferred tax assets

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

d) Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure so provided and included as liability.

e) Recognition and measurement of unbilled revenue

Unbilled receivables are for services provided but not yet billed. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

2.20 Derivative financial instruments:

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

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

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the company from 1st April 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and noncash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment which is yet to be notified may have impact on the company's consolidated statement of cash flows.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

3. First time adoption of Ind AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the consolidated financial statements for the year ended 31st March, 2017, the comparative information presented in these consolidated financial statements for the eighteen months ended 31st March, 2016 and in the preparation of the opening Ind AS balance sheet as at 1st October, 2014 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

3.1 Exemptions and exceptions availed

3.2 Reconciliation of total equity as at 31st March, 2016 and as at 1st October, 2014.

3.3 Reconciliation of total comprehensive income for the eighteen months ended 31st March, 2016.

3.4 Impact on cash flows for the eighteen months ended 31st March, 2016.

3.1 Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

a. Ind AS Optional exemptions

i. Deemed Cost

Ind AS 101 permits a first-time adopter to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

ii. Determining whether an arrangement contains a lease

The Group has applied Appendix C of Ind AS 17 determining whether an arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

iii. Equity investments at FVTOCI

The Group has designated investment in equity shares (other than investment in subsidiaries and associate) at FVTOCI on the basis of facts and circumstances that existed at the transition date.

b. Ind AS mandatory exceptions

i. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1st October, 2014 are consistent with the estimates as at the same date made in conformity with previous GAAP.

ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Group accordingly has made such assessment to assess such classification and measurement on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

iii. De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iv. Government loans

A first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with Ind AS 32, Financial Instruments: Presentation. A first-time adopter shall apply the requirements in Ind AS 109, Financial Instruments, and Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to Ind ASs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with Ind AS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS Balance Sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind ASs.

The company has sales tax deferral loan, whereby the sales tax collected by the Company is to be deposited with the authorities in a phased manner without any interest. Accordingly, the Company has elected to carry such sales tax deferral loan at previous GAAP carrying value.

v. Impairment of financial assets

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

3.2 Reconciliation of total equity as at 31st March, 2016 and as at 1st October, 2014.

Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2016 and 1st October, 2014:

(Rs. in Lakhs)

Particulars	Notes	As at 31st March, 2016 (End of last period presented under previous GAAP)			As at 1st October, 2014 (Date of transition)		
		As per Previous GAAP	Effect of Ind AS transition	As per Ind AS	As per Previous GAAP	Effect of Ind AS transition	As per Ind AS
ASSETS							
Non-current assets							
(a) Property, plant and equipment	a,c,f	2,415	294	2,709	3,037	(176)	2,861
(b) Capital Work-in-Progress		611	-	611	336	-	336
(c) Intangible assets	a	169	(117)	52	509	(421)	88
(d) Financial Assets							
(i) Investments	g	874	3	877	833	2	835
(ii) Other Financial Assets		44	-	44	44	-	44
(e) Deferred tax assets (net)		52	-	52	-	-	-
(f) Income Tax Assets (net)		2,561	-	2,561	1,705	-	1,705
(g) Other non-current assets		90	-	90	78	-	78
Sub Total Non-Current Assets		**6,816**	**180**	**6,996**	**6,542**	**(595)**	**5,947**
Current assets							
(a) Inventories	a	1,347	(547)	800	1,514	(551)	963
(b) Financial Assets							
(i) Trade Receivables	a, d(i), e	4,585	(274)	4,311	3,867	(76)	3,791
(ii) Cash and cash equivalents		493	-	493	459	-	459
(iii) Bank balances other than (ii) above		34	-	34	32	-	32
(iv) Other Financial Assets	a	1,162	1,232	2,394	1,457	831	2,288
(d) Other current assets		547	-	547	768	-	768
Sub Total Current Assets		**8,168**	**411**	**8,579**	**8,097**	**204**	**8,301**
TOTAL ASSETS		**14,984**	**591**	**15,575**	**14,639**	**(391)**	**14,248**
EQUITY AND LIABILITIES							
EQUITY							
(a) Equity Share Capital		2,282	-	2,282	2,282	-	2,282
(b) Other Equity		(1,314)	617	(697)	(592)	(294)	(886)
TOTAL EQUITY		**968**	**617**	**1,585**	**1,690**	**(294)**	**1,396**
LIABILITIES							
Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		29	-	29	49	-	49
(ii) Other financial liabilities	d(ii)	48	(13)	35	96	(28)	68
(b) Provisions	d(iii)	450	(13)	437	504	(69)	435
Sub Total non-current liabilities		**527**	**(26)**	**501**	**649**	**(97)**	**552**

3.2 Reconciliation of total equity as at 31st March, 2016 and 1st October, 2014 (Contd…)

Particulars	Notes	As at 31st March, 2016 (End of last period presented under previous GAAP)			As at 1st October, 2014 (Date of transition)		
		As per Previous GAAP	Effect of Ind AS transition	As per Ind AS	As per Previous GAAP	Effect of Ind AS transition	As per Ind AS
Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		8,451	-	8,451	6,573	-	6,573
(ii) Trade Payables		3,091	-	3,091	3,541	-	3,541
(iii) Other financial liabilities		685	-	685	500	-	500
(b) Provisions		367	-	367	437	-	437
(c) Other current liabilities		895	-	895	1,249	-	1,249
Sub Total current liabilities		**13,489**	**-**	**13,489**	**12,300**	**-**	**12,300**
TOTAL LIABILITIES		**14,016**	**(26)**	**13,990**	**12,949**	**(97)**	**12,852**
TOTAL LIABILITIES AND EQUITY		**14,984**	**591**	**15,575**	**14,639**	**(391)**	**14,248**

(Rs. in Lakhs)

Particulars	Notes	As at 31st March, 2016	As at 1st October, 2014
Equity under Previous GAAP		**968**	**1,690**
Add:- Profit / (loss) on transfer of UGS business (refer note 28)	a	293	(166)
Adjustments :-			
Reversal of depreciation on Discontinued Operations	a	157	-
Effect of change in depreciation on account of componentisation of Property, Plant and Equipment	c	297	-
Interest income / (expense) on financial assets and financial liabilities (net)	d	(72)	25
Provision of trade receivables based on Expected Credit Loss model	e	(62)	-
Effect of measuring investments at fair value through Other Comprehensive Income	g	12	10
Depreciation due to transition to Schedule II of the Companies Act, 2013 on Tangible Assets with Nil remaining useful life	f	-	(151)
Income in respect of Associate on account of adoption of IND AS		(7)	(8)
Others		(1)	(4)
Equity under IND AS		**1,585**	**1,396**

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Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

3.3 Reconciliation of total comprehensive income for the eighteen months ended 31st March, 2016

Effect of Ind AS adoption on the Statement of Profit and Loss for the eighteen months ended 31st March, 2016

(Rs. in Lakhs)

	Particulars	Notes	For the eighteen months ended 31st March, 2016 (End of last period presented under previous GAAP)		
			As per Previous GAAP	Effect of Ind AS transition	As per Ind AS
I	**Revenue from Operations**	d(i)	20,044	(50)	19,994
II	Other Income	d(i)	245	24	269
III	**Total Income (I + II)**		**20,289**	**(26)**	**20,263**
IV	**Expenses :**				
	Cost of materials consumed		127	1	128
	Purchase of stock- in-trade		4,078	-	4,078
	Changes in inventories of finished goods, stock-in-trade and work-in-progress		8	-	8
	Employee Benefits Expense	b	2,827	(33)	2,794
	Finance Costs	d(ii)	1,294	15	1,309
	Depreciation and Amortisation Expense	c	1,408	(297)	1,111
	Other Expenses	d(iii),e	10,697	116	10,813
	Total Expenses (IV)		**20,439**	**(198)**	**20,241**
V	Share of profit of associate		43	1	44
VI	**Profit Before Tax (III-IV+V)**		(107)	173	66
VII	Tax Expense:				
	(i) Current Tax		52	-	52
	(ii) Deferred Tax	f	(5)	(47)	(52)
	Total Tax Expense (i+ii)		**47**	**(47)**	**-**
VIII	**Profit for the period from Continuing Operations (VI-VII)**		**(154)**	**220**	**66**
	Discontinued Operations				
IX	(Loss) from Discontinued Operations	a	(626)	619	(7)
X	Add :-Gain on sale of MS Business		162	-	162
XI	**Profit from discontinued operations**		**(464)**	**619**	**155**
XII	**Profit for the period (VIII+XI)**		**(618)**	**839**	**221**
	Other Comprehensive Income				
	Items that will not be reclassified to profit or loss	b, g, h	-	(32)	(32)
XIII	**Total Other Comprehensive Income**		**-**	**(32)**	**(32)**
XIV	**Total Comprehensive Income for the period (XII+XIII)**		**(618)**	**807**	**189**

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

3.3 Reconciliation of total comprehensive income for the eighteen months ended 31st March, 2016 (Contd…)

(Rs in Lakhs)

Particulars	Notes	Eighteen months ended 31st March, 2016
Net Profit / (Loss) as per previous GAAP		**(618)**
Add:- Profit / (loss) on transfer of UGS business (Refer note 28)	a	459
Adjustments :		
Remeasurement of Defined benefit obligations recognised in Other Comprehensive Income	b	33
Reversal of depreciation on Discontinued Operations	a	157
Effect of change in depreciation on account of componentisation of Property, Plant and Equipment	c	297
Interest income / (expense) on financial assets and financial liabilities (net)	d	(97)
Provision of trade receivables based on Expected Credit Loss model	e	(62)
Deferred Tax on depreciation due to transition to Schedule II of the Companies Act, 2013 on Tangible Assets with Nil remaining useful life	f	47
Income in respect of Associate on account of adoption of IND AS		1
Others		4
Net Profit / (Loss) as per IND AS		**221**
Other Comprehensive Income	h	(32)
Total Comprehensive Income under IND AS		**189**

Notes to the reconciliations:

a. <u>Profit / (loss) on transfer of UGS business</u> (Refer Note 28)

During the quarter ended 31st December, 2016, all the conditions precedent for transfer of Unattended Ground Sensors (UGS) Business to The Tata Power Company Limited (TPCL) were satisfied and a joint letter confirming the same was signed subsequently on 2nd January, 2017 and accordingly, the financial information of prior periods have been restated with effect from 1st October, 2014, as if transfer had occurred on 1st October, 2014, as the transaction is between the entities under common control. Accordingly, the depreciation charge of Rs. 157 Lakhs in respect of UGS Business for the eighteen months ended 31st March, 2016 has also been reversed. The assets attributable to the UGS business have been impaired as at 1st October, 2014 to the tune of Rs. 166 Lakhs.

The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 450 Lakhs comprising of reversal of depreciation of Rs. 157 Lakhs and profit on transfer of UGS Business of Rs.293 Lakhs for the eighteen months ended 31st March, 2016 (Decrease in total equity of Rs. 166 Lakhs as at 1st October, 2014), and Increase in profit before tax of Rs. 619 Lakhs, and in profit for the period of Rs. 619 Lakhs for the eighteen months ended 31st March, 2016.

b. <u>Remeasurement of Defined benefit obligations recognised in Other Comprehensive Income</u>

Under previous GAAP, actuarial gains and losses were recognised in the Statement of Profit and Loss. Under Ind AS, actuarial gains and losses form part of remeasurement which is recorded in other comprehensive income. The actuarial gains for the eighteen months ended 31st March, 2016 were Rs. 33 Lakhs. This change does not affect total equity, but there is an increase in profit before tax of Rs. 33 Lakhs, and in profit for the period of Rs. 33 Lakhs for the eighteen months ended 31st March, 2016.

c. <u>Effect of change in depreciation on account of componentisation of Property, Plant and Equipment</u>

Ind AS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. Accordingly, the Group has carried out componentization for applicable class of assets. The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 297 Lakhs (No effect on total equity as at 1st October, 2014), and Increase in profit before tax of Rs. 297 Lakhs, and in profit for the period of Rs. 297 Lakhs for the eighteen months ended 31st March, 2016.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

d. Interest income / (expense) on financial assets and financial liabilities (net)

d(i). Trade Receivables

Under Ind AS, the Group has measured long term trade receivables at amortised cost based on the effective interest rate method subsequent to initial recognition. The net effect of these changes is a decrease in total equity as at 31st March, 2016 of Rs. 100 Lakhs (Decrease of Rs. 74 Lakhs as at 1st October, 2014), and decrease in profit before tax of Rs. 26 Lakhs, and in profit for the period of Rs. 26 Lakhs for the eighteen months ended 31st March, 2016.

d(ii). Liability towards voluntary retirement scheme

Under Ind AS, the Group has measured "Liability towards voluntary retirement scheme" at amortised cost based on the effective interest rate method subsequent to initial recognition. The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 13 Lakhs (Increase of Rs. 28 Lakhs as at 1st October, 2014), and decrease in profit before tax of Rs. 15 Lakhs, and in profit for the period of Rs. 15 Lakhs for the eighteen months ended 31st March, 2016.

d(iii). Provision for estimated losses on onerous contracts

Under previous GAAP, discounting of provisions was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the balance sheet date without considering the effect of discounting. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value of money is material. The Group has discounted the provisions to present value at the reporting dates resulting in the provisions being decreased by Rs. 13 Lakhs as at 31st March, 2016 (Rs. 69 Lakhs as at 1st October, 2014). The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 13 Lakhs (Rs. 69 Lakhs as at 1st October, 2014), and decrease in profit before tax of Rs. 56 Lakhs, and in profit for the period of Rs. 56 Lakhs for the eighteen months ended 31st March, 2016.

e. Provision of trade receivables based on Expected Credit Loss model

Under previous GAAP, the Group has created provision for impairment of receivables based on incurred losses model. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to ECL model, the Group impaired its trade receivables by Rs.62 Lakhs as at 31st March, 2016. The net effect of these changes is a decrease in total equity as at 31st March, 2016 of Rs. 62 Lakhs, and decrease in profit before tax of Rs. 62 Lakhs, and in profit for the period of Rs. 62 Lakhs for the eighteen months ended 31st March, 2016.

f. Deferred Tax on depreciation due to transition to Schedule II of the Companies Act, 2013 on Tangible Assets with Nil remaining useful life

Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Group has, effective 1st October, 2014, reviewed and revised the estimated useful lives of its fixed assets, in accordance with the provisions of Schedule II to the Act. Consequently, on account of transition provision, Rs. 151 Lakhs (Including deferred tax of Rs. 47 Lakhs) has been adjusted to Reserves and surplus as on 1st October, 2014. The net effect of these changes is a decrease in total equity as at 31st March, 2016 of Rs. Nil (Rs. 151 Lakhs as at 1st October, 2014), and increase in profit before tax of Rs. Nil, and in profit for the period of Rs. 47 Lakhs for the eighteen months ended 31st March, 2016.

g. Effect of measuring investments at fair value through Other Comprehensive Income

Under previous GAAP, investment in equity shares (excluding Investments in Subsidiaries and Associate) were measured at cost less diminution in value which is other than temporary. Under Ind AS, these financial assets have been classified as FVTOCI. On date of transition to Ind AS, these financial assets have been recorded at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in the carrying amount by Rs. 12 Lakhs as at 31st March, 2016 and by Rs. 10 Lakhs as at 1st October, 2014. The net effect of these changes is an increase in total equity as at 31st March, 2016 of Rs. 12 Lakhs (Rs. 10 Lakhs as at 1st October, 2014). This change does not affect profit before tax and profit for the period for the eighteen months ended 31st March, 2016.

h. Other Comprehensive Income

Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

3.4 Impact on cash flows for the eighteen months ended 31st March, 2016

(Rs. in Lakhs)

Particulars	For the eighteen months ended 31st March, 2016 (End of last period presented under previous GAAP)		
	As per Previous GAAP	Effect of Ind AS transition	As per Ind AS
A. Net cash generated by/(used in) operating activities	589	(323)	268
B. Net cash generated by/(used in) investing activities	(970)	201	(771)
C. Net cash generated by/(used in) financing activities	415	122	537
Net increase in cash and cash equivalents (A+B+C)	**34**	**-**	**34**
Cash and cash equivalents at the beginning of the year	459	-	459
Cash and cash equivalents at the end of the year (as defined in Ind AS 7 "Statement of Cash Flows") included in Note 11	**493**	**-**	**493**

Notes forming part of the consolidated financial statements

4. Property, Plant and Equipment, Intangible Assets and Capital Work-in-Progress

(Rs. in Lakhs)

Particulars	Cost					Accumulated Depreciation / Amortisation					Net Block	
	As at 1st April, 2016	Additions during the year	Deductions / Adjustments	Transfer on sale of MS Business	As at 31st March, 2017	As at 1st April, 2016	Depreciation / Amortisation for the Year	Deductions / Adjustments	Transfer on sale of MS Business	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
i. Property, Plant and Equipment												
Leasehold Land (Finance Lease)	26	-	-	-	26	1	*-	-	-	1	25	25
	26	-	-	-	*26*	-	*1*	-	-	*1*	*25*	*26*
Building	139	-	-	-	139	18	12	-	-	30	109	121
	139	-	-	-	*139*	-	*18*	-	-	*18*	*121*	*139*
Plant and Machinery	2,610	896	-	-	3,506	683	531	-	-	1,214	2,292	1,927
	1,887	*726*	-	*3*	*2,610*	-	*683*	-	-	*683*	*1,927*	*1,887*
Electrical Installation	103	5	-	-	108	48	15	-	-	63	45	55
	103	-	-	-	*103*	-	*48*	-	-	*48*	*55*	*103*
Office Equipment												
(i) Own	247	66	*	-	313	155	40	-	-	195	118	92
	219	*31*	*2*	*1*	*247*	-	*155*	-	-	*155*	*92*	*219*
(ii) Given on Lease (Operating Lease)	646	537	-	-	1,183	162	170	-	-	332	851	484
	478	*168*	-	-	*646*	-	*162*	-	-	*162*	*484*	*478*
Vehicles	9	-	-	-	9	4	2	-	-	6	3	5
	9	-	-	-	*9*	-	*4*	-	-	*4*	*5*	*9*
Total - Property, Plant and Equipment (i)	**3,780**	**1,504**	**-**	**-**	**5,284**	**1,071**	**770**	**-**	**-**	**1,841**	**3,443**	**2,709**
	2,861	*925*	*2*	*4*	*3,780*	-	*1,071*	-	-	*1,071*	*2,709*	*2,861*
ii. Intangible Assets												
Goodwill on Consolidation *	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Licence Fees	23	-	-	-	23	4	3	-	-	7	16	19
	23	-	-	-	*23*	-	*4*	-	-	*4*	*19*	*23*
Testing Software	69	97	-	-	166	36	29	-	-	65	101	33
	65	*16*	-	*12*	*69*	-	*36*	-	-	*36*	*33*	*65*
Total - Intangible Assets (ii)	**92**	**97**	**-**	**-**	**189**	**40**	**32**	**-**	**-**	**72**	**117**	**52**
	88	*16*	-	*12*	*92*	-	*40*	-	-	*40*	*52*	*88*
Total - Property, Plant and Equipment & Intangible Assets (i+ii)	**3,872**	**1,601**	**-**	**-**	**5,473**	**1,111**	**802**	**-**	**-**	**1,913**	**3,560**	**2,761**
	2,949	*941*	*2*	*16*	*3,872*	-	*1,111*	-	-	*1,111*	*2,761*	*2,949*
iii. Capital work-in-progress0											**285**	**611**
											611	*336*
Grand Total (i+ii+iii)											**3,845**	**3,372**
											3,372	*3,285*

Figures in italics represent previous year's figures.

* Figures are less than Rs.50,000

Notes forming part of the consolidated financial statements

5. Investments - Non Current

Particulars	Face value (Rs.)	As at 31st March, 2017		As at 31st March, 2016		As at 1st October, 2014	
		Quantity (Number)	Amount (Rs. in lakhs)	Quantity (Number)	Amount (Rs. in lakhs)	Quantity (Number)	Amount (Rs. in lakhs)
Unquoted-Equity Shares (all fully paid)							
Investments in Associate							
Nelito Systems Limited (Refer note 1 and 2 below)	10	2,53,665	513	4,58,877	864	4,58,877	823
In Other Companies							
Technopolis Knowledge Park Limited (Carried at Fair Value through OCI)	10	18,10,000	-	18,10,000	-	18,10,000	-
Other investments							
Ordinary Shares of Zoroastrian Co-operative Bank Limited (Carried at Fair Value through OCI)	25	6,000	14	6,000	13	6,000	12
Total Investments			**527**		**877**		**835**

Notes:

1. **Change in the Group's ownership interest in an Associate**

   As at 31st March, 2016, the Group held a 22.25% interest in Nelito Systems Limited. In March 2017, the Group disposed off a 9.95% interest in Nelito Systems Limited to a third party for sale proceeds of Rs.380 Lakhs.

2. Although the Group holds less than 20% of the equity shares of Nelito Systems Limited, and it has less than 20% of the voting power at shareholder meetings, the Group exercises significant influence by virtue of its contractual right to appoint two out of seven directors to the board of directors of that company.

6. Other Financial Assets

(a) Non-Current (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Security Deposits	20	44	44
Total	**20**	**44**	**44**

b) Current (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
a) Security Deposits			
- Unsecured, considered good	109	117	224
- Doubtful	21	21	21
	130	**138**	**245**
Less : Allowance for Doubtful Deposits	(21)	(21)	(21)
	109	**117**	**224**
b) Loans to Employees	5	10	13
c) Receivable from Holding Company	223	1,231	831
d) Unbilled Debtors	358	1,036	1,220
Total	**695**	**2,394**	**2,288**

Notes forming part of the consolidated financial statements

7. Income Tax Assets (net)

Non-Current (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Tax refund receivable	2,141	2,561	1,705
Total	**2,141**	**2,561**	**1,705**

8. Other assets

(a) Other non-current assets (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Balances with Government Authorities	22	90	42
Others	-	-	36
Total	**22**	**90**	**78**

(b) Other current assets (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Prepaid Expenses	76	76	145
Advance to Suppliers	122	76	210
VAT Receivable	34	40	162
CENVAT Credit Receivable	447	229	210
Amount due as refund of Addtitional duty of Customs	50	-	-
Others	68	126	41
Total	**797**	**547**	**768**

9. Inventories

(Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Inventories (lower of cost and net realisable value)			
a) Contracts in progress	35	84	233
b) Raw Materials	-	-	73
c) Work-in-progress	-	-	10
d) Stock-in-trade	866	699	647
e) Stock-in-trade in Transit	-	17	-
Total	**901**	**800**	**963**

10. Trade receivables - Current

(Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Trade receivables			
- Unsecured, considered good	3,669	4,311	3,791
- Doubtful	252	309	407
	3,921	**4,620**	**4,198**
Less : Allowance for Doubtful Debts (expected credit loss allowance)	(252)	(309)	(407)
Total	**3,669**	**4,311**	**3,791**

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

Notes forming part of the consolidated financial statements

2. The Normal credit period allowed by the Company ranges from 0 to 60 days.

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

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

5. **Information about major customers:**

Four customers as at 31st March, 2017 and three customers as at 31st March, 2016 contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was Rs. 1,293 Lakhs and Rs.1,383 Lakhs as at 31st March, 2017 and as at 31st March, 2016 respectively.

Movement in expected credit loss allowance (Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Balance at the beginning of the year	309	407
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses (Simplified approach)	(57)	(98)
Balance at the end of the year	**252**	**309**

11. Cash and cash equivalents

(Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
(a) Balances with Banks :-			
On Current accounts	47	218	404
(b) Cheques on hand	256	272	54
(c) Cash on hand	1	3	1
Total - Cash and cash equivalents as per consolidated statement of cash flows	**304**	**493**	**459**

Specified Bank Notes Disclosure (SBN's)

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016, are given below:

(Amount in Rs.)

Particulars	Specified Bank Notes	Other Denomination Note	Total
Closing cash on hand as on 8th November, 2016	1,26,500*	1,39,208	2,65,708
(+) Permitted receipts	-	4,25,001	4,25,001
(-) Permitted payments	-	(4,41,860)	(4,41,860)
(-) Amounts Deposited in Banks	(1,26,500)	-	(1,26,500)
Closing cash on hand as on 30th December, 2016	**-**	**1,22,349**	**1,22,349**

* Includes Cash given to employees for maintaining imprest balance.

12. Bank balance other than Cash and cash equivalents

(Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
In earmarked Accounts			
(a) Unpaid Dividend accounts	9	12	12
(b) Balances held as margin money against letter of credit and bank guarantees	45	22	20
Total	**54**	**34**	**32**

Notes forming part of the consolidated financial statements

13. Equity Share Capital

(Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Authorised share capital:			
2,50,00,000 (2,50,00,000 as at 31st March, 2016) equity shares of Rs.10/- each	2,500	2,500	2,500
Redeemable Preference Shares of Rs.100/- each	2,500	2,500	2,500
	5,000	**5,000**	**5,000**
Issued share capital:			
2,28,18,400 (2,28,18,400 as at 31st March, 2016) equity shares of Rs.10/- each	2,282	2,282	2,282
	2,282	**2,282**	**2,282**
Subscribed and paid-up share capital:			
2,28,17,461 (2,28,17,461 as at 31st March, 2016) equity shares of Rs.10/- each	2,282	2,282	2,282
Total	**2,282**	**2,282**	**2,282**

Notes:

(i) There has been no movement in issued, subscribed and paid-up share capital of the Company, during the last five years.

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

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st October, 2014	
	Number of shares	Rs in Lakhs	Number of shares	Rs in Lakhs	Number of shares	Rs in Lakhs
Equity shares - Subscribed						
The Tata Power Company Limited (48.65%) (Holding Company)	110,99,630	1,110	110,99,630	1,110	110,99,630	1,110
Aftaab Investment Company Limited (1.44%) (Subsidiary of Holding Company)	3,28,410	33	3,28,410	33	3,28,410	33

(iii) 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. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors,if any, is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Class of shares / Name of shareholder	As at 31st March, 2017		As at 31st March, 2016		As at 1st October, 2014	
	Number of shares held	% holding in that class of shares	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						
The Tata Power Company Limited	110,99,630	48.65%	110,99,630	48.65%	110,99,630	48.65%

Notes forming part of the consolidated financial statements

14. Other Equity (refer SOCIE)

(Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
General Reserve	250	250	250
Retained Earnings	(356)	(957)	(1,146)
Reserve for equity instruments through OCI	11	10	10
Total	**(95)**	**(697)**	**(886)**

14.1 General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

14.2 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.

14.3 Reserve for equity instruments through OCI

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

15. Borrowings

(a) Non-Current

(Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Unsecured - at amortised cost			
(i) Deferred Sales tax liability (Under the Sicom Incentive Scheme)	12	29	49
	12	**29**	**49**
Secured - at amortised cost			
(i) Term Loans from Banks (Refer note (i) below)	200	-	-
	200	**-**	**-**
Total	**212**	**29**	**49**

Notes

(i) Secured by pari-passu first charge both on the present and future property, plant and equipment (all tangible moveable plant and machinery) of the company.

(ii) The terms of repayment of term loans and other loans are stated below:

(Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014	Terms of Repayment	Rate of Interest (p.a)
Deferred Sales tax liability (Under the Sicom Incentive Scheme)	12	29	49	Repayable in five equal annual instalments after ten years from the year of availment of respective loan.	Interest free
Axis Bank Limited	200	-	-	Half yearly repayment	10.85%

Notes forming part of the consolidated financial statements

(b) Current (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Unsecured - at amortised cost			
(i) Term Loans from Banks	3,000	3,750	1,250
(ii) Inter Corporate Deposits	1,100	3,500	4,300
	4,100	**7,250**	**5,550**
Secured - at amortised cost			
(i) Term Loans from Banks (Refer note (i) below)	794	946	718
(ii) Cash Credit balance with Banks (Refer note (ii) below)	536	255	305
	1,330	**1,201**	**1,023**
Total	**5,430**	**8,451**	**6,573**

Notes:

(i) Secured by pari-passu first charge both on the present and future property, plant and equipment (all tangible moveable plant and machinery) of the company.

(ii) Secured by hypothecation of all tangible moveable assets, including stocks of raw materials, finished goods, goods-in-process, book debts, monies receivable and a second charge on property, plant and equipment of the Company.

(iii) The Term Loans from Banks are repayable on demand. Repayment schedule is as follows: (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014	Terms of Repayment	Rate of Interest (p.a)
IDFC Bank Ltd	2500	-	-	Quarterly repayment	9.85%
South Indian Bank Limited	500	2,500	-	Bullet repayment-payable on February, 2017 and June, 2017	10.80%
Zoroastrian Bank Limited	597	946	718	Sixty monthly installment	11.00%
Axis Bank Limited	197	-	-	Half yearly repayment	10.85%
Bank Of India	-	1,250	1,250	Half yearly repayment	10.45%

16. Other Financial Liabilities

(a) Non-Current (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Liability towards Voluntary Retirement Scheme	20	35	68
Total	**20**	**35**	**68**

Notes forming part of the consolidated financial statements

(b) Current (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Interest accrued but not due on borrowings	3	44	56
Liability towards Voluntary Retirement Scheme	21	28	44
Sundry Deposits received from Customers	58	58	24
Current maturities of long-term debt	17	19	22
Capital creditors	89	524	342
Fair value of foreign exchange forward contracts	32	-	-
Unclaimed Dividend	9	12	12
Total	**229**	**685**	**500**

17. Provisions

(a) Non-Current (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Provision for Employee Benefits obligations:			
Compensated absences (Refer Note 37)	145	143	109
Gratuity (Refer Note 37 b (ii))	192	240	186
	337	**383**	**295**
Provision - Others:			
Estimated losses on onerous contracts (Refer Note 43)	11	54	140
Total	**348**	**437**	**435**

b) Current (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Provision for Employee Benefits obligations:			
Compensated absences (Refer Note 37)	31	23	18
Gratuity (Refer Note 37 b(ii))	35	22	26
	66	**45**	**44**
Provision - Others:			
Estimated losses on onerous contracts (Refer Note 43)	78	95	82
Warranty (Refer Note 43)	99	227	311
	177	**322**	**393**
Total	**243**	**367**	**437**

18. Trade Payables - Current

(Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Trade Payables:			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 44)	-	-	-
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	3,100	3,091	3,541
Total	**3,100**	**3,091**	**3,541**

Notes forming part of the consolidated financial statements

19. Other current liabilities

(Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
(i) Advance received from customers	396	317	400
(ii) Income received in Advance	795	496	665
(iii) Liability towards Department of Telecommunications	-	4	98
(iv) Liability towards Standing Advisory Committee on Radio Frequency Allocation	-	-	20
(v) Statutory remittances (contribution to PF, ESIC and withholding taxes)	93	78	66
Total	**1,284**	**895**	**1,249**

20 Revenue from operations

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Sale of products	3,239	5,531
Sale of Services	11,123	14,416
Total A	**14,362**	**19,947**
Other Operating revenue		
Scrap sales	5	2
Commission income	-	45
Total B	**5**	**47**
Total Revenue from Operations (A+B)	**14,367**	**19,994**

21 Other income

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
a) Interest Income		
Interest on Bank deposits	5	9
Interest on Income tax refund	164	39
	169	**48**
b) Other non-operating income (net of expenses directly attributable to such income)		
Insurance claims recovered	14	-
Liabilities/Provisions no longer required, written back	91	98
Bad Debts Recovered	-	34
Rent Income	87	57
Provision for foreseeable losses written back (Refer note 43)	43	-
Others	6	1
	241	**190**
c) Other gains and losses		
Profit on sale of property, plant and equipment (net)	-	5
Foreign exchange gain (net)	45	2
Net gain/ (loss) arising on financial assets designated at FVTPL	38	24
	83	**31**
Total Other Income (a+b+c)	**493**	**269**

Notes forming part of the consolidated financial statements

22 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Inventories at the beginning of the period :		
Stock - in - trade	716	647
Work-in-progress	-	10
Contracts in progress	84	233
	800	**890**
Less :- Inventories of MS Business transferred (Refer note 29)		
Stock - in - trade	-	82
Less : Inventories at the end of the period :		
Stock - in - trade	866	716
Contracts in progress	35	84
	901	**800**
Net (increase) / decrease in inventories of finished goods, stock-in-trade and work-in-progress	**(101)**	**8**

23. Employee Benefits Expense

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Salaries and Wages	1,688	2,403
Contributions to provident fund and other funds (Refer note 37 b(i))	79	111
Gratuity (Refer note 37 b(ii))	38	43
Staff Welfare Expenses	154	237
Total Employee Benefits Expense	**1,959**	**2,794**

24. Finance costs

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Interest expense on:		
Borrowings	771	1,188
Trade payables	4	14
Bank charges	69	91
Unwinding of Discounts on provisions	6	16
Total Finance costs	**850**	**1,309**

Finance costs relating to financial liabilities designated as at fair value through profit or loss are included in 'Other income' in Note 21.

25. Depreciation and Amortisation Expense

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Depreciation of property, plant and equipment pertaining to continuing operations	770	1,071
Amortisation of intangible assets	32	40
Total Depreciation and Amortisation Expense	**802**	**1,111**

Notes forming part of the consolidated financial statements

26 Other expenses

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Consumption of loose tools	22	27
License fees to Department of Telecommunications	965	1,153
Transponder charges	2,982	3,967
Subcontracting expenses	995	1,364
Power and fuel	194	277
Rent including lease rentals	187	278
Repairs and maintenance - Machinery	75	65
Repairs and maintenance - Others	288	267
Insurance	10	22
Rates and taxes	12	17
Travelling and conveyance	211	318
Freight and forwarding	201	321
Legal and professional charges	200	195
Consultancy charges	314	336
Installation expenses	218	730
Bad debts written off	151	295
Less: Provision for doubtful debts made in earlier years written back	(151)	(295)
Doubtful advances written off	-	23
Provision for doubtful debts	121	169
Provision for foreseeable losses (Refer note 43)	-	3
Provision for warranty (net) (Refer note 43)	9	5
Net (Gain) / Loss on foreign exchange forward contracts	32	-
Miscellaneous expenses	861	1,276
Total Other Expenses	**7,897**	**10,813**

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

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Net fair value gain on investments in equity shares at FVTOCI	1	-
Share of other comprehensive income in associate, to the extent not to be reclassified to profit or loss	(1)	1
Remeasurement of Defined benefit obligations (Refer note 37 b(ii))	(26)	(33)
Total Other Comprehensive Income	**(26)**	**(32)**

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

28) Unattended Ground Sensors Business (Discontinued Operations)

a. The Company vide its letter dated 3rd April, 2014 had informed the Stock Exchange about the approval of the Board of Directors to restructure the operations of Company's Integrated Security & Surveillance Solutions business (ISSS business) which inter alia, includes the business of Unattended Ground Sensors (UGS) and forms part of the Automation & Control segment. As part of such restructuring, the Board of Directors of the Company at its meeting held on 28th January, 2015 accepted an offer made by The Tata Power Company Limited (TPCL), for its Strategic Engineering Division to purchase the business of UGS as a going concern on a slump sale basis at a consideration of Rs. 831 Lakhs with effect from 1st October 2014. The shareholders by postal ballot on 25th June, 2015 approved the transaction. The Business Transfer Agreement (BTA) was signed on 5th August, 2015. During the quarter ended 31st December, 2016, all the conditions precedent were satisfied and a joint letter confirming the same was signed subsequently on 2nd January, 2017 and accordingly, the consolidated financial statements for the eighteen months ended 31st March, 2016 have been restated to give effect of transfer of UGS Business to TPCL with effect from 1st October, 2014. as the transaction is between the entities under common control.

b. The assets attributable to the UGS business have been impaired as at 1st October, 2014 to the tune of Rs. 166 Lakhs. The same has been adjusted against opening reserves as at 1st October, 2014.

c. The financial parameters in respect of the ordinary activities attributable to the UGS business are as follows:

(Rs. in Lakhs)

Particulars	Year ended 31st March, 2017#	Eighteen months ended 31st March, 2016#
Sale of Products @	538	252
Sale of Services	-	-
Revenue from Operations	**538**	**252**
Other Income	-	-
Total Income (A)	**538**	**252**
Expenses		
Cost of Materials Consumed	-	126
Purchases of stock-in-trade @	364	
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(5)	-
Employee Benefits Expense	88	212
Finance costs	73	120
Depreciation and Amortisation Expense	-	-
Other Expenses	27	87
Total Expenses (B)*	**547**	**545**
(Loss) Before Tax (A-B)	(9)	(293)
Less :- Tax Expenses	-	-
(Loss) After Tax	**(9)**	**(293)**
Carrying amount of assets as at the balance sheet date relating to the discontinued operation to be disposed off	-	941
Carrying amount of liabilities at the balance sheet date relating to the discontinued operation to be settled	-	-
Net Cash flow attributable to the discontinued operation		
Cash flow from / (used in) operating activities	1,005	(274)
Cash flow from / (used in) investing activities	-	(9)
Cash flow from / (used in) financing activities	(73)	(120)

* includes Rs.78 Lakhs (Previous year Rs 141 Lakhs) expenses attributable to UGS business.

The transfer being concluded during the quarter ended 31st December, 2016, effective from 1st October, 2014, the results of operation for the eighteen months ended 31st March, 2016 and for the year ended 31st March, 2017, represents transactions performed on behalf of TPCL. The settlement for these transactions have been done during the quarter ended 31st March, 2017.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

@ At the request of TPCL, the Company has continued with certain operations of the transferred business, during the quarter ended 31st March, 2017, pending assignment of certain contracts by the customer to TPCL. Accordingly, Sale of Products (Rs.137 Lakhs) and Purchase of stock- in-trade (Rs.137 Lakhs) in respect of these contracts have been included above, under the respective heads.

29) Managed Services Business (Discontinued Operations)

a. Further, as part of restructuring, the Board of Directors of the Company at its meeting held on 18th March, 2015 accepted the offer received from a company for the transfer of Managed Services business (MS Business) forming part of Network System segment as a going concern on a slump sale basis at a consideration of Rs. 210 Lakhs with effect from 1st April, 2015. The shareholders by postal ballot on 25th June, 2015 had approved the transaction. The said transaction was concluded on 31st August, 2015 after entering into definitive agreement and after obtaining various approvals as required under applicable laws. The said transaction was given effect during the quarter ended 30th September, 2015 with effect from 1st April, 2015. An amount of Rs.162 Lakhs is accounted as "Gain on sale of MS Business" during the eighteen months ended 31st March, 2016.

b. The financial parameters in respect of the ordinary activities attributable to the MS business are as follows:

(Rs in Lakhs)

Particulars	Year ended 31st March, 2017	Eighteen months ended 31st March, 2016
Sale of Products	-	334
Sale of Services	-	219
Revenue from Operations	**-**	**553**
Other Income	-	-
Total Income (A)	**-**	**553**
Expenses		
Purchases of stock-in-trade	-	155
Changes in inventories of finished goods, stock-in-trade and work-in-progress	-	82
Employee Benefits Expense	-	107
Finance costs	-	14
Depreciation and Amortisation Expense	-	2
Other Expenses	-	213
Total Expenses (B) *	**-**	**573**
(Loss) Before Tax (A-B)	-	(20)
Less :- Tax Expenses	-	-
(Loss) After Tax #	**-**	**(20)**
Carrying amount of assets as at the balance sheet date relating to the discontinued operation to be disposed off	-	-
Carrying amount of liabilities at the balance sheet date relating to the discontinued operation to be settled	-	-
Net Cash flow attributable to the discontinued operation		
Cash flow from / (used in) operating activities	-	78
Cash flow from / (used in) investing activities	-	16
Cash flow from / (used in) financing activities	-	(14)

* includes Nil (Previous year Rs 51 Lakhs) expenses attributable to MS business.

includes, loss after tax of Nil (Previous year Rs 13 Lakhs) in respect of MS business run on behalf of other company for the period from 1st April, 2015 to 31st August, 2015.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

30) Though the Group has accumulated losses as at 31st March, 2017, considering that the Group has made profit after tax of Rs. 628 Lakhs for the year ended 31st March, 2017 and also considering the business plan, the Group has prepared these consolidated financial statements on going concern basis.

31) Financial Instruments (Fair Value Measurements):

The Group has various financial assets and liabilities. The disclosures regarding the classification, fair value hierarchy, capital management, credit risk, liquidity risk and market risk are as follows:

a. Classification of Financial Assets and Liabilities

(Rs. in lakhs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
A. Financial Assets				
I. Measured at Cost				
(i) Investment in subsidiaries and associate	5	513	864	823
II. Measured at FVTOCI				
(i) Investment in equity instruments	5	14	13	12
III. Measured at Amortised Cost				
(i) Trade Receivables	10	3,669	4,311	3,791
(ii) Cash and cash equivalents	11	304	493	459
(iii) Bank balances other than (ii) above	12	54	34	32
(iv) Other Financial Assets	6	715	2,438	2,332
Total (A)		**5,269**	**8,153**	**7,449**
B. Financial Liabilities				
I. Measured at Amortised Cost				
(i) Borrowings	15	5,642	8,480	6,622
(ii) Trade Payables	18	3,100	3,091	3,541
(iii) Other Financial Liabilities	16	249	720	568
Total (B)		**8,991**	**12,291**	**10,731**

b. Fair Value Hierarchy of Financial Assets and Liabilities

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The Group has measured investment in equity shares (Other than investment in subsidiaries and associate) at FVTOCI on level 3 input in terms of Ind AS 113.

c. Capital Management

The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The Group is not subject to any externally imposed capital requirements.

d. Financial risk management

Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and its impact on the consolidated financial statements.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

(i) 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 trade receivables and security deposits.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited as majority credit sales are made to high credit worthy entities and balance credit sales are against securities in the form of customer security deposits, bank guarantees and letter of credit. All trade receivables are reviewed and assessed for default on regular basis. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

For trade receivables, except for specifically identified cases, the Group follows a simplified approach where provision is made as per Ageing buckets which are designed based on Historical facts and patterns. The ageing for trade receivables is as follows:

(Rs. in Lakhs)

Particulars (Ageing)	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Within the Credit Period	1,799	1,770	2,049
Upto 6 months	1,856	2,108	1,272
6 months to 1 year	135	569	412
Above 1 year	131	173	465
Gross Trade receivables	**3,921**	**4,620**	**4,198**
Allowance for bad receivables	(252)	(309)	(407)
Net Trade receivables	**3,669**	**4,311**	**3,791**

Other financial assets

The Company maintains exposure in security deposits, cash and cash equivalents and Bank balance in earmarked Accounts.

In case of security deposits, the credit risk is low.

In case of Bank balance in earmarked Accounts, the credit risk is very low.

The Company's maximum exposure to credit risk as at 31st March, 2017, 31st March, 2016 and 1st October, 2014 is the carrying value of each class of financial assets as disclosed in the consolidated financial statements.

(ii) 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.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The management monitors the Company's net liquidity position through forecasts on the basis of expected cash flows.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

The table below provides details regarding the contractual maturities of significant financial liabilities:

(Rs. in Lakhs)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st October, 2014		
	Upto 1 year	More than 1 year	Total	Upto 1 year	More than 1 year	Total	Upto 1 year	More than 1 year	Total
(i) Borrowings									
- Non-Current	-	212	212	-	29	29	-	49	49
- Current	5,153	277	5,430	7,823	628	8,451	6,038	535	6,573
(ii) Trade Payables	3,100	-	3,100	3,091	-	3,091	3,541	-	3,541
(iii) Other Financial Liabilities	229	20	249	685	35	720	500	68	568
Total	**8,482**	**509**	**8,991**	**11,599**	**692**	**12,291**	**10,079**	**652**	**10,731**

The table below provides details regarding the contractual maturities of significant financial assets:

(Rs. in Lakhs)

Particulars	As at 31st March, 2017			As at 31st March, 2016			As at 1st October, 2014		
	Upto 1 year	More than 1 year	Total	Upto 1 year	More than 1 year	Total	Upto 1 year	More than 1 year	Total
(i) Investment in equity instruments *	-	14	14	-	13	13	-	12	12
(ii) Trade Receivables	3,669	-	3,669	4,311	-	4,311	3791	-	3,791
(iii) Cash and cash equivalents	304	-	304	493	-	493	459	-	459
(iv) Bank balances other than (iii) above	54	-	54	34	-	34	32	-	32
(v) Other Financial Assets	695	20	715	2,394	44	2,438	2288	44	2,332
Total	**4,722**	**34**	**4,756**	**7,232**	**57**	**7,289**	**6570**	**56**	**6,626**

* Investment does not include investment in equity shares of subsidiaries and associate.

The Company manages contractual financial liabilities and contractual financial assets on net basis.

(iii) Market Risk

Foreign Exchange Risk

Company is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (INR), primarily with respect to the US Dollar (USD). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

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

The table below shows the unhedged currency exposure of financial assets and liabilities:

Particulars	Foreign Currency	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
		Amount in Foreign currency (in Lakhs)		
Receivable	USD	0.27	0.19	0.33
	GBP	0.03	-	-
Payable	USD	0.45	1.13	2.84
	EUR	0.18	0.20	0.40
	NOK	0.12	0.12	0.12

Foreign currency exposures in respect of payable that have been hedged by a forward exchange contract as at the period end USD 13.37 Lakhs (As at 31st March, 2016 - USD 10.63 Lakhs and as at 1st October, 2014 – USD 7.89 Lakhs)

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

The sensitivity of profit or loss and equity to changes in the exchange rates that arise from foreign currency denominated financial instruments mentioned above is as below.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens 5% against the relevant currency. For a 5% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

(Rs. in Lakhs)

Particulars	Impact on profit or loss and equity		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
USD Sensitivity:			
Increase by 5%	(0.56)	(3.12)	(7.75)
Decrease by 5%	0.56	3.12	7.75
GBP Sensitivity:			
Increase by 5%	0.12	-	-
Decrease by 5%	(0.12)	-	-
EURO Sensitivity:			
Increase by 5%	(0.63)	(0.75)	(1.56)
Decrease by 5%	0.63	0.75	1.56
NOK Sensitivity:			
Increase by 5%	(0.05)	(0.05)	(0.06)
Decrease by 5%	0.05	0.05	0.06

Interest Rate Risk:

The Group borrows funds only at fixed interest rates. Hence, the Group is not exposed to Interest rate risk presently.

32) Segment Reporting

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

a. Primary Segment:

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

1) Automation and control comprises of sales of security and surveillance products

2) Network systems comprises of sales of solution for management of network connectivity, networking services and turnkey communication systems supply and integration.

b. Secondary Segment:

The company caters mainly to the needs of the domestic market, the export turnover of Rs. 64 Lakhs (Previous Year Rs. 174 Lakhs) is not significant in the context of the total external revenue of Rs. 14,367 Lakhs (Previous Year Rs. 19,994 Lakhs).

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

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

Primary Segment Disclosure - Business Segment for the year ended 31st March, 2017

(Rs. in Lakhs)

	Particulars	Automation & Control	Network Systems	Total
A	**Segment Revenue from continuing operations**			
	External Revenue	394	13,973	14,367
		1,256	*18,738*	*19,994*
	Less : Intersegment Revenue	-	-	-
	Total Segment revenue from continuing operations			**14,367**
				19,994
B	**Segment Results from continuing operations**	**(466)**	**3,001**	**2,535**
		(618)	*3,628*	*3,010*
	Add / (Less) :			
	Share of Profit of Associate			39
				44
	Finance Cost unallocable to Segments			(850)
				(1,309)
	Other unallocable income / (expenditure)			(1,031)
				(1,679)
	Profit before Taxes from continuing operations			**693**
				66
C	**Discontinued Operations**			
	Segment Results from discontinued operations *	**-**	**-**	**-**
		-	*(7)*	*(7)*
	Add:- Gain on sale of MS Business (Refer Note 29)	-	-	-
		-	162	162
	Net Profit before Taxes from discontinued operations *	**-**	**-**	**-**
		-	*155*	*155*
D	**Profit before tax for the period (B+C)**			**693**
				221
E	Segment Assets from continuing operations	2,548	7,182	9,730
		3,030	*6,892*	*9,922*
	Segment Assets from discontinued operations	-	-	-
		-	-	-
	Add: Unallocable Corporate Assets			3,323
				5,653
	Total Assets			**13,053**
				15,575
F	Segment Liabilities from continuing operations	933	3,694	4,627
		1,206	*3,437*	*4,643*
	Segment Liabilities from discontinued operations	-	-	-
		-	-	-
	Add: Unallocable Corporate Liabilities			6,239
				9,347
	Total Liabilities			**10,866**
				13,990
G	Capital Expenditure from continuing operations	12	1,262	1,274
		6	*1,210*	*1,216*
	Capital Expenditure from discontinued operations	-	-	-
		-	-	-
	Capital Expenditure from Total Operations	**12**	**1,262**	**1,274**
		6	*1,210*	*1,216*

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

(Rs. in Lakhs)

	Particulars	Automation & Control	Network Systems	Total
H	Depreciation from continuing operations	29	773	802
		92	1,019	1,111
	Depreciation from discontinued operations	-	-	-
		-	-	-
	Depreciation from Total Operations	**29**	**773**	**802**
		92	*1,019*	*1,111*
I	**Non-Cash expenses from continuing operations**			
	Provision for doubtful debts/advances	**36**	**85**	**121**
		8	161	169
	Doubtful advances written off	-	-	-
		23	-	23
	Non-Cash expenses from discontinued operations	-	-	-
		-	-	-

Note: Figures in italics pertains to the previous year eighteen months ended 31st March, 2016.

* Transactions of MS Business for the period from 1st October, 2014 to 31st March, 2015 (Refer Note 29)

Information about major customers:

There are no customers who individually represents more than 10% of the revenue, during the year ended 31st March 2017 and eighteen months ended 31st March, 2016.

33) Income Tax

a. Components and movements of Deferred Tax Assets (Net): (Rs. in Lakhs)

Particulars	As at 1st October, 2014 (a)	Recognised in the Statement of Profit and Loss (b)	As at 31st March, 2016 (c = a + b)	Recognised in the Statement of Profit and Loss (d)	As at 31st March, 2017 (e = c + d)
i. Items of Deferred Tax Assets :					
Disallowances under Section 43B of the Income Tax Act, 1961	112	4	116*	(55)	61*
Provision for Doubtful Debts (expected credit loss allowance)	101*	(89)	12*	7	19*
Provision for Estimated losses on onerous contracts	-*	-	-*	-	-*
Voluntary Retirement Scheme under Section 35DDA of the Income Tax Act, 1961	-*	-	-*	-	-*
Unabsorbed tax depreciation and business losses	-*	40	40*	19	59*
Total Deferred Tax Assets (i)	**213**	**(45)**	**168**	**(29)**	**139**
ii. Items of Deferred Tax Liabilities :					
Property, Plant and Equipment and Intangible Assets	213	(97)	116	(55)	61
Total Deferred Tax Liability (ii)	**213**	**(97)**	**116**	**(55)**	**61**
Net Deferred Tax Assets (i-ii)	**-**	**52**	**52**	**26**	**78**

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

b. Components of Income Tax Expense (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Income Tax Expense		
i. Current Tax		
Current Tax on Profits for the year	91	52
Total Current Tax (i)	**91**	**52**
ii. Deferred Tax		
Decrease / (Increase)in Deferred Tax Assets	29*	45*
Increase / (Decrease)in Deferred Tax Liability	(55)	(97)
Total Deferred Tax (ii)	**(26)**	**(52)**
Total Income Tax Expense (i+ii)	**65**	**-**

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

34) Information in respect of "Construction Contracts", is as follows: (Rs. in Lakhs)

Particulars	Year ended 31st March, 2017	Eighteen months ended 31st March, 2016
Contract revenue recognised during the period	264	698
Aggregate of contract costs incurred and recognised profits (less recognised losses) up to period end	4,445	8,702
Retention money for contracts in progress as at Balance Sheet date	383	372
Gross amount due from customers for contract work (Asset) as at Balance Sheet date	238	968
Gross amount due to customers for contract work (Liability) as at Balance Sheet date	-	-

For the method used to determine the contract revenue recognised and the stage of completion on contract in progress, refer note 2.10 (e).

35) Capital and other commitments (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	520	122	70
Other Commitments (in respect of backhaul connectivity charges)	41	18	-

36) Lease

36.1) Finance Lease

The Group as Lessee

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

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

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

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

36.2) Operating lease

The Group as Lessor

(1) Operating leases relate to VSATs given on lease, owned by the Group with lease terms between 5 to 7 years.

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

(3) No refundable deposits are taken and the lease rentals recognised in the Consolidated Statement of Profit and Loss for the period included under Sale of Services under Revenue from Operations aggregate to Rs. 274 Lakhs (Previous Year : Rs. 332 Lakhs).

Non-cancellable operating lease receivables (Rs. in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
Not later than 1 year	194	128	116
Later than 1 year and not longer than 5 years	679	565	694
Later than 5 years	-	-	126
Total	**873**	**693**	**936**

37) Employee Benefit Obligations

a. Short-term Employee Benefits

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

b. Long-term Employee Benefits

i) Defined Contribution Plans

Company's contribution paid/payable during the period to provident fund, superannuation fund and ESIC contribution are recognised as an expense and included in Note 23 under the heading "Contributions to provident and other funds" are as under:

(Rs. in Lakhs)

Sr. No	Particulars	Twelve months ended 31st March, 2017	Eighteen months ended 31st March, 2016
a)	Contribution to Employees' Superannuation Fund	20	28
b)	Contribution to Employees' State Insurance Scheme	1	1
c)	Contribution to Provident Fund	58	82
	Total	**79**	**111**

Provident Fund:

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The provident fund is administered by the Trust formed by the Company. The Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit.

The Rules of the Company's provident fund administered by the Trust requires that if the Board of Trustees are unable to pay interest at the rate declared by Central Government under para 60 of the Employees' Provident Fund Scheme, 1952 then the shortfall shall be made good by the Company. Having regard to the assets of the fund and the return on the investments, the Company does not expect any shortfall in the foreseeable future.

ii) Defined Benefit Plans

The Company offers the following defined benefit schemes to its employees:

- Gratuity (Unfunded)

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

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

Amount recognised in the Statement of Profit and Loss (Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Current Service Cost	18	20
Interest Cost (Net)	20	23
Total Expense recognised in the Statement of Profit and Loss	**38**	**43**

Amount recognised in Other Comprehensive Income (Rs in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Due to change in Demographic Assumptions	1	7
Due to change in Financial Assumptions	1	19
Due to Experience	24	7
Total Remeasurement (gains)/losses recognised in OCI	**26**	**33**

Change in defined obligation (DBO) during the year (Rs in Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Present value of DBO at the beginning	262	212
Current Service Cost	18	20
Interest Cost (Net)	20	23
Remeasurement (gain)/loss	26	33
Benefits paid	(99)	(26)
Present value of DBO at the end	**227**	**262**

Principal Actuarial assumptions

Particulars	As at 31st March, 2017	As at 31st March, 2016
Discount rate	7.51%	7.56%
Expected rate of escalation in salary	6.00%	6.00%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 14.70% p.a. b. For service 5 years and above - 5.30% p.a.
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	

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

a) **Interest rate risk** - A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk** - This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

c) **Salary risk** - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

Sensitivity

Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Rs in Lakhs)

Particulars	Change in Assumption	As at 31st March, 2017		As at 31st March, 2016	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(12)	14	(14)	16
Expected rate of escalation in salary	1%	14	(13)	16	(15)
Rate of Employee Turnover	1%	1	(1)	1	(1)

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

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

iii) Other Long-term Employee Benefits

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

An amount of **Rs.51 Lakhs** (previous year Rs.70 Lakhs) has been charged to the Statement of Profit and Loss for the year ended 31st March, 2017 towards Compensated absences.

Actuarial assumptions for long-term compensated absences

Particulars	As at 31st March, 2017	As at 31st March, 2016
Discount rate	7.51%	7.56%
Expected rate of escalation in salary	6.00%	6.00%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 14.70% p.a. b. For service 5 years and above - 5.30% p.a.

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

38) During the year ended 31st March, 2017, the Company has implemented a Voluntary Retirement Scheme (VRS). Accordingly, VRS expenditure of Rs.159 Lakhs has been debited to the Statement of Profit and Loss.

39) Related Party Transactions

Description of relationship	Names of related parties
Holding company	The Tata Power Company Limited
Promoter of Holding company	Tata Sons Limited
Associate	Nelito Systems Limited
Key Management Personnel (KMP)	Mr. P. J. Nath (Executive Director and CEO)

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

(Rs. in Lakhs)

Sr. no.	Particulars	The Tata Power Company Limited (Holding Co.)	Tata Sons Limited (Promoter of Holding Co.)	Nelito Systems Limited (Associate)	Key Management Personnel
1)	**Receiving:**				
a)	Services	-	17	-	-
		(-)	(-)	(-)	(-)
2)	**Sales/ Rendering:**				
a)	Goods	-	-	-	-
		(101)	(-)	(-)	(-)
b)	Services	-	-	-	-
		(6)	(-)	(-)	(-)
3)	**Other Income**	1	-	-	-
		(2)	(-)	(-)	(-)
4)	**Finance :**				
a)	Inter Corporate Loans Repayment (net)	-	-	-	-
		(500)	(-)	(-)	(-)
b)	Interest Paid/Payable	-	-	-	-
		(42)	(-)	(-)	(-)
c)	Dividend received	-	-	7	-
		(-)	(-)	(2)	(-)
5)	**Balance Outstanding as at the end of the period**				
a)	Trade Receivables	1	-	-	-
		(1)	(-)	(-)	(-)
b)	Trade Payables	-	17	-	-
		(-)	(-)	(-)	(-)
c)	Sales consideration receivable for UGS Business (Refer note 28)	-	-	-	-
		(831)	(-)	(-)	(-)
d)	Other Recoverable	223	-	-	-
		(400)*	(-)	(-)	(-)
6)	**Managerial Remuneration** (Refer note 40 below)	-	-	-	91
		(-)	(-)	(-)	(202)

Notes:

i) Related Party relationship is as identified by the Company and relied upon by the auditors.

ii) Figures in brackets pertain to the previous year.

* Includes loss after tax of Rs.293 Lakhs in respect of UGS Business run on behalf of TPCL for the period from 1st October, 2014 to 31st March, 2016.

40) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows: (Rs. in Lakhs)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
Short-term benefits	87	194
Post-employment benefits	4	8
Other long-term benefits (Refer note (i) below)	-	-
Total	**91**	**202**

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

Notes:

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

41) Earnings per Share (EPS)

Particulars	For the year ended 31st March, 2017	For the eighteen months ended 31st March, 2016
1. Net profit after tax attributable to equity shareholders **(Rs. in Lakhs)**		
(a) Continuing Operations	628	66
(b) Discontinued Operations	-	155
(c) Total Operations	628	221
2. Weighted Average Number of Equity Shares	2,28,17,461	2,28,17,461
3. EPS **(Rs.)** [Basic and Diluted] (Face value per share Rs. 10)		
(a) Continuing Operations (1(a) / 2)	2.75	0.29
(b) Discontinued Operations (1(b) / 2)	-	0.68
(c) Total Operations (1(c) / 2)	2.75	0.97

42) Contingent Liabilities (to the extent not provided for)

(Rs. in Lakhs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st October, 2014
a)	Claims against the company not acknowledged as debt comprises of:			
	i) Excise duty, sales tax and service tax claims disputed by the company relating to issues of applicability and classification	4,326	4,394	4,490
	ii) Other matters (excluding claims where amounts are not ascertainable)	29	29	29
b)	Income Tax Demand against the company not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which company is in appeal.	631	631	631
	Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities			

43) Disclosure as required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets" as at period end are as follows:

a. Provision for Warranty relates to warranty provision made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under free warranty period ranging from one to three years.

b. Provision for future losses pertains to certain onerous contracts where the unavoidable costs of meeting the obligations as per the contracts exceed the economic benefits expected to be received from it.

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

c. The movement and provision during the period are as follows: (Rs. in Lakhs)

Particulars	Warranties		Future foreseeable losses on contracts	
	Year ended 31st March, 2017	Eighteen months ended 31st March, 2016	Year ended 31st March, 2017	Eighteen months ended 31st March, 2016
Opening Balance	227	311	149	222
Add: Provision during the period	32	107	-	12
(Less): Utilisation during the period	(137)	(89)	(17)	(76)
(Less): Reversal during the period	(23)	(102)	(54)	(64)
Add: Effects of unwinding of discounts on Provision	-	-	11	55
Closing Balance	**99**	**227**	**89**	**149**
Current (Refer note 17(b))	99	227	78	95
Non-current (Refer note 17(a))	-	-	11	54

44) Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. This information has been relied upon by the Auditors. There are no outstanding dues of Micro, Small and Medium Enterprises, which are outstanding for more than the stipulated period. There is no amount of interest due and payable.

45) During the last year, the Company had surrendered its factory license, as the Company does not intend to carry out any manufacturing activity.

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

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

Name of the entity in the Group	As at 31st March, 2017		As at 31st March, 2016		As at 1st October, 2014	
	Net assets, i.e., total assets minus total liabilities					
	As % of consolidated net assets	Amount (Rs.in Lakhs)	As % of consolidated net assets	Amount (Rs.in Lakhs)	As % of consolidated net assets	Amount (Rs.in Lakhs)
Nelco Limited	(33.52%)	(733)	(100.00%)	(1,585)	(77.29%)	(1079)
Indian Subsidiaries						
Tatanet Services Limited	109.83%	2,402	145.49%	2,306	118.34%	1,652
Nelco Network Products Limited	0.23%	5	-	-	-	-
Indian Associate (Investment as per equity method)						
Nelito Systems Limited	23.46%	513	54.51%	864	58.95%	823
Total	**100.00%**	**2,187**	**100.00%**	**1,585**	**100.00%**	**1,396**

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

b. Share in profit or loss

Name of the entity in the Group	For the year ended 31st March, 2017		For the eighteen months ended 31st March, 2016	
	Share in profit or loss			
	As % of consolidated net profit and loss	Amount (Rs.in Lakhs)	As % of consolidated net profit and loss	Amount (Rs.in Lakhs)
Nelco Limited	58.12%	365	60.18%	133
Indian Subsidiaries				
Tatanet Services Limited	35.67%	224	20.36%	45
Nelco Network Products Limited	(0.16%)	(1)	-	-
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	6.37%	40	19.46%	43
Total	**100.00%**	**628**	**100.00%**	**221**

c. Share in Other Comprehensive Income

Name of the entity in the Group	For the year ended 31st March, 2017		For the eighteen months ended 31st March, 2016	
	Share in Other Comprehensive Income			
	As % of consolidated net Other Comprehensive Income	Amount (Rs.in Lakhs)	As % of consolidated net Other Comprehensive Income	Amount (Rs.in Lakhs)
Nelco Limited	96.15%	(25)	103.13%	(33)
Indian Subsidiaries				
Tatanet Services Limited		*		*
Nelco Network Products Limited	-	-	-	-
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	3.85%	(1)	(3.13%)	1
Total	**100.00%**	**(26)**	**100.00%**	**(32)**

* Figures are less than Rs.50,000

d. Share in Total Comprehensive Income

Name of the entity in the Group	For the year ended 31st March, 2017		For the eighteen months ended 31st March, 2016	
	Share in Total Comprehensive Income			
	As % of consolidated net Total Comprehensive Income	Amount (Rs.in Lakhs)	As % of consolidated net Total Comprehensive Income	Amount (Rs.in Lakhs)
Nelco Limited	56.48%	340	52.91%	100
Indian Subsidiaries				
Tatanet Services Limited	37.21%	224	23.81%	45
Nelco Network Products Limited	(0.17%)	(1)	-	-
Indian Associate (Investment as per equity method)				
Nelito Systems Limited	6.48%	39	23.28%	44
Total	**100.00%**	**602**	**100.00%**	**189**

Significant accounting policies and notes to the accounts of Consolidated Financial Statements for the year ended 31st March, 2017 (Rupees in lakhs, except share and per share data, unless otherwise stated)

47) Events after the reporting period

There are no events after the reporting period that materially affect these consolidated financial statements.

48) Approval of consolidated financial statements

The consolidated financial statements were approved for issue by the board of directors on 9th May, 2017.

Signature to Notes forming part of the consolidated financial statements "1" to "48"

For and on behalf of the Board of Directors

R.R.Bhinge
Chairman

P.J. Nath
Executive Director & CEO

Uday Banerjee
Chief Financial Officer

Girish V. Kirkinde
Company Secretary

Place: Mumbai
Date: 9th May, 2017

Form AOC-1 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiaries (₹ in Lakhs)

Sr. No	1
Name of the Subsidiary Company	Tatanet Services Ltd
Reporting period	1-4-2016 to 31-3-2017
Reporting Currency	INR
Exchange Rate as at 31st March, 2017	1
Share Capital (incl. Pref. Shares)	490
Reserves & Surplus	319
Total Assets	4,329
Total Liabilities (Excluding Share Capital & Reserves)	3,520
Investments	5
Turnover	7,997
Other Income	33
Total Revenue	8,030
Profit/ (Loss) before Taxation	289
Provision for Taxation (including Deferred Tax)	65
Profit/ (Loss) after Taxation	224
Proposed Dividend on Equity Shares (%)	Nil
Proposed Dividend on Equity Shares	Nil
% of Share- holding	100%

Part "B": Subsidiaries (₹ in Lakhs)

Sr. No	2
Name of the Subsidiary Company	Nelco Network Products Ltd.
Reporting period	1-4-2016 to 31-3-2017
Reporting Currency	INR
Exchange Rate as at 31st March, 2017	1
Share Capital (incl. Pref. Shares)	5.00
Reserves & Surplus	(0.98)
Total Assets	4.99
Total Liabilities (Excluding Share Capital & Reserves)	0.98
Investments	-
Turnover	-
Other Income	-
Total Revenue	-
Profit/ (Loss) before Taxation	(0.98)
Provision for Taxation (including Deferred Tax)	-
Profit/ (Loss) after Taxation	(0.98)
Proposed Dividend on Equity Shares (%)	Nil
Proposed Dividend on Equity Shares	Nil
% of Share- holding	100%

Part "C": Associates and Joint Ventures (₹ in Lakhs)

Sr. No	1
Name of the Associate/Joint Venture Company	Nelito Systems Ltd
Latest audited Balance Sheet Date	1-4-2016 to 31-3-2017
Reporting Currency	INR
Exchange Rate as at 31st March, 2017	1
Shares of Associate/Joint Venture Company held by the Company on the year end (No.)	2,53,665
Amount of Investment in Associate /Joint Venture companies	113.46
Extent of Holding %	12.30%
Description of how there is significant influence	There is significant influence due to share holding
Reason why the Associate Company is not consolidated	N. A
Net worth attributable to Shareholding as per latest audited Balance Sheet (in ₹ Lakhs)	513
Profit/ (Loss) after Taxation (in ₹ Lakhs) (for 12 months period ended 31st March, 2017)	319
Considered in Consolidation (in ₹ Lakhs)(for 12 months period ended 31st Mar, 2017)	39
Not considered in Consolidation	Nil

Notes

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NELCO LIMITED

CIN No. L32200MH1940PLC003164
Regd. Office: MIDC Plot EL-6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400710
Tel: 91 22 67399100 **Fax:** 91 22 6739877, **Email:** services@nelco.in **Website:** www.nelco.in

ATTENDANCE SLIP

74th Annual General Meeting on Thursday, 21st September, 2017 at 3.00 p.m.
at Ebony, Hotel Regenza By Tunga, Ground floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703

Folio No. ..... DP ID No.* ..... & Client ID No.* .....

Name of the Member ..... Signature .....

Name of the Proxy Holder ..... Signature .....

1. Only Member/ Proxy Holder can attend the Meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report for referenace at the Meeting

NELCO LIMITED

CIN No. L32200MH1940PLC003164
Regd. Office: MIDC Plot EL-6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400710
Tel: 91 22 67399100 **Fax:** 91 22 6739877, **Email:** services@nelco.in **Website:** www.nelco.in

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]
Name of the Company : **NELCO Limited,**
Registered Office: MIDC Plot EL-6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400710

Name of the member(s) : ..... Email ID: .....

Registered address : .....

.....

Folio No/Client ID: .....

I/We being the member(s) of _____ Shares of Nelco Limited, hereby appoint :

1. Name : ..... E-mail ID : .....

   Address: .....

   ..... Signature: ..... or failing him

2. Name : ..... E-mail ID : .....

   Address: .....

   ..... Signature: ..... or failing him

3. Name : ..... E-mail ID : .....

   Address: .....

   ..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 74th Annual General Meeting of the Company to be held on Thursday, 21st September, 2017 at 3.00 p.m. at Ebony, Hotel Regenza By Tunga, Ground Floor, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400 703 and at any adjournment thereof in respect of such resolutions as are indicated overleaf.

Resolution No.	Description of Resolution	For	Against
1	To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31st March, 2017 together with the Reports of the Board of Directors and the Auditors thereon.		
2	To receive, consider and adopt the Audited Consolidated Financial Statements for the Financial Year ended 31st March 2017 together with the Report of the Auditors thereon.		
3	To appoint a Director in place of Mr. S.Ramakrishnan (DIN:00005090), who retires by rotation and is eligible for re-appointment.		
4	Appointment of Statutory Auditors and fixing their Remuneration.		

Signed this …..... day of ……., 2017

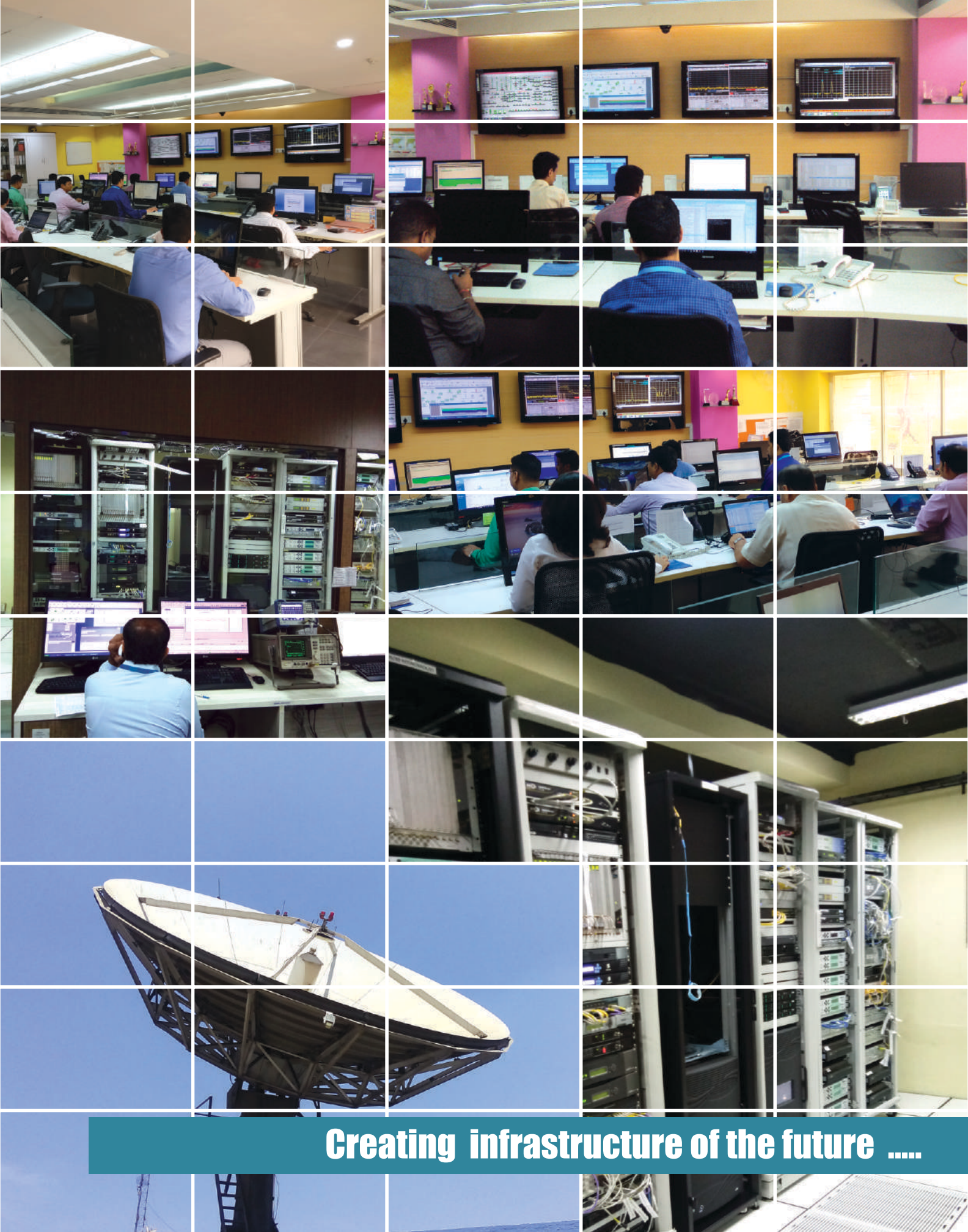
Signature of the shareholder : ……

Signature of Proxy holder(s) : ……

Affix Rupee One Revenue Stamp

Note:

1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot EL-6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400710, not less than 48 hours before the commencement of the Meeting.
2. Members are requested to Select by placing a tick (✓) mark against the resolution. It is optional for the member to indicate his/her preference. In case no specific direction is given, your proxy may vote or abstain as he/she thinks fit.
3. Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.



Creating infrastructure of the future .....

ISO 20000-1:2011 | ISO 27001:2013 | TL 9000

Registered Office and Mahape Teleport:
Nelco Limited, EL-6, Electronics Zone, MIDC, Mahape, Navi Mumbai - 400 710, India
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