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A TATA Enterprise

25th May 2023

BSE Limited Corporate Relationship Dept. 1st. Floor, New Trading Ring, Rotunda Building, P. J. Towers, Fort Mumbai – 400 001 BSE:504112	National Stock Exchange of India Limited 5th Floor, Exchange Plaza, Plot No.C-1, Block "G" Bandra Kurla Complex Bandra (East) Mumbai – 400 051 NSE:Nelco EQ

Dear Sirs,

Sub: Notice of the 80th Annual General Meeting & Annual Report for FY 2022-23

The 80th Annual General Meeting (AGM) of the Company will be held on Thursday, 22nd June 2023 at 11.30 a.m. (IST) via two-way Video Conference / Other Audio-Visual Means.

Pursuant to Regulation 30 and 34(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report for the year 2022-23 alongwith the Notice of the AGM which is being sent through electronic mode to the Members and physical copies to only those shareholders who request for the same.

The Annual Report containing the notice of AGM is also available on the Company's website at www.nelco.in and on the following link:
https://www.nelco.in/pdf/Annual-Reports/NELCO-Limited/80-annual-report-2022-23.pdf

This is for your information and record.

Thanking you,

Yours faithfully
For Nelco Limited

GIRISH VIJAYANAND KIRKINDE

Digitally signed by GIRISH VIJAYANAND KIRKINDE
Date: 2023.05.25 15:50:48 +05'30'

Girish V. Kirkinde
Company Secretary & Head - Legal

Encl: As above.

Nelco Limited, EL-6, Electronics Zone, MIDC, Mahape,
Navi Mumbai - 400 710, India. Tel: +91 22 6791 8728, 6739 9100
Fax: +91 22 6791 8787 Web: www.nelco.in
CIN No.L32200MH1940PLC003164; Email ID:-services@nelco.in

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A TATA Enterprise

80th ANNUAL REPORT

2022-23

Building a 'connected everything' world

Leading Satellite Communication service provider

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

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

Creating a world where ....


Distance is not a barrier for education and skill development


People in remotest parts of the country are digitally connected


High speed connectivity is available for flyers


Advanced 4G / 5G services are made available everywhere

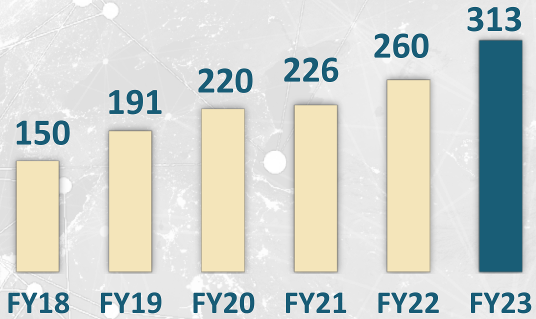

Maritime businesses operate efficiently in deep seas and oceans


Critical communication is available in disaster-hit areas very quickly

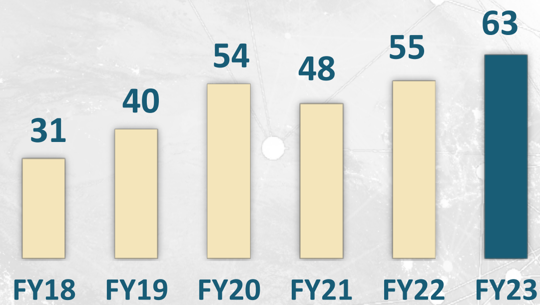
Building a '*connected everything*' world

Highlights of Nelco-Consolidated

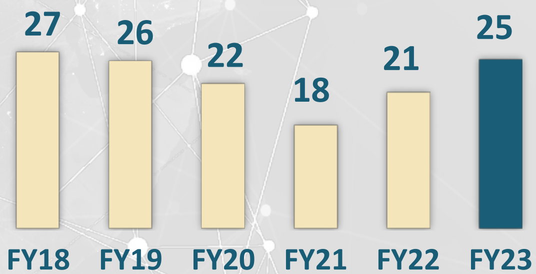
REVENUE (Rs Cr)



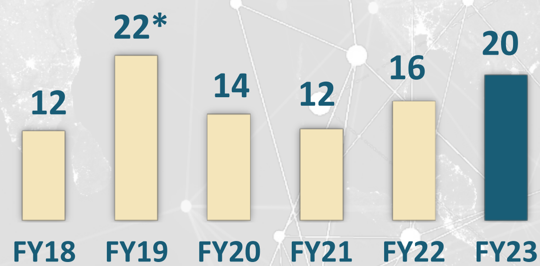
EBIDTA (Rs Cr)



ROCE (%)

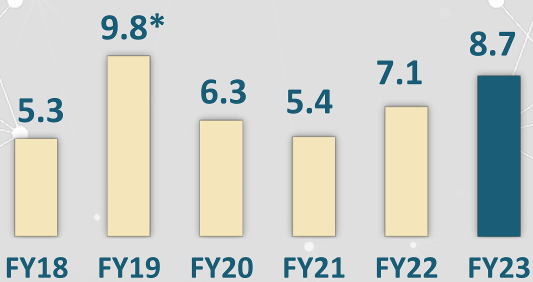


PAT (Rs Cr)



** FY19 figures include the impact of one-time deferred tax credit*

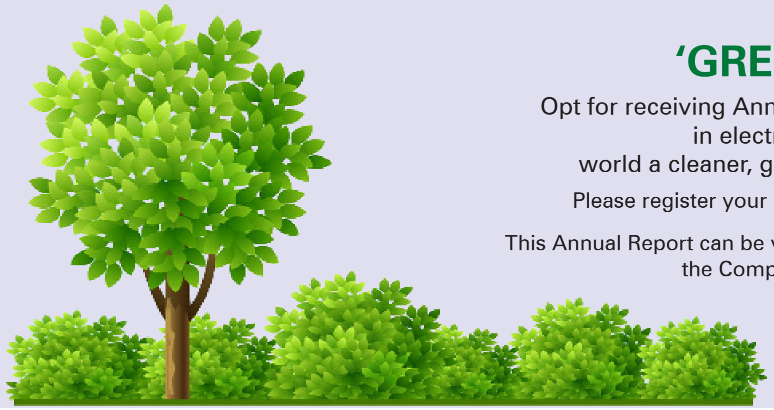
EPS (Rs)



CORPORATE INFORMATION

(As on 24th April 2023)

Chairman Emeritus	R. N. Tata
Board of Directors	Mr. A.S. Lakshminarayanan, Chairman Mr. P.J.Nath, Managing Director & CEO Mr. K.N.Murthy Dr. Lakshmi Nadkarni Mr. Ajay Kumar Pandey Mr. Saurabh Ray
Chief Financial Officer	Mr. Malav Shah
Company Secretary & Head - Legal	Mr. Girish V Kirkinde
Share Registrars	TSR Darashaw Consultants Private Limited (formerly known as TSR Darashaw Limited) C-101, 1st Floor, 247 Park, Vikhroli West, Mumbai 400 083. Tel : 022 66568484, Fax : 022 66568494 Email: csg-unit@tcplindia.co.in Website: www.tcplindia.co.in
Statutory Auditors	S.R. Batliboi & Associates LLP, Chartered Accountants
Bankers	Bank of India Union Bank of India ICICI Bank Ltd. Axis Bank Ltd. Mizuho Bank Ltd.
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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Please register your consent for this **csg-unit@tcplindia.co.in**

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

Contents	Page no.

80th Annual General Meeting

Date : Thursday, 22nd June 2023

Time : 11.30 a.m.

NOTICE

The EIGHTYTH ANNUAL GENERAL MEETING of NELCO LIMITED will be held on Thursday, the 22nd day of June, 2023 at 11.30 a.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2023 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, 2023 together with the Report of the Auditors thereon.

3. To declare a dividend on Equity Shares for the financial year ended 31st March, 2023.

4. To appoint a Director in place of Mr. Saurabh Ray (DIN 09573704) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. Ratification of Cost Auditor's Remuneration

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:-

"**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹1,25,000 (Rupees one lakh twenty five thousand) plus GST and reimbursement of out of pocket expenses on actual basis incurred in connection with the audit, payable to M/s. P. D. Dani & Associates (Firm Registration No. 000593), who were appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year 2022-23."

NOTES:

1. The Ministry of Corporate Affairs ("MCA") inter-alia vide its General Circular Nos. 14/ 2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, followed by General Circular Nos. 20/2020 dated May 5, 2020, and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 (collectively referred to as "MCA Circulars") has permitted the holding of the annual general meeting through Video Conferencing ("VC") or through other audio-visual means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the 80th Annual General Meeting ("Meeting" or "AGM") of the Company is being held through VC / OAVM on Thursday, 22nd June, 2023, at 11:30 a.m. (IST). The proceedings of the AGM deemed to be conducted at the Registered Office of the Company situated at EL-6, TTC Industrial Area, Electronics Zone, MIDC, Mahape, Navi Mumbai – 400 710.

2. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF THE AGM VENUE ARE NOT ANNEXED TO THIS NOTICE.**

3. The relative Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item No. 5 of the Notice, is annexed hereto. As per the provisions of Clause 3.A.III. of the General Circular No. 20/ 2020 dated 5th May 2020, the matter of Special Business as appearing at Item No. 5 of the accompanying Notice, is considered to be unavoidable by the Board and hence, forming part of this Notice. The relevant details, pursuant to Regulations 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment/re-appointment at this AGM are also annexed. Requisite declarations have been received from Director for seeking appointment/re-appointment.

4. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on the National Securities Depository Limited's ('NSDL') e-Voting website at www.evoting.nsdl.com. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

5. Institutional Investors, who are Members of the Company, are encouraged to attend the 80th AGM through VC / OAVM mode and vote electronically. Corporate Members intending to appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case may be, to attend the AGM through VC / OAVM or to vote through remote e-Voting are requested to send a certified copy of the Board Resolution to the Scrutiniser by e-mail at nelco.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. In line with the aforesaid MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Annual Report 2022-23 is being sent through electronic mode to those Members whose email addresses are registered with the Company / Depositories and physical copies to those shareholders who request for the same. The Notice convening the 80th AGM has been uploaded on the website of the Company at www.nelco.in and may also be accessed from the relevant section of the websites of BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also available on the website of NSDL at www.evoting.nsdl.com.

8. Book Closure and Dividend:

   i) **The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 7th June 2023 to Wednesday, 14th June 2023, both days inclusive. Record date is Tuesday, 6th June 2023**. The dividend of ₹ 2.00 per equity share of ₹ 10 each (i.e. 20%), if declared by the Members at the AGM, will be paid subject to deduction of income-tax at source ('TDS'), wherever applicable, on or after Monday, 26th June, 2023 as under:

   To all the Beneficial Owners as at the end of the day on **Tuesday, 6th June 2023** as per the list of beneficial owners to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and

   To all Members in respect of **shares held in physical form** after giving effect to valid transmission and transposition in respect of valid requests lodged with the Company/Registrar and Share Transfer Agent on or before the close of business hours on **Tuesday, 6th June 2023**.

   ii) Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders w.e.f. 1st April 2020 and the Company is required to deduct TDS from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants ('DPs') in case held in electronic form or in case shares are held in physical form, with the Company by sending documents through e-mail by Thursday, 15th June 2023. For the detailed process, please click here https://www.nelco.in/pdf/disclosure-of-events/tax-deduction-on-dividend-11-05-2023.pdf

   iii) Further, in order to receive the dividend in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means are requested to mail the following documents to Company's Registrars and Transfer Agents, TSR Consultants Private Limited, so that it reaches them latest by Thursday, 15th June 2023:

a. signed request letter mentioning their name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
   - Name and Branch of Bank and Bank Account type;
   - Bank Account Number & Type allotted by the Bank after implementation of Core Banking Solutions;
   - 11 digit IFSC Code.

b. self-attested copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;

c. self-attested copy of the PAN Card; and

d. self-attested copy of any document (such as Aadhaar Card, Driving License, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/addition/deletion in such bank details. Accordingly, the Members holding shares in demat form are requested to update their Electronic Bank Mandate with their respective DPs.

Further, please note that instructions, if any, already given by Members in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form.

iv) The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/Bankers' cheque/demand draft to such Members through postal or courier services and in case of any disruption of postal or courier services due to prevalence of COVID-19 in containment zones, upon normalisation of such services.

v) Members are requested to note that, dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/Claimants are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules. For details of unclaimed dividend and shares transferred to IEPF, please refer to Company's website viz. www.nelco.in. Members who have not yet encashed their dividend warrant(s) for the financial year 2018-19, 2019-20, 2020-21 & 2021-22 are requested to make their claims to the Company accordingly, without any delay.

9. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at https://www.nelco.in/investor-relation/shareholder-information.php and on the website of the Company's Registrar and Transfer Agents, TSR Consultants Private Limited ("TCPL") at https://www.tcplindia.co.in/. It may be noted that any service request can be processed only after the folio is KYC Compliant.

10. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or TCPL, for assistance in this regard.

11. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to TCPL at csg-unit@tcplindia.co.in in case the shares are held in physical form, quoting their folio no. Further, Members may note that SEBI has mandated the submission of PAN by every participant in securities market.

12. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form SH-14. The said forms can be downloaded from the Company's website at www.nelco.in. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the RTA at mail to csg-unit@tcplindia.co.in in case the shares are held in physical form, quoting your folio no.

13. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or TCPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

14. Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to girish.kirkinde@nelco.in by mentioning their DP ID & Client ID/Physical Folio Number.

15. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.

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

    Process for registering e-mail addresses to receive this Notice electronically and cast votes electronically:

    i. **Registration of e-mail addresses with TCPL**: The Company has made special arrangements with TCPL for registration of e-mail addresses of those Members (holding shares either in electronic or physical form) who wish to receive this Notice electronically and cast votes electronically. Eligible Members whose e-mail addresses are not registered with the Company/DPs are required to provide the same to TCPL on or before **5.00 p.m. (IST) on Thursday, 15th June 2023**.

       Process to be followed for registration of e-mail address is as follows:

       a. Visit the link https://tcpl.linkintime.co.in/EmailReg/Email_Register.html

       b. Select the Name of the Company from dropdown

       c. Enter the Folio No./DP ID, Client ID, Shareholder Name, PAN details, Mobile no. and E-mail id. Shareholders holding shares in physical form are required to additionally enter one of their share certificate numbers.

       d. System will send OTP on mobile no and email id.

       e. Enter OTP received on mobile no and email id.

       f. The system will then confirm the e-mail address for the limited purpose of service of Notice of AGM and Annual Report 2022-23.

          The above system also provides a facility to the Members holding shares in physical form to upload a self-attested copy of their PAN Card, if the PAN details are not updated in accordance with the requirements prescribed by SEBI.

          After successful submission of the e-mail address, NSDL will e-mail a copy of this AGM Notice and Annual Report for FY 2022-23 along with the e-Voting user ID and password. In case of any queries, Members may write to evoting@nsdl.co.in.

    ii. **Registration of e-mail address permanently with Company/DP**: Members are requested to register the same with their concerned DPs, in respect of electronic holding and with TCPL, in respect of physical holding, by writing to them at csg-unit@tcplindia.co.in. Further, those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated/updated with their DPs/TCPL to enable servicing of notices/documents/Annual Reports and other communications electronically to their e-mail address in future.

iii. Alternatively, Members may also send an e-mail request to evoting@nsdl.co.in along with the following documents for procuring user id and password and registration of e-mail addresses for e-Voting for the resolutions set out in this Notice:

- **In case shares are held in physical form**, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card.
- **In case shares are held in demat form**, please provide DP ID-Client ID (8 digit DP ID + 8 digit Client ID or 16 digit Beneficiary ID), Name, client master or copy of Consolidated Account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card.

iv. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

17. Remote e-Voting before/during the AGM:

i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended) and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as remote e-Voting during the AGM will be provided by NSDL. Resolution(s) passed by Members through e-Voting is/are deemed to have been passed as if it/they have been passed at the AGM.

ii. Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of Thursday, 15th June 2023 may cast their vote by remote e-Voting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before the AGM as well as remote e-Voting during the AGM. Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date i.e. Thursday, 15th June 2023, may obtain the User ID and Password by sending a request at evoting@nsdl.co.in.

iii. The remote e-Voting period commences on Monday, 19th June 2023 at 9.00 a.m. (IST) and ends on Wednesday, 21st June 2023 at 5.00 p.m. (IST). 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. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. Thursday, 15th June 2023.

iv. Members will be provided with the facility for voting through electronic voting system during the VC proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote at the end of discussion on the resolutions on which voting is to be held, upon announcement by the Chairman. Members who have cast their vote on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again.

v. The remote e-Voting module on the day of the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.

18. **Other instructions**

(i) 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 by the Board for providing facility to the Members of the Company to scrutinize remote e-Voting process before the AGM as well as remote e-Voting during the AGM in a fair and transparent manner.

(ii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility.

(iii) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast and make, not later than 48 hours of 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 will acknowledge the receipt of the same and declare the result of the voting forthwith.

(iv) The results will be declared within 48 hours of conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.nelco.in and on the website of NSDL: www.evoting.nsdl.com immediately after the results are declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE").

(v) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of AGM i.e. Thursday, 22nd June 2023.

(vi) All documents referred to in the accompanying Notice of the AGM and the Explanatory Statement and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available electronically for inspection by the members during the AGM upon log-in to NSDL e-Voting system at https://www.evoting.nsdl.com

19. Instructions for attending the AGM through VC/OAVM and remote e-Voting (before and during the AGM) are given below:

A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM

i. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned below for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

ii. Members are encouraged to join the Meeting through Laptops for better experience.

iii. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

iv. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

v. **Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 80th AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's e-mail address at girish.kirkinde@nelco.in before 3.00 p.m. (IST) on Sunday, 18th June, 2023. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.**

vi. Members who would like to express their views/ask questions as a speaker at the Meeting may **pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at girish.kirkinde@nelco.in between Thursday, 15th June 2023 (9.00 a.m. IST) and Monday, 19th June 2023 (5.00 p.m. IST). Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.**

vii. Members who need technical assistance before or during the AGM to access and participate in the Meeting may contact NSDL on 022 - 4886 7000 and 022 - 2499 7000 or send a request to Mr. Abhijeet Gunjal at evoting@nsdl.co.in.

B. INSTRUCTIONS FOR REMOTE E-VOTING BEFORE/DURING THE AGM

The instructions for remote e-Voting before the AGM are as under:

How do I vote electronically using NSDL e-Voting system?

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

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	a. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. b. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp c. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	d. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL.	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

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

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

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

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

4. Your User ID details are given below:

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

5. Password details for shareholders other than Individual shareholders are given below:

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

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

   c) How to retrieve your 'initial password'?

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

      (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
   a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address, etc.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

<u>Step 2: Cast your vote electronically on NSDL e-Voting system.</u>

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

   The instructions for e-Voting during the AGM are as under:

   i. The procedure for remote e-Voting during the AGM is same as the instructions mentioned above for remote e-Voting since the Meeting is being held through VC/OAVM.
   ii. Only those Members/Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
   iii. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

General Guidelines for Members:

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

ii. In case of any queries/grievances pertaining to remote e-Voting (before the AGM and during the AGM), you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for shareholders available in the download section of www.evoting.nsdl.com or call on 022 - 4886 7000 and 022 - 2499 7000 or send a request to Mr. Abhijeet Gunjal at evoting@nsdl.co.in.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to girish.kirkinde@nelco.in.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to girish.kirkinde@nelco.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

By Order of the Board of Directors

Girish V. Kirkinde
Company Secretary & Head – Legal
ACS 7493

Navi Mumbai, 24th April 2023

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

CIN: L32200MH1940PLC003164
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. 5 of the accompanying Notice dated 24th April 2023.

Item No.: 5

Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit Committee of Directors, the Board of Directors has approved the appointment of M/s. P.D.Dani & Associates (PDA) (Firm Registration No. 000593) as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for FY 2022-23, at a remuneration of ₹ 1,25,000 (Rupees One Lakh Twenty Five Thousand) plus GST and reimbursement of out of pocket expenses on actual basis incurred in connection with the audit. They have vast experience in the field of cost audit.

The Board recommends the Ordinary Resolution at Item No.5 of the accompanying Notice for ratification of the Cost Auditors' remuneration by the Members of the Company. None of the Directors or Key Managerial Personnel (KMP) of the Company and their respective relatives are concerned or interested in the Resolution at Item No.5 of the accompanying Notice.

By Order of the Board of Directors

Girish V. Kirkinde
Company Secretary & Head – Legal
ACS 7493

Navi Mumbai, 24th April 2023

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

CIN: L32200MH1940PLC003164
Tel.: 91 22 67399100 Fax.: 91 22 67398787
E-mail: services@nelco.in
Website: www.nelco.in

Annexure to the Notice of Annual General Meeting

Details of the Director seeking appointment / re-appointment at Annual General Meeting [Pursuant to Regulations 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. Saurabh Ray
DIN	09573704
Date of Birth (Age)	25th November 1969
Date of Appointment	26th April 2022
Expertise in Specific Functional Area	Information and Technology Services
Qualifications	B.Tech in Computer Sc. & Engineering
Terms and conditions of appointment or re-appointment	Director liable to retire by rotation
Relationship between Directors inter se	Mr. Ray is not related to any other Directors of the Company.
Directorship held in other Companies (excluding Foreign Companies)	Nelco Network Products Ltd.
Committee positions held in other Companies	Nil
Remuneration	Sitting fees paid to Mr. Ray for FY 2022-23 is ₹3,40,000
No. of meetings of Board attended during the year	6
No. of shares held (a) Own (b) For other persons on a beneficial basis	Nil

DIRECTORS' REPORT

To

The Members,

The Directors have pleasure in presenting Eightieth Annual Report of Nelco Limited (Company or Nelco) alongwith the Audited Statement of Accounts for the year ended 31st March 2023.

1. Financial Results

(₹ in lakhs)

Sr. No.	Particulars	Standalone*		Consolidated	
		FY2022-23	FY2021-22	FY2022-23	FY2021-22
A	**Continuing Operations**				
a	Revenue from Operations	19,704	14,316	31,333	26,007
b	Other Income	268	259	257	474
c	Total Income	19,972	14,575	31,590	26,481
d	Operating Expenditure	15,635	12,192	25,257	21,018
e	Profit before finance cost, tax and depreciation and amortization (PBITDA)	4,337	2,383	6,333	5,463
f	Less: Finance Cost	337	219	773	684
g	Less: Depreciation/Amortization	1,065	835	2,778	2,464
h	Net Profit/(Loss) before tax	2,935	1,329	2,782	2,315
i	Current/Deferred Tax Expenses	847	307	797	707
j	Net Profit/(Loss) after Tax	2,088	1,022	1,985	1,608
B	**Discontinuing Operations** (being transferred to Wholly Owned Subsidiary)**				
k	Profit from Discontinuing operations (before tax)	-	116	-	-
l	Tax Expenses	-	29	-	-
m	Profit after Tax from Discontinuing operations	-	87	-	-
C	**Profit after tax from Total Operations**	2,088	1,109	1,985	1,608
n	Add: Other comprehensive income/(expenses)	(19)	(56)	(24)	(30)
o	Total Comprehensive Income	2,069	1,053	1,961	1,578

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

*In the previous year ended March 31, 2022 the Company has received approval from Department of Telecommunications (DoT) for transfer of VSAT and ISP license held by subsidiary Company Tatanet Service Limited (TNSL) to Nelco Limited. Upon approval from DoT, the Composite Scheme of Arrangement and Amalgamation ("Scheme") becomes effective from appointment date i.e. April 1, 2017. Pursuant to approval, the Proposed Scheme has been accounted for as follows:

- Discontinued operations have been transferred to NNPL in accordance with IND AS 105. Considering the materiality and convenience reason, demerger impact is given from June 1, 2021; and
- TNSL merger has been accounted in Nelco Limited (standalone) in accordance with Appendix C of IND AS 103 "Business Combination" and accordingly, results of all the previous periods have been restated by including results of the Company from the beginning of the previous year i.e. April 1, 2020.

2. Dividend

The Directors of your Company recommend for FY 2022-23, a dividend of ₹ 2.00/- per share of ₹ 10/- each i.e. 20% (previous year ₹ 1.80 per share i.e. 18%) subject to the approval of the Members at the ensuing AGM. If approved, the total dividend outgo for FY 2022-23 would amount to ₹ 456.37 lakhs (previous year ₹ 410.73 lakhs).

According to Regulation 43A of the Listing Regulations, the top 1000 listed entities based on market capitalization, calculated as on 31st March of every financial year are required to formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports. Accordingly, the Dividend Policy of the Company can be accessed using the following link: https://www.nelco.in/pdf/Policies/dividend-distribution-policy.pdf

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

3.1. Standalone

On a Standalone basis, your Company achieved revenue of ₹ 19,704 Lakhs in FY 2022-23 from Continuing Operations as against ₹ 14,316 Lakhs in FY 2021-22.

In FY 2022-23 the Company earned from continued operations, a net profit after tax of ₹ 2,088 Lakhs from its total operations as against profit of ₹ 1,022 Lakhs in FY 2021-22. This was due to increase in service revenue from satellite connectivity services.

In FY 2022-23 there is no revenue from discontinued operations as in the previous year 2021-22 in accordance with approved scheme of internal restructuring, Company has transferred discontinued business from June 1st 2021 to wholly owned subsidiary Nelco Network Products Limited. In the year 2021-22, from discontinued operations Company has earned revenue of ₹ 1,419 Lakhs and profit after tax of ₹ 87 Lakhs.

Profit from Discontinuing Operations related to FY 2021-22 are calculated considering the direct cost of those Operations and interest on identifiable loans that are being transferred under the Scheme. The entire corporate overheads are considered part of Continuing Operations.

3.2. Consolidated

On a Consolidated basis, revenue from Operations was ₹ 31,333 Lakhs in FY 2022-23 as against ₹ 26,007 Lakhs in FY 2021-22 i.e. increase by 20% over previous year.

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

Based on evaluation of key financial parameters, the Company believes that it operates in only one reportable segment i.e. Network Systems and accordingly the financial results are reported as single reportable segment.

The Company earned a net profit after tax of ₹ 1,985 Lakhs from total operations as against profit of ₹ 1,608 Lakhs in FY 2021-22. No material changes and commitments have occurred after the close of the year under review till the date of this Report which affect the financial position of the Company.

During the year Telesat and Company have conducted their first in-orbit demonstration of high-speed broadband connectivity in India with Telesat's Phase 1 Low Earth Orbit (LEO) satellite. LEO satellites will revolutionise satellite connectivity and bring transformational capabilities. The Company in partnership with Telesat, plans to serve existing and new market segments to enable broadband connectivity for low latency applications with Telesat Lightspeed services. Telesat Lightspeed is an advanced, enterprise-class satellite network that leverages Telesat's innovative architecture and global Ka-band priority spectrum rights. Subject to the necessary regulatory clearances, this will help in addressing the need of the market for fibre-like connectivity in the remotest parts of the country with high reliability and flexibility of satellite communication.

During the year Company has entered an agreement with Intelsat Commercial Aviation (Intelsat) to provide inflight connectivity (IFC) services in Indian airspace. Intelsat is an operator of one of the world's largest integrated satellite and terrestrial network and leading provider of IFC. This will enable the Intelsat`s airline partners and flyers to enjoy end-to-end broadband coverage on domestic and international aircraft flying to or from an Indian airport, as well as aircraft flying over the Indian airspace. The Company will be creating a great opportunity through this relationship with Intelsat for further growth of its Aero IFC services in the country in the coming years.

3.3. Operations

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

4. Reserves

The Board of Directors has decided to retain the entire amount of profit for Financial Year 2022-23 in the statement of profit and loss.

5. Subsidiary Company

The Company has one wholly owned subsidiary i.e. Nelco Network Products Ltd. (NNPL) as on 31st March 2023.

Pursuant to the Scheme in the PY 2021-22, it has acquired from the Company two businesses on a going concern basis by way of slump sale. These businesses are (a) Industrial Security and Surveillance System (ISSS) and (b) sale and maintenance of VSAT and related equipment. NNPL also holds Inflight & Maritime Communication (IFMC) licence issued by DOT. There has been no change in business of NNPL during the year under review.

The revenue of NNPL for FY 2022-23 was ₹ 11,658 Lakhs and loss after tax was ₹ 113 Lakh and the accumulated reserve and surplus since incorporation was ₹ 3,264 Lakhs.

As required under Section 129(3) of the Companies Act, 2013 (Act), the salient features of financial statements of NNPL in Form AOC-1 is attached to the financial statements of the Company.

Further, pursuant to Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiary Company, are available on the website of the Company https://www.nelco.in/investor-relation/financial.php.

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

6. Directors and Key Managerial Personnel

During the year under review, there was no change in the composition of the Board. However, at the Annual General Meeting (AGM) held on 8th July 2022, Members approved the appointment of Mr. Saurabh Ray and Mr. A.S. Lakshminarayanan as Non-Executive Directors of the Company liable to retire by rotation.

In accordance with the requirements of the Companies Act 2013 and the Company's Articles of Association, Mr. Saurabh Ray retires by rotation and is eligible for re-appointment. Members' approval is being sought at the ensuing AGM for his re-appointment.

Independent Directors

In terms of Section 149 of the Act, Mr. K. N. Murthy, Dr. Lakshmi Nadkarni and Mr. Ajay Kumar Pandey are the Independent Directors of the Company.

In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based upon the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management. Further, the Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience (including the proficiency) and expertise in their respective fields and that they hold highest standards of integrity.

In the opinion of the Board, there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board. Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

Additional information and brief profile as stipulated under Listing Regulations and Secretarial Standards-2 on General Meetings with respect to Director seeking appointment/re-appointment is annexed to the Notice of AGM.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

Pursuant to Section 203 of the Act, the Key Managerial Personnel of the Company as on 31st March 2023 are:

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

Number of Board meetings

During the year under review, seven Board Meetings were held. For further details, please refer Report on Corporate Governance, which forms part of this annual report.

Governance Guidelines:

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

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

As required under the Act and Listing Regulations, the Board has carried out formal annual evaluation of the performance of the Board, its Committees and of individual directors. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the board after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5th January 2017.

In a separate meeting of Independent Directors, performance of non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, considering the views of Executive Director and non-Executive Directors.

The Board and the NRC reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In the Board meeting that followed the meeting of the Independent Directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

Based on inputs received from the Board members, it emerged that the Board had a good mix of competency, experience, qualifications and diversity. Each Board member contributed in his/her own manner to the collective wisdom of the Board, keeping in mind his/her own background and experience. There was active participation and adequate time was given for discussing strategy. Overall, the Board was functioning very well in a cohesive and interactive manner.

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 (AC)
- Nominations, HR and Remuneration Committee (NRC)
- Stakeholders Relationship Committee (SRC)
- Risk Management Committee (RMC)

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. Further, during the year under review, all recommendations made by the Audit Committee have been accepted by the Board.

The details of the familiarization programs for Independent Directors are disclosed on the Company's website and the web link for the same is: https://www.nelco.in/pdf/Policies/familarization-programme-22-23.pdf

The Company has adopted a Code of Conduct for its Non-Executive Directors including a code of conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Act. The Company has also adopted the Tata Code of Conduct for its employees including the Managing and Executive Directors. The above codes can be accessed on the Company's website at https://www.nelco.in/investor-relation/corporate-governance.php.

In terms of the Listing Regulations, all Directors and senior management personnel have affirmed compliance with their respective codes. The Managing Director & CEO has also confirmed and certified the same, which certification is provided 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 the provisions of Section 178(3) of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations, the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Board has adopted the Policy on Board Diversity, which is reproduced in Annexure-I forming part of this report and Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company is available on the websites of the Company at https://www.nelco.in/pdf/Policies/Remuneration%20Policy%20for%20Directors,%20KMP%20and%20Other%20employees.pdf.

Salient Features of this policy are as under:-

- The philosophy for remuneration of Directors, Key Managerial Personnel ("KMP") and all other employees of Nelco Ltd. ("Company") is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.
- Independent Directors ("ID") and non-independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
- Overall remuneration should be reflective of size of the company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.
- The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
- The extent of overall remuneration to Managing Director ("MD")/ Executive Directors("ED")/ KMP/ rest of the employees should be sufficient to attract and retain talented and qualified individuals suitable for every role.
- The remuneration mix for the MD/EDs is as per the contract approved by the shareholders.
- In addition to the basic/fixed salary, the company provides to other KMPs and employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible and also performance linked bonus.
- Remuneration is payable to Director for services rendered in professional capacity and which NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.
- There is no change in the aforesaid policies during the year under review.
- Except the Performance Linked Payment (PLP) which is a part of his Cost to the Company (CTC), the Managing Director & CEO has neither received any commission from the Company nor from its Holding or Subsidiary Company.

7.3. Particulars of Employees and Remuneration

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules) is provided in Annexure - II (A) forming part of this Report.

Statement containing particulars of top 10 employees and the employees drawing remuneration in excess of limits prescribed under Section 197 (12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure II (B) forming part of this report. None of the employees listed in the said Annexure II (B) is related to any Director of the Company. In terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. The said Statement is also open for inspection at the Registered Office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary.

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

No significant and materials orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and your Company's operations in future. There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

Corporate Governance, Management Discussion & Analysis and Business Responsibility and Sustainability Report

As per Listing Regulations, the Corporate Governance Report with the Auditors' Certificate thereon and the Management Discussion and Analysis are attached, which forms part of this Annual Report. Pursuant to Regulation 34 of the Listing Regulations, the Business Responsibility and Sustainability Report, initiatives taken from an environmental, social, governance and sustainability perspective in the prescribed format is attached as a separate section of this Annual Report.

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 and Regulation 4(2)(d)(iv) of the Listing Regulations, a Whistle-blower Policy and Vigil Mechanism was established for Directors, employees and stakeholders to report to the Management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chief Ethics Counsellor (CEC)/Chairman of the Audit Committee of the Company for redressal. The policy has been posted on the Company's website at https://www.nelco.in/pdf/Policies/Whistle%20Blower%20Vigil%20Mechanism%20Policy.pdf. The Company affirms that no personnel have been denied access to the Audit Committee.

9. Risks and Concerns

The Company is faced with risks of different types including strategic, financial, regulatory and operational. Each of the risks need different approaches for mitigation and management. 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 has established a risk management framework and policy based on which risks are identified and assessed across its business segments. The Risk Management Committee (RMC) of the Board was constituted in FY22 to enhance the focus on risk identification and mitigation. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Company's key risks are discussed with RMC on a half yearly basis.

The Audit Committee and Board have an additional oversight in key strategic and financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The internal Risk Management Committee at the Company level which comprises of the MD & CEO, CFO, Chief Risk Officer 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 impact the existence of the Company.

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

As per the Audit Committee Charter adopted by the Board and as per provisions of Section 177 of the Companies Act, 2013 (the Act) one of the responsibilities of the Audit Committee is to review the effectiveness of the Company's Internal control system, including Internal Financial Controls. Internal controls have been discussed in detail in Management Discussion & Analysis in this report. The Company has implemented robust processes to ensure that all internal financial controls are effectively working. On review of the internal audit observations and action taken on audit observations, there are no adverse observations having material impact on financials, commercial implications or material non-compliances which have not been acted upon. In addition, the statutory auditors carry out an audit at quarterly intervals and these reports also have not indicated any adverse findings.

Process Robustness: The Company also carries out business excellence assessments and process deep dives through external agencies to establish and improve efficiency and effectiveness of processes in various key functions. 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. On review of the internal audit observations and action taken on audit observations, there are no adverse observations having material impact on financials, commercial implications or material non-compliances which have not been acted upon. In addition, the statutory auditors carry out an audit at quarterly intervals and these reports also have not indicative any adverse findings.

10. Sustainability

10.1. Corporate Social Responsibility

Pursuant to section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended till date, Company is not mandatorily required to continue to constitute the Corporate Social Responsibility Committee. As the Company has not earned net profits computed pursuant to Section 198 of the Act, it is not mandatorily required to spend on CSR activities https://www.nelco.in/pdf/Policies/CSR%20Policy.pdf

10.2. Safety, Health and Environment

The Company placed utmost importance to establish a safe work environment for its employees, contractual workforce, suppliers, visitors and partners. Specific focus was given to determine safety standards on Office Safety, Field Safety, Working at Height safety & Electrical and Fire Safety.

The Company adopts a proactive and responsible approach to safeguard the welfare of its employees. Communication on health tips, virtual seminars on health topics, fitness related sessions, Doctors availability in the premise, Health check-up packages are some of the services available for employees and families.

All hygiene specific guidance in office is ensured. The Company continued its hybrid model for working during the year, while ensuring that productivity is not compromised.

11. Human Resources

As on 31st March 2023, the Company had employee strength of 93. During the year under review, 17 employees were recruited, and 10 employees were separated.

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

- The Company utilises multiple platforms that encourage open communication amongst employees and allow them to voice their opinion. Every year Employee Engagement Surveys are conducted to enable people to voice out their views, concerns and suggestions for making the workplace better for everyone. Ideas Portal is a platform where employees share ideas which are further evaluated and translated into actions wherever feasible. Knowledge sessions, employee welfare and sports activities are conducted from time to time to ensure continuous learning, team bonding and motivation.

- Reward & Recognition (R&R): The company promotes Recognitions at all levels. Initiatives like Appreciation week, Quarterly awards which includes Individual & Team awards ensures that employee contributions are acknowledged timely. Nelco Innovista awards is an internal platform which encourages creativity and rewards participants for their out of the box thinking and innovative minds.

- Capability Development: Company focuses on overall capability building of functional, managerial and behavioural skills. The Company has been committed towards building the skill levels of employees through organizing inhouse, residential and virtual workshops and fulfilling the training requirements through e-learning platforms. Employees were also encouraged to undergo trainings of their choice available on the eLearning portal, apart from the training needs identified by their managers.

  Innovative mindsets are encouraged through competitions like Tata Innovista and Tata Business Leadership Awards, where employees showcase creative ideas/actions in business, process or technology.

- Performance & Talent Management: Employee performance is monitored and managed through rigorous processes of Performance Appraisal. Mapping the SMART goals in the online system ensures that Goals are properly maintained and tracked for improving the people's, departments' and overall organization's productivity. Continuous performance dialogues are encouraged between managers and their teams with focus on guiding and training first time managers through performance coaching. Talent management framework is rolled out for High-Potential employees which help them to grow in the organization faster.

  As a step towards improving the overall organization performance and effectiveness, the company had initiated Continuous Improvement Projects in association with the Tata Groups TBExG team. The objective being improvement from the current state by adopting various tools/ methodologies and by learnings through best practices across Group companies.

- Succession Planning: The Company has a well-defined Succession Planning process. Successors have been identified for critical positions (for N & N-1 level) in the Company and are being groomed for taking over higher responsibilities in the next 4-5 years through focused interventions.

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

12. Credit Rating

During the year CRISIL has assigned ratings for long term and short-term bank facilities of the Company to CRISIL A Stable and CRISIL A1 respectively.

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

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

14. Foreign Exchange – Earnings and Outgo.

(₹ in lakhs)

Particulars – Standalone	Year ended 31st March 2023	Year ended 31st March 2022
Foreign Exchange Earnings	8,426	4,680
Foreign Exchange Outflow	1,489	1,434

15. Auditors

Members of the Company at the AGM held on 13th August 2020, approved the appointment of S.R. Batliboi & Associates LLP, Chartered Accountants, (ICAI Firm Registration No. 101049W /E300004), as the statutory auditors of the Company for a period of 5 years commencing from the conclusion of the 77th AGM held on 13th August 2020 until the conclusion of 82nd AGM of the Company to be held in the year 2025.

16. Auditors' Report

The standalone and the consolidated financial statements of the Company have been prepared in accordance with applicable Indian Accounting Standards (Ind AS) notified under Section 133 of the Act. The Statutory Auditor's report does not contain any qualifications, reservations, adverse remarks or disclaimers. The Notes to the Accounts referred to in the Auditors' report are self-explanatory and therefore do not call for any further clarification under section 134(3)(f) of the Act.

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

17. Cost Auditor and Cost Audit Report

Your Board has appointed M/s. P.D.Dani and Associates (Firm Registration No. 000593), Cost Accountants, as Cost Auditors of the Company for conducting cost audit for the FY 2022-23. A resolution seeking approval of the Members for ratifying the remuneration of ₹ 1,25,000 (Rupees One Lakh Twenty-Five thousand) plus GST and reimbursement of out-of-pocket expenses on actual basis payable to the Cost Auditors for FY23 is provided in the Notice to the ensuing 80th AGM. As specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, the Company has maintained cost accounts and records.

18. Secretarial Audit Report

In terms of Section 204 of the Act and Rules made thereunder M/s. Bhandari & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditors of the Company to carry out the secretarial audit for FY 2022-23. The report of the Secretarial Auditors for FY 2022-23 is enclosed as Annexure- IV forming part of this Report. The Secretarial Audit Report contains the observation relating delay in compliance with Regulation 23(9), 19(1) and 19(2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. The stock exchanges have levied the penalties. The Company has applied for waiver of penalties by giving justifiable grounds and their decision is awaited. There has been no other qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditors in their Report.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

As per the requirements of the Listing Regulations, Practicing Company Secretaries have undertaken secretarial audit for FY 2022-23 of Nelco Network Products Ltd., the material unlisted subsidiary of the Company. As per the Audit Report (Annexure- IV-A) the subsidiary had complied with the applicable provisions of the Act, Rules, Regulations, and Guidelines and that there were no deviations or non-compliances.

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 Annexure – V forming part of this report.

20. Related Party Transactions

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

All related party transactions entered during the year under review were on an arm's length basis and were in the ordinary course of business. All transactions with related parties were reviewed and approved by the Audit Committee. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on an arm's length basis. 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 details of the transactions with related parties are provided in the accompanying Financial Statements.

21. Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

22. Annual Return

Pursuant to Section 92 of the Act read with the appliable Rules, the Annual Return for the year ended 31st March 2023 can be accessed on the Company's website at the following link: https://www.nelco.in/pdf/disclosure-of-events/annual-return-2022-23-nelco-ltd.pdf

23. Directors' Responsibility Statement

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

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

a) in the preparation of the annual accounts for the period ended 31st March 2023 the applicable accounting standards had been followed along with proper explanation relating to material departures.

b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the Company for the period ended 31st March 2023 and of the profit of the Company for that period;

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

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

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

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

24. Acknowledgment

The Board of Directors thank the Company's shareholders, customers, vendors, business partners, bankers and financial institutions for their continuous support.

The Directors also thank the Government of India, Dept. of Telecommunications, Dept. of Space, various Ministries, Regulatory Authorities, and their departments for co-operation.

We appreciate and value the contributions made by all our employees.

On behalf of the Board of Directors

A.S. Lakshminarayanan
Chairman

Navi Mumbai, 24th April 2023

Annexure – I : Board Diversity Policy

(Ref: Board's Report, Section 7.2)

1. PURPOSE

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

2. SCOPE

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

3. POLICY STATEMENT

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

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

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

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

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

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

Accordingly, the Committee shall:

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

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

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

4. RESPONSIBILITY AND REVIEW

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

Annexure- II(A): Disclosure of Managerial Remuneration

(Ref: Board's Report, Section 7.3)

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

Name of the Director	Ratio of Director's remuneration to the median remuneration of the employees of the Company for the financial year
Non-Executive Directors	
Mr. R. R. Bhinge	0.22
Mr. K.N. Murthy	1.3
Dr. Lakshmi Nadkarni	1.2
Mr. Ajay Kumar Pandey	1.4
Mr. A.S.Lakshminarayanan	0.1
Mr. Saurabh Ray	0.3
Executive Director	
Mr. P. J. Nath, Managing Director & CEO	32.3

Note: Remuneration includes sitting fees and Performance Linked Payment (PLP) wherever applicable. The PLP for FY 2022-23 will be paid during FY 2023-24.

(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
Non-Executive Directors	
Mr. R. R. Bhinge	0.16%
Mr. K. N. Murthy	1.00%
Dr. Lakshmi Nadkarni	0.88%
Mr. Ajay Kumar Pandey	1.04%
*Mr. A.S.Lakshminarayanan	Nil
**Mr. Saurabh Ray	Nil
Mr. P. J. Nath, Managing Director & CEO	1.13%
Mr. Girish V. Kirkinde, Company Secretary & Head – Legal	1.01%
Mr. Malav Shah, Chief Financial Officer	1.08%

*The Director was appointed effective 29th May 2022.
**The Director was appointed effective 26th April 2022.

(c) Percentage increase in the median remuneration of employees in the Financial year 2022-23: 11.22%

(d) Number of permanent employees on the rolls of Company as on 31st March 2023: 93

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

	% change in remuneration*
Average increase in salary of employees (other than managerial personnel)	12.20% (on CTC)
Average increase in remuneration of managerial personnel	10.59% (on CTC)

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

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

On behalf of the Board of Directors

A.S. Lakshminarayanan
Chairman

Navi Mumbai, 24th April 2023

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

(Ref: Board's Report Section 13)

a) The Company has not given any loans during the year.
b) The Company has not made any investment during the year.
c) The Company has provided corporate guarantees (as a collateral security) during the year as under:

Sl. No.	Financial year	Guarantee given in favour of	(Amount ₹ in Lakhs)	Nature of Transactions
1.	2022-23	ICICI Bank	2,000	Guarantee given in respect of revolving line of Credit for discounting Bill of exchange of Nelco Network Products Limited.

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

Annexure – IV SECRETARIAL AUDIT REPORT

(Ref: Board's Report Section 18)

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

[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 March 31, 2023 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, 2023 according to the provisions of:

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

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

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

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

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

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
   d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021#;

e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
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, 2021#; and
h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;

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

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

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

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

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

1. The Company has submitted the disclosure of related party transactions to the Stock Exchanges, under Regulation 23(9) of the Listing Regulations on May 23, 2022 for the half year ended on March 31, 2022, which was beyond fifteen days of publication of standalone and consolidated financial results. In this regard, the Company has received notice of penalty from National Stock Exchange of India Limited (NSE) and BSE Limited.

2. The composition of Nomination and Remuneration Committee (NRC) was not as per the requirements of Regulation 19(1)(c) of Listing Regulations during the period from January 01, 2022 to May 29, 2022. In this regard, the Company has received notice of penalty from NSE and BSE Limited.

We further report that-

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

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

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

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

We further report that during the audit period, the Company has no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No.: P1981MH043700

S. N. Bhandari
Partner
FCS No: 761; C P No.: 366
Mumbai| April 24, 2023
UDIN: F000761E000176662

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, 2023 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. Wherever 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
Firm Registration No.: P1981MH043700

S. N. Bhandari
Partner
FCS No: 761; C P No.: 366
Mumbai| April 24, 2023
UDIN:F000761E000176662

Annexure – IV-A

(Ref: Board's Report Section 18)

SECRETARIAL AUDIT REPORT OF NELCO NETWORK PRODCUTS LTD.

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

[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 NETWORK PRODUCTS LIMITED
CIN: U32309MH2016PLC285693

We have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NELCO NETWORK PRODUCTS 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, 2023** 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, 2023 according to the provisions of:

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

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

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

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

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

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

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

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

   d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021#;

   e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;

   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, 2021#; and

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

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

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

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

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, if applicable#.

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

We further report that during the audit period, the Company has no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No.: P1981MH043700

Manisha Maheshwari
Partner
ACS No: 30224; C P No.: 11031
Mumbai| April 24, 2023
UDIN: A030224E000179538

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 NETWORK PRODUCTS LIMITED
CIN: U32309MH2016PLC285693

Our Secretarial Audit Report for the Financial Year ended on March 31, 2023 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
Firm Registration No.: P1981MH043700

Manisha Maheshwari
Partner
ACS No: 30224; C P No.: 11031
Mumbai| April 24, 2023
UDIN: A030224E000179538

Annexure V – Conservation of Energy and Technology Absorption

(Ref: Board's Report, Section 19)

A. Conservation of Energy

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

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

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

B. Technology Absorption

(i) Efforts made towards Technology Absorption:

The major thrust of technology absorption has been in the areas of VSAT services. The company is technology agnostic and always endeavours to deploy latest technologies available globally. Proof of Concept (POC) is being carried out for new breed of baseband technologies. The Company's wholly owned subsidiary, Nelco Network Products Ltd. has become operational with Inflight and Maritime Connectivity (IFMC) services in India. Company has built up the required infrastructure and skill/resources augmentation to provide these services.

Future plan of action: The Company is building expertise on various digital technologies for improving quality of service and customer experience as well as creating newer services in the future.

Technology absorption, adaptation and innovation: Constant endeavours are being made towards technology absorption, adaptation and innovation. The Company is actively engaged with the global satellite operators and technology manufacturers in evaluating the latest technologies and solutions available globally. The Company plans to bring some of the new technologies into the country as and when the domestic regulations open up and is in discussion with multiple global technology providers regarding the same.

(ii) Benefits derived:

The Company has increased its customer base in multiple market segments within the Enterprise sector as well as the IFMC sector, due to its efforts in absorbing newer technologies.

(iii) Expenditure incurred on Research and Development.

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 of action: **NA**

C. Foreign Exchange earnings and outgo (Standalone)

	₹ in Lakhs
Total foreign exchange earned:	8,426
Total foreign exchange used:	1,489

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC SITUATION

The year 2022-23 has been an eventful year for the Indian economy, as it became the fifth-largest economy in the world (in terms of size) in September 2022 according to a World Economic Forum report. As per the International Monetary Fund (IMF), India will maintain this position in 2023 and is well-placed on the path to become the fourth-largest economy by 2025.

The Union Budget 2023-24 highlights that the current year's economic growth is estimated to be at 7%, highest among all the major economies.

In its approach towards a sustainable energy future, India has already achieved the target of 40 percent of installed electric capacity from non-fossil fuel sources, a target that was originally set for 2030. The next goal is to achieve 50 percent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030. This is likely to spur renewable energy sector in the country, which will need a robust communication infrastructure across the country including the remotest parts of the country.

Apart from the economic growth, India is focused on providing better standards of social development such as education and healthcare to all citizens. The UN Sustainable Development Goals (SDGs) lists quality education as a foremost objective with the aim to "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all" by 2030. The government plans to set up Skill India International Centres across different states to skill youth for international opportunities. Distance education delivered through virtual means will play a key role in fulfilling this objective. A strong communications infrastructure will be essential for nation-building in this aspect.

Universal and equitable access to broadband services across the country, especially in rural areas, is an important part of the government's vision for national digital connectivity. In keeping in line with the Amrit Kaal objective to ensure that banking services reach the last mile, 75 Digital Banking Units (DBUs) have been announced for transforming the financial services landscape in the country. Reserve Bank of India (RBI) plans to issue Digital Rupee using blockchain and other technologies. The blockchain technology is likely to be used even by central banks and cryptocurrency will become widespread in years to come.

Indian government has been actively promoting its space sector ambitions. It aims to increase India's share in the global space economy. The approval of the Indian Space Policy 2023 by the Cabinet Committee in April 2023 is a watershed moment in the history of the Indian space sector. It is expected that the much-awaited policy will streamline space reforms and propel private sector participation to drive the space economy opportunity for the nation. Empowered by regulatory reforms and technology advancements, India is likely to become a key player in the global space economy, valued at $600 billion by 2025. India is in a strategic position to leverage the fast-growing global demand for space-based communications and satellite technologies, as compared to China and Russia due to their geopolitical situation. This gives India a strong launchpad to signal its ambitions in the space sector and to target a larger share of the global space economy.

India became the world's third-largest start-up economy and also crossed the 100-unicorn mark in 2022, according to the NASSCOM report. India currently has 115 unicorns with a cumulative valuation of over $350 billion. Newer start-ups emerging in the space sector value chain -is likely to enhance the diffusion of space technology and boost space economy within the country. The government, under the vision of the Prime Minister, is also encouraging private sector participation and innovation in the entire gamut of space activities, which will help these start-ups to become the new-age unicorns in the years to come.

COMPANY STRATEGY AND DIRECTIONS:

BUSINESS STRATEGY:

The Company aims to be the most customer centric digital solution provider, bringing the benefits of the digital revolution to unserved and under-served customers using Satellite Communication (Satcom or VSAT), in India and beyond. The Company creates value for customers by adopting the Satcom technologies best suited for their applications and creating customized products and services through partnerships in multiple technologies. The Company is fulfilling the objectives of businesses and government in harnessing the potential of rural and remote areas by 'connecting the unconnected'.

BUSINESS STRATEGY AND DIRECTIONS:

Industry structure and development:

The Satcom industry in India has seen significant growth and development in recent years. It has played a crucial role in connecting remote and rural areas of the country with communication services, bridging the digital divide and enabling access to information and services.

The Satcom industry in India is best suited to provide reliable and ubiquitous data connectivity solutions across the country including remotest of the areas and difficult terrains. As per internal estimates, the size of the shared hub VSAT industry is currently pegged at apx. ₹ 1000 Cr p.a. The Satcom industry in India has been highly regulated so far and there are currently around five VSAT license holders operational in the country. Newer players are likely to emerge in the near future.

Indian government has been actively promoting its space sector ambitions. It aims to significantly increase India's share in the global space economy. The Government has identified the Indian Space industry as an important growth sector and is trying to bring about progressive regulatory changes. The Indian Space Policy 2023, which is a significant step towards strengthening India's space sector and establishing a conducive environment to regulate and boost the participation of private sector. The policy is also likely to bring in significant changes and enable the Indian space sector to be more innovative, sustainable, and competitive in global space ecosystems. The Company expects that the new policy may bring a lot of positive changes in the operating and regulatory environment for satellite communication industry and further promote international cooperation.

The Government had set up New Space India Limited (NSIL), a public sector undertaking in the space sector, and Indian National Space Promotion and Authorization Centre (IN-SPACe), an autonomous body as the promoter and regulator of space activities in India by non-Government and private entities. Nelco is one of the founding members of Indian Space Association (ISpA), an industry body and a policy think tank for the Satcom industry.

Globally, major developments are taking place in the Satellite industry such as High Throughput Satellites – HTS and VHTS, Software defined satellites, satellites with Steerable beams and Low Earth Orbit (LEO) satellite constellations, which are revolutionizing and expanding the Satcom industry. Advances in software defined satellites will dramatically improve the efficiency in capacity supply to meet evolving demand requirements. Virtualization and Software-defined networking allows intelligent traffic routing across multiple platforms (satellite and terrestrial) and enables optimized bandwidth usage. New "intelligent" ground system solutions will improve flexible and efficient use of bandwidth to deliver higher quality of service at a lower cost. Large investments are being made for innovations and technology advancements in the space sector, both by large organizations as well as newer start-ups. Newer ecosystem collaborations and business models are also emerging.

These advancements are likely to continue to evolve rapidly, shaping the future of satellite communication and enabling new applications and services in the coming years. With the liberalization of the regulatory framework, Satcom industry in India would be able to take advantage of all the developments taking place across the world and grow multifold by expanding the services to serve many more sectors and applications in near future within the country and beyond.

Market opportunities:

The satellite communications industry in India has immense potential for growth, driven by increasing demand for connectivity, digitalization, advancements in satellite technology and liberalization of regulatory framework. Some of the key market opportunities in the Satcom industry in India include:

- Connectivity in Remote and Rural Areas: India has emerged as the second largest telecom market in the world. Despite the growth in digital broadband connectivity, there are still large parts of India that remain digitally unconnected. Satcom is best suited to bridge this connectivity gaps and provide data connectivity in remote and rural locations due to its ability of rapid deployment, reliability, consistency, flexibility and scalability of services across all regions and terrains. Some sectors in the country which continue to use Satcom services for providing effective data communication solutions are Banking, Energy, Distance Education and Cellular Backhaul. Satellite communication can further transform the rural economy by enabling village connectivity, financial inclusion, education and skill development programmes, healthcare and telemedicine, warehousing, public distribution systems and various other applications in remote locations.

- Maritime and Aviation Connectivity: The prospects for Satcom services in India are also bright in the coming years due to the large potential for In-Flight and Maritime Communication (IFMC) services – both for Maritime as well as Aero In-flight connectivity (Aero IFC), which are high growth segments across the globe. With India's large coastline and growing aviation sector, the Company believes that the IFMC services will give a significant boost to the growth of the Indian Satcom services sector in next 4 – 5 years.

- Defence and Security Applications: Satcom plays a critical role in Defence and security applications, including communication and surveillance. The Indian Defence and security sectors have significant requirements for Satcom-based services, including military communications, border surveillance, maritime surveillance, disaster response, and intelligence gathering. The Company believes that newer opportunities will open up for private sector Satcom service providers to cater to the Defence and security sectors.

- Internet of Things (IoT) Communications: Satcom can enable connectivity for IoT applications, which require reliable and ubiquitous communication in remote and challenging environments. This includes applications such as smart agriculture, asset tracking, environmental monitoring, and disaster management. With advancements in Satcom technologies and opening up of the regulatory framework, newer opportunities for Satcom-based IoT services will emerge.

- Broadband Internet Services: With the growing demand for high-speed internet connectivity, in semi-urban and rural areas, Satcom can provide broadband internet services to consumers and SMEs in such areas. Newer generation GEO satellites and LEO/MEO satellite constellations, which are likely to be available in India for commercial use in the coming years, will make such applications viable. These will lead to further growth of the Satcom industry.

Growing new markets and Launching services

The Company has demonstrated its agility in creating new businesses and solutions and delivering value to customers and global partners. Nelco is a leading Satellite Communication service provider in the country and serves industry leaders in most of the major segments of the Enterprise market. The Company has also established itself as a leading In-Flight and Maritime Communications (IFMC) player, serving both Aero IFC and Maritime communication services in India. Nelco is offering Aero IFC services currently, enabling more than 1500 international aircrafts flying over India to provide Wi-Fi onboard the aircrafts and will offer similar services for the domestic aviation sector in near future. The Company has been a lead adopter of Satcom technologies and will continue to leverage global technology advancements to serve a larger number of segments and applications using GSO and NGSO networks, software defined satellites, new-age electronics and many more technologies as and when these are available. The Company has partnered with multiple global players and will continue to have more partnerships in future to enhance its offerings and reach.

Nelco continuously explores newer Satcom technologies and services and markets where Satcom can be used effectively. The Company is developing newer verticals in the Enterprise market and planning to expand into newer segments in future.

Investing in augmenting infrastructure

The Company has been making continuous investment in augmenting its infrastructure for providing reliable and high quality Satcom services. The Company has currently deployed the latest technologies for its multiple satellite gateways in Mahape and Dehradun. The Company has also deployed High Throughput Satellite (HTS) capacities on Indian and foreign satellites, apart from the conventional wide-beam FSS satellites, which is expanding the market opportunities of the Company. The Company has been augmenting the satellite bandwidth capacity for serving the growing needs of its customers. During the year, the satellite bandwidth capacity of the Company has grown by around 40% over the total capacity available in the previous year.

The Company has all the relevant licenses issued by the Department of Telecommunications (DoT), Govt of India, to operate the Satcom services in India and cater to the needs of a wide market segment. The Company will apply for any additional licenses required for offering any new services as per the prevailing regulations in the country. The various licenses currently possessed by the Company are:

a. CUG VSAT license for operating Commercial VSAT service across India

b. National Long Distance (NLD) License

c. Class A Internet Service Provider License or providing Internet Service on pan India basis

d. IFMC Authorization for providing services to Aircrafts and Ships in Indian airspace and waters

PERFORMANCE:

The Company operates in only one reportable segment, which is Network Systems, consisting of Satcom Services (including equipment sale, maintenance and other allied services). The Company has a wholly owned subsidiary viz. Nelco Network Products Ltd. (NNPL).

The current period under review is from 1st April 2022 to 31st March 2023.

During the period under review, the revenue of the Company on consolidated basis was ₹ 313 Crores as against ₹ 260 Crores in the previous year. On a standalone basis the revenue for the business was ₹ 197 Crores as against ₹ 143 Crores in the previous year. The equipment revenue, which forms a part of the Standalone revenue, is lumpy in nature.

The Company has approximately 27% share of the total installed base of VSATs in the industry and approximately 30% share in terms of industry’s revenue. The Company has strengthened its overall position in the market with higher share of the incremental business in Enterprise and IFMC segments.

The Company is driving initiatives to address the growing Satcom requirement in the country, including building newer solutions and services. The Company plans to address many additional segments and applications in future. Further, the Company revamped its processes during the year for better operational efficiency and more agile and flexible operations. Going forward the Company plans to leverage on the digital and analytics solutions to help in improving its responsiveness to its customers, improve the operational efficiencies and create more solutions and services.

OUTLOOK

The outlook for the Satcom industry in India is promising with several factors contributing to its growth potential. Indian Space sector has been identified as an important sector for growth by the Indian Govt. Many new business models and collaborations are emerging, which are likely to provide new opportunities for the Satcom industry. Some of the next-gen technologies are also likely to move into the mainstream.

With the rapid proliferation of digital technologies, there is a growing demand for high-speed, reliable, and affordable internet connectivity especially in remote and rural areas. Satcom offers a viable solution to bridge the connectivity gap and enable broadband access to underserved and unserved regions. Existing market segments for satellite communication will continue to grow with newer use cases. The Company believes that the Satcom deployment in ATMs, Bank branches and rural Education projects will grow further in FY24. The outlook for some of the other segments like village connectivity looks positive due to initiatives driven by various state governments. The Indian Aviation sector is likely to adopt Inflight connectivity services in the next 1-2 years. Similarly, newer segments of domestic Maritime sector are also likely to get off the ground in the coming years.

The Indian Satcom industry is expected to witness growing participation from private sector players with the liberalization of the regulatory framework. This is likely to result in increased innovation, and investment in the sector, which is expected to drive growth and enhance service offerings. As newer use cases and applications in government and defence sectors emerge, the demand for Satcom services is expected to grow further, creating opportunities for private industry players.

In-line with the global trend, the availability of next generation GEO as well as LEO and MEO satellites in the country is also likely to give a boost to the growth of the Satcom industry by increasing its ability to address newer markets and applications at much more competitive price points.

Nelco plans to leverage the global technology advancements as well as the new regulatory environment to serve many more sectors in Enterprise and Mobility and expand its offerings for the Consumer sector soon.

Significant changes in key financial ratios as compared to the previous financial year are as under:

At Consolidated level	At Standalone level
Decrease in debt equity ratio from 0.61 (FY22) to 0.36 (FY23) due to increase in profitability and better working capital management by the Company.	Decrease in debt equity ratio from 0.34 (FY 22) to 0.27 (FY 23) due to increase in profitability and better working capital management by the Company.
Increase interest coverage ratio from 8.50 times (FY22) to 9.97 times (FY23) due to increase in profitability, decrease in interest cost due to reduction in borrowings.	Increase in interest coverage ratio from 13.85 times (FY22) to 15.66 times (FY23) due to increase in profitability, decrease in interest cost due to reduction in borrowings.
Increase in return on capital employed from 21% (FY22) to 25% (FY23) due to increased profitability and reduction in borrowings	Return on capital employed increased from 15% (FY22) to 28% (FY23) due to increased profitability and reduction in borrowings
Net profit margin remained same to 6% in FY 22 and FY 23.	Net profit, margin increase from at 7% in FY22 and to 11% FY22 due to increase in revenue.

RISKS AND CONCERNS

Structural Risks

- **Infrastructure**:

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

- Regulatory Environment: Since the Satcom sector is regulated by Department of Telecom and Department of Space, any major unfavorable changes in the regulations could impact multiple areas like addressable market, profitability, etc. Considering that the satellite capacity has to be bought only through NSIL (a PSU under Dept of Space), any adverse commercial terms adopted by them could also impact the industry negatively. This may however not be very pronounced as the focus of the Government is on liberalizing and the growth of the space sector in India.

Volatility Risks

- **Exchange rate fluctuations**:

  The exchange rate fluctuations impact the profitability of operations since a large part of Satcom equipment is imported. Also, the contracts for transponder capacities on foreign satellites have a forex exposure, even though the transponder space is provided by NSIL. This currently gets offset by the revenue generated from global partners and provides a natural hedge.

- **Volatility of demand**:

  The health and vagaries of the end user segments impact the demand for Satcom services. Since the Company has a high dependence on several market segments for revenue and profitability in the coming year, volatility, downturn or financial distress in any of these segments will affect its performance in the short term.

- **Supply chain Volatility**:

  Semiconductor shortage, which was triggered by supply chain disruption during Covid-19 in 2021 and during Russia-Ukraine conflict in 2022 impacted the Company in the short term. Any such sudden disruption of global and domestic supply chains poses a risk for the Company.

Operating Risks

- **Technology Risk**:

  Due to the proprietary nature of Satcom technology, the Company is dependent on a limited number of technology providers for hardware. Any sudden technology obsolescence or disruption in supply poses a risk for the operations. Changing over to alternate technologies in the event of such a situation would involve migration time and additional cost, impacting profitability in the short term.

Risk Management

With the main objective of ensuring sustainable business growth and improving governance processes, the Company has established a risk management policy based on which risks are identified and assessed across its businesses. The Risk Management Committee at the Company level which comprises of the MD & CEO, CFO, Chief Risk Officer and key business and operations executives, ensures that existing and future risk exposures of the Company are identified, assessed, quantified and appropriate mitigation plans are put in place to minimize the risk impact. The Company's framework of risk management process helps in informed decision making at all levels of the organization on an ongoing basis. The Company has been percolating Risk Management in each of its functions to proactively manage uncertainty and changes in business environment while mitigating risk impact and capitalizing on opportunities.

Risk Management Committee of the Board focuses on existing and emerging risks. The Company's key risks are discussed with the Risk Management Committee of the Board three times a year.

Risk mitigation initiatives

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

- The Company is continuously evaluating options for improving profitability of various segments as well as unearthing newer segments and applications to cushion itself against the impact of market uncertainties. Also, the Company continuously tracks the developments in the global Satcom market, builds partnerships and adopts Satcom technologies which help in improving its competitiveness in the market.

- The Company continuously engages with the regulators individually as well as along with industry bodies to avoid any adverse regulations.

- Foreign currency exposures are closely monitored by the Company in consultation with its advisors. Net exposures, including those from derivative instruments are kept at acceptable levels and within overall limits approved by the Board, which are subject to regular reviews.
- The Company constantly reviews and implements various security measures at all locations of its operations to counter the security risk.

INTERNAL CONTROL ON FINANCIAL RECORDS

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

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

The focus areas of these reviews are to:

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

Audits are conducted based on an annual risk-based internal audit plan drawn in consultation with Statutory Auditors, which is reviewed and approved by the Audit Committee of the Board. The scope and coverage of audits include review and reporting on key process risks, adherence to operating guidelines and statutory compliances. The annual audit plan and internal audit reports are shared with the Statutory Auditors. The Audit Committee regularly reviews significant internal audit findings, closure of all agreed actions and progress of the audit plan. The Audit Committee also monitors the adequacy and reliability of financial reporting, internal control and risk management systems.

The Statutory Auditors, S.R. Batliboi & Associates LLP have reported adequacy of internal controls over financial reporting.

The Company also carries out business excellence assessments and process deep dives through external agencies to establish and improve efficiency and effectiveness of processes in various key functions.

KEY DEVELOPMENTS IN HUMAN RESOURCES

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

On 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

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

This philosophy is reflected and practised through the Tata Code of Conduct (TCoC) and the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices. Further, these codes allow the Board to make decisions that are independent of the management. The Company is committed to focus its energies and resources in creating and positively leveraging shareholders' wealth and, at the same time, safeguarding the interests of all stakeholders. This is our path to sustainable and profitable existence and growth.

The Company has adopted Governance Guidelines to help fulfil its corporate responsibility towards its stakeholders. The Governance Guidelines cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, director's term, retirement age and committees of the Board. It also covers aspects relating to nomination, appointment, induction of directors, director's remuneration, subsidiary oversight, Board effectiveness review.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time, including relaxations granted by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) from time to time.

2. Board of Directors Composition

As on 31st March 2023, the Company's Board of Directors comprises 6 members, out of whom 1 is Managing Director & Chief Executive Officer and 5 are Non-Executive Directors (NEDs). Out of these 5 NEDs, 3 are Independent Directors. The composition of the Board is in compliance with the requirements of the Companies Act, 2013 (Act) and Regulation 17 of the Listing Regulations. The profile of the Directors can be accessed on the Company's website at https://www.nelco.in/about-us/leadership.php.

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

The names and categories of the Directors on the Board, the number of Directorships and Committee positions held by them in other companies as on 31st March 2023 are as follows:

Director	DIN	Category of Directorship	*Number of Directorship	**Number of Committee positions held	
			Director	Chairman	Member
Mr. A.S. Lakshminarayanan (Appointed w.e.f. 29th May 2022)	08616830	Non-Executive (Non-Independent)	4	0	2
Mr. P. J. Nath	05118177	Managing Director & CEO	2	-	-
Mr. Saurabh Ray (Appointed w.e.f. 26th April 2022)	06398370	Non-Executive (Non-Independent)	1	-	-
Mr. K. Narasimha Murthy	00023046	Non-Executive (Independent)	6	3	9
Dr. Lakshmi Nadkarni	07076164		-	-	-
Mr. Ajay Kumar Pandey	00065622		1	-	-

*Excludes Directorship in Nelco Ltd., alternate Directorships and Directorships in private Companies, foreign companies and companies under Section 8 of the Companies Act 2013.

**Represents Chairmanships/Memberships of Audit Committee and Stakeholders Relationship Committee in Indian public limited companies (excluding Nelco Ltd.).

Notes:

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

b) None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as prescribed in Listing Regulations) across all the companies in which he/she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations. 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. None of the Directors held Directorship in more than 7 (seven) listed 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 is a Whole – Time Director in any other company. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors is of the opinion that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended by MCA Notification dated 22nd October 2019 regarding the requirement relating to the enrolment in the Data Bank created by MCA for IDs, has been received from all the IDs.

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

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

https://www.nelco.in/pdf/Policies/Terms%20&%20Conditions%20of%20Appointment%20of%20Independent%20Directors.pdf

h) None of the Directors held any shares of the Company.

i) The Chairman of the Company is a Non-Executive Director (NED) and not related to the CEO & Managing Director.

The Names and category of Directorship in other listed entities as on 31st March 2023:

Director	Listed Entities	Category of Directorship
Mr. A.S. Lakshminarayanan	Tata Communication Ltd. Tejas Network Ltd.	Managing Director Nominee Director
Mr. P. J. Nath	Nil	NA
Mr. Saurabh Ray	Nil	NA
Mr. K. Narasimha Murthy	Max Health Care Institute Ltd. Max Financial Services Ltd.	Independent Director Independent Director
Dr. Lakshmi Nadkarni	Nil	NA
Mr. Ajay Kumar Pandey	Nil	NA

Changes in Board composition during FY23 and upto the date of this report, are tabled below:

Sr. No.	Director	Nature of change	Date of change
1.	Mr. Anand Agarwal	Resigned as a Director of the Company	26th April 2022
2.	Mr. Saurabh Ray*	Appointed as an Additional Director of the Company	26th April 2022
3.	Mr. R.R. Bhinge	Ceases to be Director and Chairman of the Company on attaining the age of 70 years (the age of retirement), as per the Group Governance Guidelines on Board Effectiveness for retirement of Non-Executive Directors	29th May 2022
4.	Mr. A.S. Lakshminarayanan*	Appointed as an Additional Director of the Company	29th May 2022

*Members at the 79th Annual General Meeting held on 8th July 2022 approved the appointment of Mr. Saurabh Ray as Non-Executive & Non-Independent Director w.e.f. 26th April 2022 and Mr. A.S. Lakshminarayanan, as Non-Executive & Non-Independent Director w.e.f. 29th May 2022.

Term of Board membership

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

The Board has identified the following core skills/expertise/ competencies as required in the context of the businesses and sectors of the Company for its effective functioning which are currently available with the Board:

Understanding of business dynamics, industry verticals including its entire value chain, experience in corporate strategy, planning and regulatory jurisdictions, finance, tax, risk management, legal compliances, corporate governance, human resources, corporate social responsibility and Leadership experience in managing companies and associations including general management.

The Board is satisfied that all the Directors of the current composition of the Board has the aforesaid core skills/ expertise/ competencies. This reflects an appropriate mix of knowledge, skills, experience, expertise, diversity and independence. The Board provides leadership, communication, motivation, strategic guidance, an objective and 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.

Director	Expertise in specific functional area
Mr. A.S. Lakshminarayanan	Over 36 years of professional experience in Deep understanding of the global technology market and enterprises' growing digital needs.
Mr. P.J. Nath	Over 38 years of professional experience in the Enterprise market, sales, product management, customer support and project management
Mr. Saurabh Ray	Over 28 years of professional experience in Information and Technology Services.
Mr. Narasimha Murthy Kummamuri	Over 43 years of professional experience in cost audit, cost control system development, management audit, SWOT analysis, critical analysis of performance, strategic planning, organisation analysis & structure, OTR (Organisation Talent Review) and competency mapping, HR systems, mergers and acquisitions and business turn arounds.
Dr. Lakshmi Nadkarni	Over 31 years of professional experience in human resources, strategy, industrial sociology, governance and Corporate Social Responsibility.
Mr. Ajay Kumar Pandey	Over 38 years of professional experience of business leadership, strategy, handling P &L responsibility at operating and Board level

3. Board Meetings and participation thereat

The Board/Committee meetings are pre-scheduled, and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors well in advance to help them plan their schedule and ensure meaningful participation in the meetings. The agenda for each meeting, along with detailed notes, is circulated in advance to the Directors. Some of the Board meetings in FY23 were held through Video Conferencing.

Only in case of urgent business, if the need arises, the Board's/Committee's approval is taken by passing resolutions through circulation or by calling Board/Committee meetings at short notice, as permitted by law.

Seven Board Meetings were held during the year under review and the gap between the two meetings did not exceed 120 days. The said meetings were held on 26th April 2022, 18th July 2022, 20th October 2022, 25th November 2022, 20th January 2023, 21st February 2023 and 27th March 2023. The necessary quorum was present for all the meetings.

Attendance of Directors at the aforesaid Meetings:

Director	Category of Directorship	No. of Board Meetings attended during FY 2022-23	Whether attended last AGM held on 8th July 2022
Mr. R. R. Bhinge Chairman (upto 29th May 2022)	Non-Executive (Non-Independent)	1	NA
Mr. A.S. Lakshminarayanan (Appointed w.e.f. 29th May 2022)		6	Yes
Mr. P. J. Nath	Managing Director & CEO	7	Yes
Mr. Anand Agarwal (upto 26th April 2022)	Non-Executive (Non-Independent)	1	NA
Mr. Saurabh Ray (Appointed w.e.f. 26th April 2022)		6	Yes
Mr. K. Narasimha Murthy	Non-Executive (Independent)	7	Yes
Dr. Lakshmi Nadkarni		7	Yes
Mr. Ajay Kumar Pandey		7	Yes

The information required under Part A of Schedule II of Listing Regulations is being made available to the Board periodically.

The Company has maintained an integrated online compliance monitoring system which provides assurance to the Management and the Board of Directors regarding effectiveness of timely compliances. All the compliances applicable to the Company have been captured in the system and are mapped amongst the respective users. The timelines are fixed based on the legal requirement and the system is aligned in such a manner that it alerts the users in a timely manner.

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 under review, one meeting of the Independent Directors was held on 20th March 2023, without the presence of Non-Executive Directors (Non-Independent), Managing Director & CEO and other members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors, the Chairman and the Board as a whole considering the views of executive directors and non-executive directors. They also assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board.

Annual Strategy Board Meet

During the year, an Annual Strategy Board meet was organized on 21st February 2023. As a part of the agenda, the Board conducted a strategy review of the Company's business segments and also future growth, risk orientation and resource optimization.

Details of familiarisation programmes for Directors including Independent Directors

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

During the year Board familiarisation programme were held from time to time for the Board members where various external speakers provided inputs on varied topics related to the industry. The web link of familiarisation programmes imparted to Directors is https://www.nelco.in/investor-relation/disclosures-under-regulation46-of-the-sebi-lodr/details-of-familiarization-programmes-imparted-to-independent-directors.php#

Knowledge sharing

Board members are kept informed about any material development/business update through various modes viz. e-mails, telecon, etc. from time to time.

Code of Conduct

The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended 31st March 2023. A certificate by the Managing Director & Chief Executive Officer on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management is reproduced at the end of this Report and marked as Annexure I.

4. Committees of the Board

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework designed by the Board and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the Committees are placed before the Board for information or for approval, as required. To enable better and more focused attention on the affairs of the Company, the Board has delegated particular matters to the Committees of the Board set up for the purpose.

Considering the needs of the Company, there are four statutory Board Committees as on 31st March 2023. Details are as follows:

Statutory Committees:

The Statutory Committees under the Act and the Listing Regulations are:

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

Audit Committee of Directors

Composition of the Committee and meetings attended by the Directors during the year under review:-

Director	Category of Directorship	No. of meetings attended
Mr. K. Narasimha Murthy, Chairman	Non-Executive (Independent)	5
Mr. R.R.Bhinge#	Non-Executive (Non-Independent)	1
Mr. Saurabh Ray##		4
Dr. Lakshmi Nadkarni	Non-Executive (Independent)	5
Mr. Ajay Kumar Pandey		5

Ceased to be Member of the Committee effective from 29th May 2022 on attaining the age of 70 years (the age of retirement), as per the Group Governance Guidelines on Board Effectiveness for retirement of Non-Executive Directors.

Appointed as Member of the Committee effective from 29th May 2022.

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

Five Audit Committee Meetings were held during the year under review on 26th April 2022, 18th July 2022, 20th October 2022, 20th January 2023 and 27th March 2023. The necessary quorum was present for all the meetings.

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

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

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

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

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

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

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

All the recommendations made by the Audit Committee during the year under review were accepted by the Board.

Mr. K. Narasimha Murthy, Chairman of the Audit Committee was present at the last AGM.

<u>Internal Controls and Risk Management</u>

The Company has robust systems for internal audit and corporate risk assessment and mitigation. The risk-based audit plan was prepared and approved by the Audit Committee at the beginning of year. The Risk Management Committee (RMC) 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 RMC.

Stakeholders Relationship Committee (SRC)

Composition of the SRC and meetings attended by the Directors during the year under review:

Director	Category of Directorship	No. of meetings attended
Mr. Anand Agarwal, Chairman ## (Upto 26th April 2022)	Non-Executive (Non-Independent)	0
Mr. Saurabh Ray, Chairman# (Appointed w.e.f. 26th April 2022)		1
Mr. K. Narasimha Murthy	Non-Executive (Independent)	1
Mr. P. J. Nath	Managing Director & CEO	1

Ceased to be Chairman of the Committee effective from 26th April 2022 due to resignation from Directorship.
Appointed as Chairman of the Committee effective from 26th April 2022.

One SRC meeting was held during the year under review on 8th December 2022. The necessary quorum was present for the meeting.

In accordance with Regulation 6 of Listing Regulations, the Board has appointed Mr. Girish V. Kirkinde, Company Secretary & Head–Legal (Tel: 67399100) as the Compliance Officer and he attends all SRC Meetings as an invitee. He is authorized to severally approve share transfers/transmissions, in addition to the powers with the members of SRC. Share Transfer formalities are regularly attended to at least once a fortnight.

Dedicated email ID for Investor services and nodal officer for IEPF is girish.kirkinde@nelco.in.

The Board has approved the Charter of the Committee defining its composition, powers, responsibilities, etc. The responsibilities of SRC inter alia include review of statutory compliance, resolving the grievances of all security holders of the Company, overseeing and reviewing of all matters related to the transfer of securities and movement in shareholding and ownership of the Company.

The status of investor complaints received during the year under review:

Sl. No.	Description	Total		
A.	**Letters received from Statutory Bodies**	Received	Replied	Pending
	Securities and Exchange Board of India (SEBI) (SCORES), Stock Exchange, NSDL, CDSL and Ministry of Corporate Affairs	4	4	0
B.	**Letters received from Shareholders**			
	Non receipt of Annual Report	0	0	0

There were no pending transfers as on 31st March 2023. There were 1 cases pending for Transmission of Shares as on 31st March 2023 which was subsequently processed. There were 5 cases for Demat pending as on 31st March 2023 out of which 3 cases were subsequently processed and 2 cases were rejected.

Mr. Saurabh Ray, Chairman of the SRC was present at the last AGM.

Nominations, HR and Remuneration Committee

Composition of the NRC and meetings attended by the Directors during the year under review:

Director	Category of Directorship	No. of meetings attended
Dr. Lakshmi Nadkarni, Chairperson	Non-Executive Independent	4
Mr. K. Narasimha Murthy		4
Mr. Ajay Kumar Pandey		4
Mr. R.R.Bhinge#	Non-Executive Non-Independent	1
Mr. Anand Agarwal##		1
Mr. Saurabh Ray*		3

Ceased to be Member of the Committee effective from 29th May 2022 on attaining the age of 70 years (the age of retirement), as per the Group Governance Guidelines on Board Effectiveness for retirement of Non-Executive Directors.
Ceased to be Member of the Committee effective from 26th April 2022 due to resignation from Directorship.
*Appointed as Member of the Committee effective from 26th April 2022.

Four NRC Meetings were held during the year under review on 26th April 2022, 18th August 2022, 23rd November 2022 and 27th March 2022. The necessary quorum was present for all the meetings.

The Board has approved the Charter of the NRC defining its composition, powers, responsibilities, reporting, evaluation, etc. The terms of the Charter broadly include Board composition and succession planning, evaluation, remuneration, board development and review of HR Strategy, Philosophy and Practices.

In terms of the provisions of Section 178(3) of the Act and Regulation 19(4) read with Part D of Schedule II of Listing Regulations the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Board has adopted the Policy on Board Diversity and Director Attributes. Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company, which is reproduced in **Annexure-I** to the Directors' Report. The Company does not have any Employee Stock Option Scheme.

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 (including Independent Directors) is reviewed through a peer evaluation on parameters such as level of engagement and participation, flow of information, independence of judgement, conflicts resolution and their contribution in enhancing the Board's overall effectiveness. Feedback-cum-assessment of individual Directors, the Board as a whole and its Committees is conducted. The feedback obtained from the interaction is discussed in detail and, where required, independent and collective action points for improvement are put in place.

Dr. Lakshmi Nadkarni, Chairperson of the NRC was present at the last AGM.

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

The details of remuneration and perquisites paid and/or value calculated as per the Income Tax Act, 1961 to the Managing Director and Chief Executive Officer for the financial year 2022-2023 are as under:-

(Amount in ₹)

Salary & Allowances	Perquisites & Benefits	Retirement Benefits	Performance Linked Payment (PLP)	Total
1,81,55,278	6,26,856	9,03,027	1,34,92,923	**3,31,78,084**

*PLP relates to the financial year ended 31st March 2022, which was approved by the Board on 26th April 2022 paid during FY2022-23.

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

Period of Appointment/Contract	13th June 2021 to 12th June, 2024
Remuneration	Basic salary upto a maximum of ₹ 8,00,000 p.m.
Performance Linked Payments and performance criteria	Not exceeding 200% of annual basic salary. An indicative list of factors that may be considered for determination of the extent of Performance linked payment by the Board (as recommended by the NRC) are: • The Company's performance on certain defined qualitative and quantitative parameters, as may be decided by the Board from time to time. • Industry benchmarks of remuneration. • Performance of the individual.
Benefits, perquisites and allowances (excluding Company's contribution to Provident Fund, Gratuity, Leave Encashment)	As may be determined by the Board from time to time.
Notice Period	The Agreements may be terminated by either party giving to the other party six months' notice or the Company paying six months' remuneration in lieu thereof
Severance fees	There is no separate provision for payment of severance fees.
Stock Option	Nil

The agreement with Mr. Nath is contractual in nature.

Remuneration to Non-Executive Directors (NEDs)

The Company pays sitting fees to the NEDs for attending meetings of the Board and Committee. The details of sitting fees paid to NEDs during the financial year 2022-23 are as under:-

Name of the Directors	Sitting fees (₹)
Mr. R.R.Bhinge	2,25,000/-
Mr. A.S. Lakshminarayanan	1,20,000/-
Mr. Anand Agarwal #	Nil
Mr. K. Narasimha Murthy	13,05,000/-
Dr. Lakshmi Nadkarni	12,75,000/-
Mr. Ajay Kumar Pandey	14,55,000/-
Mr. Saurabh Ray	3,40,000/-

No commission was paid to the Non-Executive Directors for FY 2022-23.

Pursuant to erstwhile TATA Group guidelines no sitting fees is paid being an employee of The Tata Power Co. Ltd.

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

Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company is posted on Company's website at

https://www.nelco.in/pdf/Policies/Remuneration%20Policy%20for%20Directors,%20KMP%20and%20Other%20employees.pdf

Risk Management Committee (RMC)

The composition of the RMC and meetings attended by the Directors during the year under review:

Director	Category of Directorship	No. of meetings attended
Mr. Ajay Kumar Pandey, Chairman	Non-Executive (Independent)	3
Mr. Anand Agarwal#	Non-Executive (Non- Independent)	0
Mr. Saurabh Ray##		3
Mr. P. J. Nath	Managing Director & CEO	3

#Ceased to be Member of the Committee effective from 26th April 2022 due to resignation from Directorship.

Appointed as Member of the Committee effective from 26th April 2022.

Three RMC Meetings were held during the year under review on 1st July 2022, 17th November 2022 and 6th February 2023. The necessary quorum was present for all the meetings.

The Board has adopted Risk Management Policy and also approved the Charter of the RMC defining its composition, powers, responsibilities, etc. The terms of the Charter broadly include:

- Reviewing the Company's risk governance structure, risk assessment and risk management practices and guidelines, policies and procedures for risk assessment and risk management including the risk management plan.
- Review the alignment of the ERM framework with the strategy of the Company.
- Monitor the Company's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, cyber security risk, forex risk, commodity risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.
- Review and analyse risk exposure related to specific issues, concentrations and limit excesses, and provide oversight of risk across organisation.
- Review compliance with risk policies, monitor breaches / trigger trips of risk tolerance limits and direct action.
- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification/ amendment or modification as may be applicable.

Mr. Ajay Kumar Pandey, Chairman of the RMC Committee, was present at the last AGM.

Corporate Social Responsibility Committee (CSRC)

Pursuant to section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended till date, Company is not mandatorily required to continue to constitute the Corporate Social Responsibility Committee. The Board of Directors at its Meeting held on 21st February 2023 approved the dissolution of CSRC with immediate effect.

5. Material Subsidiary Company

As defined under Regulation 16 (1) (c) of Listing Regulations, the Company has one “Material Subsidiary” during the financial year 2022-23 viz. Nelco Network Products Ltd. The Audit Committee reviews the financial statements of material subsidiary of the Company. It also reviews the investments made by such subsidiary, the statement of all significant transactions and arrangements entered into by the subsidiary, if any, and the compliances of material subsidiary on a periodic basis. The minutes of board meetings of the unlisted material subsidiary company are placed before the Board. Composition of the Board of material subsidiary is in accordance with the Regulation 24(1) of the Listing Regulations.

6. Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board of Directors of the Company has adopted the revised Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices (the Code). All the Promoters, Directors, Employees of the Company and its material subsidiaries, who are Designated Persons, and their Immediate Relatives and other Connected Persons such as auditors, consultants, bankers, etc., who could have access to the unpublished price sensitive information of the Company, are governed under this Code.

Mr. Malav Shah, Chief Financial Officer (CFO) of the Company is the ‘Compliance Officer’ and ‘Chief Investor Relations Officer’ in terms of this Code.

7. General Body Meetings

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

Financial year ended	Day & Date & Time	Venue	Special Resolutions passed
31st March 2020 (FY 2019-20)	Thursday, 13th August 2020 At 3.30 p.m.	Two-way Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) from Company’s Registered Office at EL-6, TTC Industrial Area, MIDC Electronics Zone, Mahape, Navi Mumbai -400 710	Nil
31st March 2021 (FY 2020-21)	Tuesday, 22nd June 2021 At 3.30 p.m.		Re-appointment of Mr. P. J. Nath as Managing Director & CEO
31st March 2022 (FY 2021-22)	Friday, 8th July 2022 At 3.30 p.m.		Nil

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

b) Postal Ballot

(i) Details of special resolutions passed by postal ballot: During the year under review, no special resolution was passed by means of Postal Ballot.

(ii) Details of Voting Pattern: Not Applicable

(iii) Person who conducted the aforesaid postal ballot exercise: Not Applicable

(iv) Whether any special resolution is proposed to be conducted through postal ballot: No

(v) Procedure for Postal Ballot:

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Act, read with applicable Rules, the Company provides an electronic voting facility to all its shareholders, to enable them to cast their votes electronically. The Company engages the services of National Securities Depository Limited (NSDL) for the purpose of providing e-voting facility to all its shareholders. The shareholders have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with self-addressed business reply envelope to its shareholders whose names appear on the Register of Members/list of beneficiaries as on a cut-off date. The postal ballot notice is sent to the shareholders in electronic form to the e-mail IDs registered with the Depository Participants (DPs)/RTA.

8. Disclosures

a) There are no material related party transactions during the year that have conflict with the interest of the Company. Transactions entered with related parties during the financial year were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. The Board's approved policy for related party transactions is uploaded on the website of the Company.

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

c) There was no non-compliance, penalties, strictures imposed on the Company by Stock Exchanges, the Securities and Exchange Board of India or any statutory authority, on any matter related to Capital Markets, during the last two years. During the year the Stock Exchanges levied penalties for delay in compliance with Regulation 23(9), 19(1) and 19(2). The Company has applied to the Stock Exchanges for waiver of penalties by giving justifiable grounds and their decision is awaited.

d) The Board of Directors of the Company has adopted a Whistle Blower & Vigil Mechanism Policy for establishing a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The said policy has been posted on the Company's website at https://www.nelco.in/pdf/Policies/Nelco_Whistle%20Blower%20Vigil%20Mechanism%20Policy%209.11.2020.pdf

The Company affirms that no employee has been denied access to the Chairman of Audit Committee of Directors.

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

- The Company posts the quarterly, half yearly and annual financial results on its website www.nelco.in
- Modified opinion(s) in Audit Report: The Auditors have expressed an unmodified opinion in their report on the financial statements of the Company.
- The Company has appointed separate persons to the post of the Chairperson and the Managing Director. The Chairperson is a non-executive director and not related to the Managing Director as per the definition of the term "relative" defined under the Companies Act, 2013.
- The Internal Auditor of the Company reports to the Audit Committee.

f) The URL of policy for determining 'material' subsidiaries is

https://www.nelco.in/pdf/Policies/Policy%20for%20determining%20Material%20Subsidiaries.pdf

g) The URL of policy on dealing with related party transaction is

https://www.nelco.in/pdf/Policies/Related%20Party%20Transaction%20Policy.pdf

h) Commodity price risk and hedging activity:

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

i) Certificate has been obtained from Bhandari & Associates, Practicing Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority the same is reproduced at the end of this report and marked as Annexure III.

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

k) During the year, details of fees paid/payable to the Statutory Auditors and all entities in the network firm/ network entity of which the Statutory Auditor is a part, by the Company and its subsidiaries, are given below:

(₹ in Lakhs)

Particulars	By the Company*	By the Subsidiary*	Total Amount
Statutory audit	15.50	9.00	24.50
Other services	27.50	4.25	31.75
Out-of-pocket expenses	2.89	1.12	4.01
Total	**45.89**	**14.37**	**60.26**

*The above fees are exclusive of applicable tax.

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

The Company has always believed in providing a safe and harassment-free workplace for every individual working in the Company. The Company has complied with the applicable provisions of the aforesaid Act and the Rules framed thereunder, including constitution of the Internal Complaints Committee (ICC). The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

m) During the year Company and its wholly owned subsidiary has not granted any 'Loans and advances in the nature of loans to firms/companies in which directors are interested.

n) Nelco Network Products Ltd. (NNPL) is a material subsidiary of the Company. It was incorporated on 8th September 2016 in the State of Maharashtra, India. S. R. Batliboi & Associates LLP, Chartered Accountants, (ICAI Firm Registration No. 101049W /E300004), was appointed as the statutory auditors at the 4th Annual General Meeting (AGM) of NNPL held on 13th August 2020 for a period of 5 years commencing from the conclusion of the 4th AGM until the conclusion of 9th AGM of the Company to be held in the year 2025.

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

p) Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director & CEO and the Chief Financial Officer made a certification to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board. The same is attached herewith and marked as **Annexure II**.

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

r) The Company has adopted a Policy on Determination of Materiality for Disclosures. The URL of policy is https://www.nelco.in/pdf/Policies/Policy%20for%20determining%20materiality%20for%20disclosure.pdf

s) The Company has adopted a Policy on Archival and Preservation of Documents. The URL of policy is https://www.nelco.in/pdf/Policies/Archival%20Policy.pdf

t) The Company has adopted the Dividend Distribution Policy. The URL of policy is https://www.nelco.in/pdf/Policies/dividend-distribution-policy.pdf

u) Terms and conditions of appointment/re-appointment of Independent Directors are available on the Company's website at: https://www.nelco.in/pdf/Policies/Terms%20&%20Conditions%20of%20Appointment%20of%20Independent%20Directors.pdf

v) The Company did not raise any funds through preferential allotment or qualified institutions placement during the year under review.

w) The Company has obtained from the Secretarial Auditors a compliance certificate on Company's corporate governance which is attached herewith and marked as **Annexure III**.

9. Means of Communication

(i) Quarterly, half yearly and Annual Financial Results are published in the Business Standard (English) and Sakal (Marathi) newspapers, submitted to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) as well as uploaded on the Company's website at www.nelco.in. The Company also issues press releases from time to time which are submitted NSE & BSE and uploaded on Company's website.

(ii) **Annual Reports:** The Annual Reports are emailed/posted to Members and others entitled to receive them. The Annual Reports are also available on the Company's website at https://www.nelco.in/investor-relation/financial.php in a user-friendly download able form. The Company also provides live webcast facility of its AGM in co-ordination with NSDL. In line with the MCA Circular dated 5th May 2020 read with circular dated 13th January 2021 and SEBI Circular dated 12th May 2020 read with circular dated 15th January 2021, the Notice of the AGM along with the Annual Report 2022- 23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories.

(iii) **NSE Electronic Application Processing System (NEAPS) and BSE Online Portal:** NSE has provided online platform NEAPS wherein the Company submits all the compliances/disclosures to the Exchange in the SEBI prescribed format. Similar filings are made with BSE on their online Portal viz. BSE Corporate Compliance & Listing Centre.

(iv) **eXtensible Business Reporting Language (XBRL):** XBRL is a standardized and structured way of communicating business and financial data in an electronic form. XBRL provides a language containing various definitions (tags) which uniquely represent the contents of each piece of financial statements or other kinds of compliance and business reports. BSE and NSE provide XBRL based compliance reporting featuring identical and homogeneous compliance data structures between Stock Exchanges and MCA. XBRL filings are done on the NEAPS portal as well as the BSE online portal.

(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, Press Releases and Investor information can be viewed at the Company's website www.nelco.in. The 'Investor Relations' section serves to inform the investors by providing key and timely information like Financial Results, Annual Reports, Shareholding Pattern, etc.

10. General Shareholder Information

(i) The ensuing AGM of the Company is scheduled on Thursday, 22nd June 2023 at 11.30 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

In accordance with the General Circular issued by the MCA on 5th May 2020 read with circular dated 13th January 2021 and 21/2021 dated 14th December 2022 and SEBI Circular dated 12th May 2020 read with circular dated 15th January 2021, the AGM will be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) only. For details, please refer to the Notice of the AGM.

As required under Regulation 36(3) of Listing Regulations and Secretarial Standard-2, particulars of Directors seeking appointment/reappointment at the AGM are given in the Annexure to the Notice of the ensuing AGM.

(ii) Financial Year: 1st April 2022 to 31st March 2023.

(iii) Dividend payment date: on and from 26th June 2023.

(iv) Book Closure / Record date: Wednesday, 7th June 2023 to Wednesday, 14th June 2023 (both days inclusive). Record date is Tuesday, 6th June 2023.

(v) E-Voting Dates: The cut-off date for the purpose of determining the shareholders eligible for e-Voting is 15th June 2023. The e-Voting commences on Monday, 19th June 2023 at 9 a.m. (IST) and ends on Wednesday, 21st June 2023 at 5 p.m. (IST).

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

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

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

The Company has paid the requisite Annual Listing fees to the stock exchanges for the year 2022-23.

(vii) Stock Code and Corporate Identification Number (CIN)

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

National Stock Exchange of India Ltd. – NELCO EQ

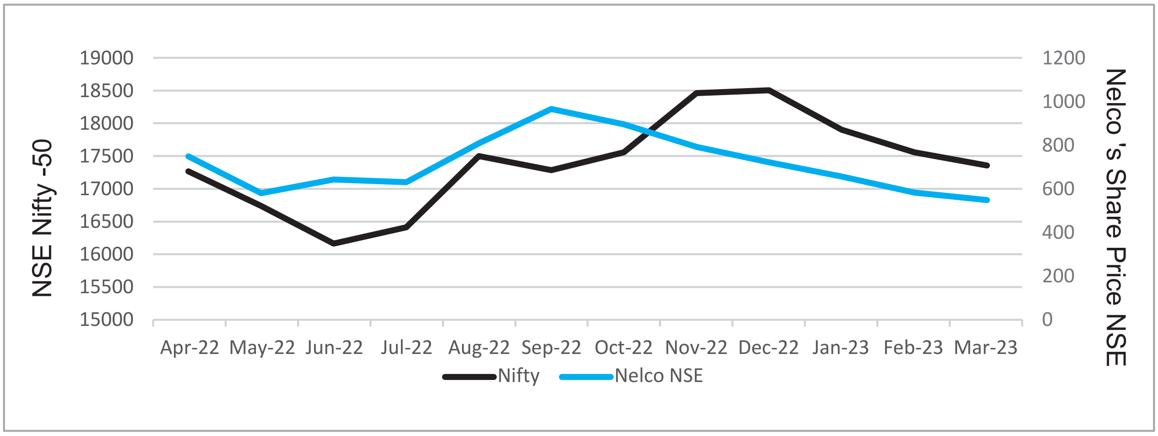
CIN allotted to the Company by the Ministry of Corporate Affairs, Govt. of India is L32200MH1940PLC003164.

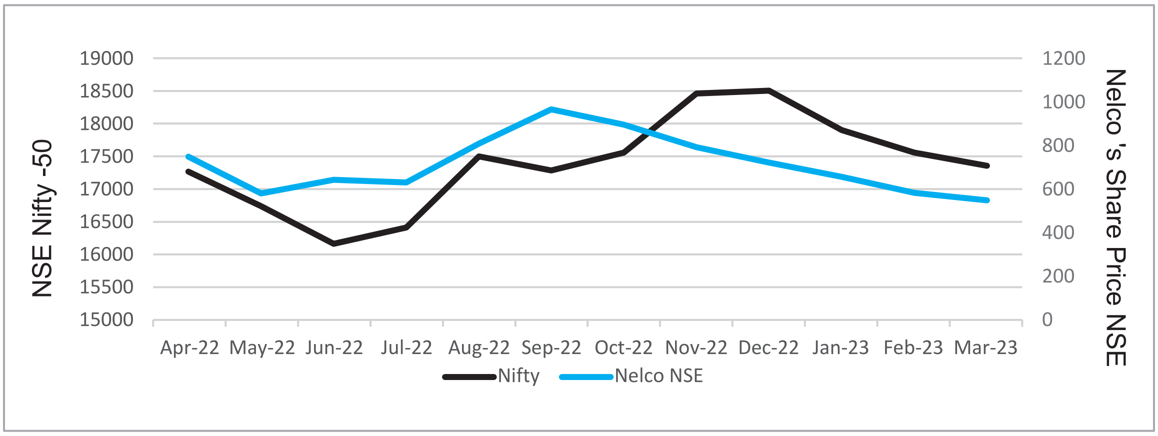
(viii) Market Information:

a) Market Price Data: High, Low during each month and trading volumes of the Company's Equity Shares during the period 1st April 2022 to 31st March 2023 at the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) are given below:-

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April 2022	844	660	7234	847	652	765710
May 2022	659	515	16867	659	515	799424
June 2022	722	571	21493	723	571	1224454
July 2022	690	585	22444	687	583	826591
August 2022	989	628	47940	989	628	3022946
September 2022	1090	826	64594	1090	831	4443859
October 2022	963	821	32020	964	821	1965368
November 2022	855	736	33479	855	729	1712913
December 2022	825	613	31705	826	622	2355431
January 2023	716	600	24804	720	600	1598393
February 2023	636	542	19249	636	543	1309572
March 2023	626	487	38167	626	486	2022902

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

(ix) Registrars and Transfer Agents:

TSR Consultants Private Limited (TCPL)
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli West, Mumbai 400 083.

Tel.: 022 6656 8484, Fax: 022 6656 8494
Email:csg-unit@tcplindia.co.in
Website: www.tcplindia.co.in

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

Branches of TCPL

1. TSR Consultants Private Limited
Building 17/19, Office no. 415 Rex Chambers,
Ballard Estate, Walchand Hirachand Marg,
Fort, Mumbai-400 001
Tel: 7304874606

2. TSR Consultants Private Limited
C/o Link India Intime Private Limited
Amarnath Business Centre-1 (ABC-1)
Beside Gala Business Centre
Nr. St. Xavier's College Corner
Off. C.G. Road, Ellisbridge
Ahmedabad – 380006
Tel: +91-33-40081986
Email: csg-unit@tcplindia.co.in

3. TSR Consultants Private Limited
C/o. Mr. D. Nagendra Rao,
"Vaghdevi" 543/A, 7th Main,
3rd Cross, Hanumanthnagar,
Bengaluru - 560019.
Tel: +91-80-26509004
E-mail: tcplbang@tcplindia.co.in

4. TSR Consultants Private Limited
C/o Link Intime India Private Limited
Vaishno Chamber, Flat No. 502 & 503
5th Floor, 6, Brabourne Road,
Kolkata - 700001
Tel: +91-33-40081986
E-mail: tcplcal@tcplindia.co.in

5. TSR Consultants Private Limited
C/o Link Intime India Private Limited,
Noble Heights, 1st Floor,
Plot No NH-2, C-1 Block, LSC,
Near Savitri Market, Janakpuri,
New Delhi – 110058.
Tel: +91-11-49411030
E-mail: tcpldel@tcplindia.co.in

6. TSR Consultants Private Limited
Bungalow No. 1, 'E' Road,
Northern Town Bistupur,
Jamshedpur - 831001
Tel: +91-657-2426937
E-mail: tcpljsr@tcplindia.co.in

(x) Share Transfer System:

Transfers of equity shares in electronic form are affected through the depositories with no involvement of the Company. 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.

(xi) Distribution of Shares as on 31st March 2023.

No. of shares held (Range)	Shareholding	% of total Shareholding	No. of Shareholders	% of total Shareholders
1-5000	75,42,451	33.05	66654	99.72
5001 to 10000	7,93,331	3.48	109	0.16
10001 to 20000	6,66,428	2.92	47	0.07
20001 to 30000	3,00,925	1.32	13	0.02
30001 to 40000	1,75,932	0.77	5	0.01
40001 to 50000	86,919	0.38	2	0.00
50001 and 100000	1,33,680	0.59	2	0.00
100001 and above	1,31,18,734	57.49	6	0.01
Total	**2,28,18,400**	**100.00**	**66,838**	**100.00**

(xii) Dematerialization of Shares as on 31st March 2023 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).

Equity shares of the Company representing 95.17% of the Company's equity share capital are dematerialized as on 31st March 2023. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE045B01015.

Particulars of Shares	Equity Shares of ₹ 10/- each		Shareholders	
	Number	% of Total	Number	% of Total
Dematerialized form				
NSDL (A)	1,73,38,122	75.98	23,291	34.85
CDSL (B)	43,79,149	19.19	42,470	63.54
Sub-total (A+B)	**2,17,17,271**	**95.17**	**65,761**	**98.39**
Physical form (C)	11,01,129	4.83	1,077	1.61
Total (A+B+C)	**2,28,18,400**	**100.00**	**66,838**	**100.00**

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

(xiv) Shareholding Pattern as on 31st March 2023

Sr. No.	Category	No. of shares	Percentage
1	Tata Companies	1,14,28,940	50.09
2	Financial Institutions/ Banks	11,660	0.05
3	State Government / Government Companies / Central Government / IEPF a/c	3,10,528	1.36
4	Bodies Corporate / Trusts / BC-NBFC	5,15,901	2.26
5	Individuals	92,58,689	40.58
6	FIIs/NRI/Foreign Corporate Bodies/Foreign National-DR	12,92,682	5.67
	Total	2,28,18,400	100.00

(xv) Top 10 Shareholders of the Company as on 31st March 2023:

Sr. No.	Category	No. of shares	Percentage
1	The Tata Power Company Limited	1,14,18,090	50.03
2	Schlumberger Limited	8,66,460	3.80
3	Investor Education and Protection Fund Authority Ministry of Corporate Affairs	2,54,456	1.12
4	Parul Prasoon Bhatt	2,28,600	1.00
5	Prasoon Harshad Bhatt	2,28,600	1.00
6.	Roopa Corporate Services Pvt. Ltd.	1,22,528	0.53
7.	Reita Gertrude Gomes	81,500	0.35
8.	Andhra Pradesh Industrial Development Corporation Limited	52,180	0.23

Sr. No.	Category	No. of shares	Percentage
9.	Emerging Markets Core Equity Portfolio (The Portfolio) of Dfa Investment Dimensions Group Inc. (Dfaidg)	44,928	0.20
10.	The Emerging Markets Small Cap Series Of The Dfa Investment Trust Company	41,991	0.18
	Total	**1,33,39,333**	**58.46**

(xvi) Currency exchange risk and hedging activity:

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

(xvii) **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

(xviii) During the year CRISIL Ratings has assigned ratings for long term and short-term bank facilities of the Company to CRISIL A Stable and CRISIL A1 respectively.

11. E-voting

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

12. Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued, and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

13. Compliance of Share Transfer Formalities

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

14. Secretarial Audit

In terms of the Act, the Company appointed M/s. Bhandari & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of records and documents of the Company for financial year 2022-23. The Secretarial Audit Report is provided as **Annexure IV** to the Board's Report.

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

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

Further, all the shares in respect of which dividend has remained unclaimed for a consecutive period of 7 years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

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

Considering the aforesaid provisions, the Company has during the year under review, transferred to IEPF the unclaimed dividends, outstanding for consecutive 7 years, of the Company. Further, shares of the Company, in respect of which dividend has not been claimed for Seven consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority.

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov. in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members/ Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

The details of outstanding dividend and the date by which it can be claimed by the shareholders from the Company's Registrar and Transfer Agent.

Financial year	Date of declaration	Last date for claiming unpaid dividend from TCPL
2018-19	24th July 2019	18th August 2026
2019-20	13th August 2020	7th September 2027
2020-21	22nd June 2021	17th July 2028
2021-22	8th July 2022	2nd August 2029

Annexure I

Declaration on Code of Conduct as required by Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I P.J. Nath, Managing Director & CEO of the Company hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, in respect of the financial year ended 31st March 2023.

For **NELCO Limited**

P. J. Nath
Manging Director & CEO
DIN: 05118177

Navi Mumbai, 24th April 2023

Annexure II

Certification by Managing Director & CEO and Chief Financial Officer in respect of Financial Statements and Cash Flow Statement (pursuant to regulation 17 (8) read with Part B of Schedule II of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 for the Financial Year ended 31st March 2023.

The Board of Directors
Nelco Limited
Navi Mumbai – 400 710

We, the undersigned, in our respective capacities as Managing Director & CEO and Chief Financial Officer of Nelco Limited ('the Company'), to the best of our knowledge and belief certify that:

a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March 2023 and we hereby certify and confirm to the best of our knowledge and belief the following:

   (i) the Financial Statements and Cash Flow statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   (ii) the Financial Statements and the Cash Flow Statement together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are no transactions entered in to by the Company during the year ended 31st March 2023 which are fraudulent, illegal or violative of Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same.

d) We have indicated to the Auditors and the Audit Committee that :-

   (i) There were no significant changes in internal control over financial reporting during the year.

   (ii) There were no significant changes in accounting policies during the year and that if any, have been disclosed in the notes to the financial statement; and

   (iii) There were no instances of significant fraud of which we have become aware of either by the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Malav Shah
Chief Financial Officer

Navi Mumbai
Date: 17th April 2023

Annexure - III

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
Nelco Limited
MIDC, Plot No. EI 6,
TTC Industrial Area,
Electronics Zone, Mahape,
Navi Mumbai – 400710.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Nelco Limited**, having CIN L32200MH1940PLC003164 and having Registered Office at MIDC, Plot No. EI 6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400710 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1.	Amur Swaminathan Lakshminarayanan	08616830	29/05/2022
2.	Narasimha Murthy Kummamuri	00023046	28/01/2020
3.	Ajay Kumar Pandey	00065622	28/01/2020
4.	Saurabh Ray	09573704	26/04/2022
5.	Lakshmi Anant Nadkarni	07076164	28/01/2020
6.	Pradip Jyoti Nath	05118177	13/06/2012

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No: P1981MH043700

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

Mumbai | April 24, 2023
UDIN: F000761E000176618

To,
The Members
Nelco Limited

We have examined the compliance of conditions of Corporate Governance by **Nelco Limited** ("the Company") for the year ended on March 31, 2023, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in chapter IV of the Listing Regulations subject to the following:

a. *The Company has submitted the disclosure of related party transactions to the Stock Exchanges, under Regulation 23(9) of the Listing Regulations on May 23, 2022 for the half year ended on March 31, 2022, which was beyond fifteen days of publication of standalone and consolidated financial results. In this regard, the Company has received notice of penalty from National Stock Exchange of India Limited (NSE) and BSE Limited.*

b. *The composition of Nomination and Remuneration Committee (NRC) was not as per the requirements of Regulation 19(1)(c) of Listing Regulations during the period from January 01, 2022 to May 29, 2022. In this regard, the Company has received notice of penalty from NSE and BSE Limited.*

We further 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 **Bhandari & Associates**
Company Secretaries
Firm Registration No: P1981MH043700

S. N. Bhandari
Partner
FCS No: 761; C P No.: 366
Mumbai | April 24, 2023
UDIN: F000761E000176695

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURE

I. Details of the Listed Entity

1	Corporate Identity Number (CIN) of the Listed Entity	L32200MH1940PLC003164		
2	Name of the Listed Entity	**Nelco Limited**		
3	Year of incorporation	1940		
4	Registered office address	EL-6, TTC Industrial Area, Electronics Zone, MIDC Mahape, Navi Mumbai 400710		
5	Corporate address	EL-6, TTC Industrial Area, Electronics Zone, MIDC Mahape, Navi Mumbai 400710		
6	Email	services@nelco.in		
7	Telephone	022 67399100		
8	Website	www.nelco.in		
9	Financial year for which reporting is being done	2022-23		
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE), National Stock Exchange of India Limited (NSE)		
11	Paid-up Capital	INR 228174610		
12		**Contact Person**		
	Name of the Person	Ms. Leena Thomas		
	Telephone	022 67399100		
	Email address	leena.thomas@nelco.in		
13	**Reporting Boundary**			
	Type of Reporting: 1.Standalone 2. Consolidated	**Consolidated**		
	If selected consolidated:	**Sr no.**	**Name of the Subsidiaries/JVs/ Associate Companies**	**CIN Number**
		1	Nelco Network Products Ltd. (NNPL)	U32309MH2016PLC285693

II. Product/Services

		Sr. No.	**Description of Main Activity**	**Description of Business Activity**	**% Turnover of the Entity**
14	Details of business activities (accounting for 90% of the turnover):	1	Information and Communication	Wired, wireless or satellite Telecommunication services	100%

15	**Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**		
S.No.	**Product/Service**	**NIC Code**	**% Of Total Turnover contributed**
1	**Satellite Communication (Satcom) services**: The Company is engaged in business of providing satellite communication services using VSAT (very small aperture terminal) connectivity. The Company offers a range of innovative and customized solutions for Enterprise market including Govt sector, Maritime and Aero IFC services.	43312	Sale of equipment-54% Rental of VSAT -16% AMC services – 17% Other -13%

III. Operations

16	Number of locations where plants and/or operations/offices of the entity are situated:	Location	Number of plants	No. of Offices	Total
		National	0	11	11
		International	0	0	0
17	**Market served by the entity**	**Locations**	**Numbers**		
	a. No. of Locations	**National (No. of States)**	28		
		International (No. of Countries)	0		
	b. What is the contribution of exports as a percentage of the total turnover of the entity?*	27.36%			
	c. A brief on types of customers	Nelco provides services to the companies in various segments such as: **Banking segment:** Bank branches, ATMS, Managed service providers. **Energy:** Solar farms, Hydro farms, Wind farms, Offshore and onshore rigs **Oil retail:** Oil companies, Petrol Pumps Aero IFC (Inflight Communication) and Maritime communication, Manufacturing companies, Telecommunication companies, and SME segments (Small Manufacturing enterprise)			

**Revenue is generated from vendoring the services to customers located outside India*

IV. Employees

18	**Details as at the end of Financial Year:**					
S.No.	**Particulars**	**Total (A)**	**Male**		**Female**	
			No. (B)	**% (B/A)**	**No. (C)**	**% (C/A)**
a	**Employees and workers (including differently-abled)**					
	Employees					
1	Permanent Employees (A)	175	155	89%	20	11%
2	Other than Permanent Employees (B)	95	91	96%	4	4%
3	Total Employees (A+B)	270	246	91%	24	9%
	Workers*					
4	Permanent (C)	0	0	NA	0	NA
5	Other than Permanent (D)	0	0	NA	0	NA
6	Total Workers (C+D)	NA	NA	NA	NA	NA
b	**Differently-abled employees and workers**					
	Employees					
7	Permanent Employees (E)	0	0	NA	0	NA
8	Other than Permanent Employees (F)	1	1	100%	0	NA
9	Total Employees (E+F)	1	1	100%	0	NA
	Workers*					
10	Permanent (G)	0	0	NA	0	NA
11	Other than Permanent (H)	0	0	NA	0	NA
12	Total Differently-Abled Employees (G+H)	NA	NA	NA	NA	NA

**Nelco does not employ any contractual workers*

19	Participation/Inclusion/Representation of women			
S.No.	Category	Total (A)	No. and % of females	
			No. (B)	% (B/A)
1	Board of Directors	6	1	17%
2	Key Management Personnel*	2	0	0%

**Our MD and CEO Mr. P.J. Nath is a member of BoD. CFO and CS are our KMPs.*

V. Holding, Subsidiary and Associate Companies (including joint ventures)

20	Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)								
Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Turnover rate in the year prior to previous FY)			FY 2020-21 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	8%	0	8%	8%	0	8%	6%	1%	8%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

Holding, Subsidiary and Associate Companies (including joint ventures)

21	(a) Names of holding / subsidiary / associate companies / joint ventures			
S.No.	Name of the holding / subsidiary / associate companies / joint ventures	Holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held*	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	The Tata Power Company Ltd.	Holding Company	50.04	No
2	Nelco Network Products Limited (NNPL)	Subsidiary Company	100	Yes

VI. CSR Details

22	a. Whether CSR is applicable as per section 135 of Companies Act, 2013:	Yes*
	Turnover (in ₹)	313.33 crores
	Net worth (in ₹)	104.55 lakhs

**CSR is applicable only to NNPL*

VII. Transparency and Disclosures Compliances

23 **Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	If Yes, then provide web-link for grievance redress policy	FY 2022-23			FY 2021-22		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	For Grievance redressal, Nelco has POSH committee, Stakeholder relationship committee, Vigil Mechanism, Whistle blower policy in place. Additionally, all Vendors are aware about TATA CoC. For every Purchase order grievance redressal email is provided for vendors. Link: https://www.tcplindia.co.in/InvestorCharter.html For Communities, Nelco grievances can be addressed at ethics@nelco.in and for customer grievances and queries Nelco provides helpline link helpdesk@nelco.in	0	0	NA	0	0	No complaints filed during the year
Investors (other than shareholders)	Investors and shareholders are the same for Nelco		NA	NA	NA	NA	NA	NA
Shareholders	Yes		4	Nil	Resolved	5	Nil	Resolved
Employees and workers	Yes		1	0	Minor field Injuries	4	0	Minor field Injuries.
Customers	Yes		0	0	Based on SLA (Service level agreement) with customers these are closed within defined SLA	0	0	Based on SLA with customers these are closed within defined SLA
Other (please specify)	NA							

24	**Overview of the entity's material responsible business conduct issues** **Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.**

S.No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Operational Ecoefficiency	Opportunity	Operational Ecoefficiency will help Nelco to lower its operating cost.		Positive
2	Supply chain Management	Risk	Telecom service companies rely heavily on their suppliers to provide them with the necessary equipment and materials to operate their networks. Any disruption in the supply chain, such as delayed deliveries or product shortages, can have a significant impact on the company's operations and customer service.	Diversification of supplier-base, continual stakeholder engagement, and comprehensive supplier assessment aligned with global frameworks	Negative
3	Corporate Governance	Opportunity	A robust governance will help Nelco to achieve company's mission and create long-term value		Positive
4	Talent management and Human capital development	Opportunity	Proper talent management and skill enhancement can help Nelco to strengthen it's human capital which will give Nelco a competitive edge and reduce hiring cost		Positive
5	Waste Management	Opportunity	Waste management will help Nelco to optimize its waste generation at the same time will help to reuse and recycle which can reduce operational and material cost		Positive
6	Energy Management	Opportunity	Energy Management will help Nelco to reduce the cost of operation by means of increase in efficiency, and optimized energy use		Positive

S.No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Climate Strategy	Opportunity	A well-defined climate strategy and integration in risk management framework can help Nelco to mitigate and adapt to potential physical and transitional risk		Positive
8	Diversity, Equity and Inclusion	Opportunity	The DE&I approach can help Nelco to promote fair treatment and full participation of all employees i.e., groups of individuals, including people of different races, ethnicities, religions, abilities, genders, and sexual orientation. A diverse, equitable and inclusive ecosystem can help Nelco to respond to challenges, retain the top talent, and meet the needs of various stakeholder in a better way.		Positive
9	Community Development	Opportunity	Community development will help Nelco to contribute to the community and enhance their social reputation		Positive
10	Human Rights	Risk	As a responsible business enterprise, Nelco has a responsibility to respect human rights, comply with relevant rules and regulations. Human right issues can have actual and potential impact in Nelco's own operations, supply chain and business relationships	Nelco adheres to the Tata code of conduct that applies to Nelco and is committed to respecting human rights as outlined in international human rights standards. Nelco has established grievance redressal mechanisms to address human rights violations	Negative

S.No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
11	Occupational Health and safety	Opportunity	Better Occupational health and safety measures can prevent injury, create a better workplace by eliminating hazards and improves employee productivity. A healthy workplace can contribute positively to organization's growth and development		Positive
12	Cyber security and Data protection	Risk	Cyber security and data protection is vital for organization as data breach and cyber attack can potentially expose the organization to vulnerability leading to financial and reputational loss	• Cyber security and Data privacy policy as per global standards and implementation of procedural guidelines in true spirit. • Strict adherence to cyber security compliances and implementation of robust policies will help to mitigate the risk. • Nelco is certified for ISO/IEC 27001:2013, an international certification on information security management system (ISMS)	Negative
13	Stakeholder Engagement	Opportunity	Stakeholder engagement will enhance the trust in the company and help to increase their market presence		Positive
14	Customer Relationship Management	Opportunity	Customer relationship management can help business to stay connected to customers, streamline processes, redress grievances and improve productivity		Positive

S.No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
15	Business continuity and Risk Management	Risk	Identification of different threats like natural catastrophe, man-made disasters, or technological bottlenecks can help Nelco to prevent and minimize potential strategic or operational losses thereafter. Failure to have a proper business continuity framework and integration in risk management can compromise the organization's resilience and sustenance	• Nelco has established a risk management framework and policy based on which risks are identified and assessed across its business segments, • The Risk Management Committee(RMC) is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. • The Company's key risks are discussed with RMC on a half yearly basis. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.	Negative
16	Anti-bribery and Anti-corruption	Risk	Bribery and corruption are deceptive by nature. Each act or incident of bribery or corruption can taint not only the individuals involved, but an entire organization or process, leading to loss in reputation and brand equity	Nelco has Anti-bribery and Anti-corruption (ABAC) policy in place and it also adheres to the Tata Code of conduct which provides an ethical roadmap for all the employees. Regular trainings and checks on ABAC are also conducted to increase awareness and compliances.	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Integrating the principles of the National Guidelines for Responsible Business Conduct into the structures, policies and processes ensure that stakeholder interests are integrated into the business fabric. Creating adequate governance enables businesses to contribute towards wider development goals.

NGRBC Principles

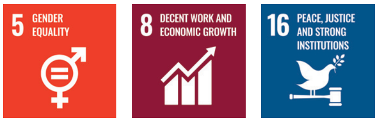
PRINCIPLE 1
Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable.

PRINCIPLE 2
Businesses should provide goods and service in a manner that is sustainable and safe.

PRINCIPLE 3
Businesses should respect and promote the well-being of all employees, including those in their value chains.

PRINCIPLE 4
Businesses should respect the interests of and be responsive to all its stakeholders.

PRINCIPLE 5
Businesses should respect and promote human rights.



PRINCIPLE 6
Businesses should respect and make efforts to protect and restore the environment.

PRINCIPLE 7
Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

PRINCIPLE 8
Businesses should promote inclusive growth and equitable development.

PRINCIPLE 9
Businesses should engage with and provide value to their consumers in a responsible manner.

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes										
1	**a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes, Policies as required by the applicable statutes are approved by the Board/ Committees, and other internal policies are approved by the Managing Director & CEO of the Company.								
	c. Web Link of the Policies, if available	All our policies are made available to respective stakeholders. Some of our policies are available on the Company's website at https://www.nelco.in/ for customers / suppliers etc. For employees they are available on our internal portal. Nelco Limited has the following policies: P1: Tata Group Code of Conduct (TCoC), Whistle Blower, Vigil Mechanism Policy P2: Safety Health & Environment (SHE), P3: Prevention of Sexual Harassment Policy (POSH), Occupational Health & Environment Policy, TCoC P4: TCoC P5: POSH Policy, TCoC P6: Safety Health & Environment (SHE), Occupational Health & Environment Policy P7: Code of conduct for Non-Executive Directors, Code of conduct for Prevention of Insider Trading P8: CSR Policy P9: Data Privacy and cyber security								
2	**Whether the entity has translated the policy into procedures. (Yes / No)**	Yes, the approved policies are translated into procedures.								
3	**Do the enlisted policies extend to your value chain partners? (Yes/No)**	Yes								
4	**Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.**	The policies conform to the spirit of international standards like TL 9000, ISO 27001, ISO 20000 and meet the regulatory requirements such as SEBI Listing Regulations etc. The policies reflect Tata groups commitment to improve the quality of life of the communities it serves and practice of giving back to the society.								
5	**Specific commitments, goals and targets set by the entity with defined timelines, if any.**	Yes, Nelco has developed a 5 year roadmap for their ESG journey. The company will develop ESG strategy this year to define our sustainability goals.								
6	**Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.**	Not applicable as this is the first year of reporting of targets								
Governance, Leadership and Oversight										

<table>
<tr><td>7</td><td colspan="10">Statement by director responsible for the business responsibility report, highlighting ESG-related challenges, targets and achievements

Climate change has emerged as one of the biggest risks faced by the humanity, with far reaching impact on the socioeconomic systems around the world. Additionally, inclusive growth and the transition to a sustainable economy have become the global agenda. Therefore, investors, regulators and other stakeholders are considering company's sustainability performance as important as its financial and operational performance. I am pleased to share with you our BRSR report which reiterates our commitment to become a sustainability leader by creating long-term value for stakeholders through an ESG-focused business strategy and roadmap.

Our goal is not just to adhere to compliance, but to transform every aspect of our business with sustainability trends, to ensure long-term value creation. We are in this journey together and we will contribute positively to create a sustainable ecosystem.</td></tr>
<tr><td>8</td><td>Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</td><td colspan="9">Name: PJ Nath
DIN: 05118177
Designation: Managing Director and CEO</td></tr>
<tr><td>9</td><td>Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.</td><td colspan="9">Name: PJ Nath
Designation: Managing Director and CEO</td></tr>
<tr><td>10</td><td>Details of Review of NGRBCs by the Company:</td><td>P1</td><td>P2</td><td>P3</td><td>P4</td><td>P5</td><td>P6</td><td>P7</td><td>P8</td><td>P9</td></tr>
<tr><td></td><td colspan="10">Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee</td></tr>
<tr><td></td><td>Performance against above policies and follow up action</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td></tr>
<tr><td></td><td>Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td><td>Yes</td></tr>
<tr><td></td><td colspan="10">Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)</td></tr>
<tr><td></td><td>Performance against above policies and follow up action</td><td colspan="9">The Board of Directors and its Committees meet quarterly and as and when required. BRSR issues (if any) are discussed in respective meetings.</td></tr>
<tr><td></td><td>Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances</td><td colspan="9">Yes, on need basis</td></tr>
<tr><td></td><td></td><td>P1</td><td>P2</td><td>P3</td><td>P4</td><td>P5</td><td>P6</td><td>P7</td><td>P8</td><td>P9</td></tr>
<tr><td>11</td><td>Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No).</td><td>No</td><td>No</td><td>No</td><td>No</td><td>No</td><td>No</td><td>No</td><td>No</td><td>No</td></tr>
<tr><td></td><td>If yes, provide name of the agency.</td><td colspan="9">Policies are currently evaluated internally and would be subjected to external audits as and when required.</td></tr>
</table>

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

The company is governed by the TATA Code of Conduct that ensures the group's values are imbibed within its operations. The Tata Code of Conduct emphasizes the importance of ethical behaviour, accountability, and responsible business practices, and serves as a guiding document for all Nelco employees and stakeholders to uphold the Tata Group's values and maintain the highest standards of corporate governance.

Apart from TATA COC Nelco has Code of Corporate Disclosure Practices, Anti-corruption and Anti-bribery Policy, Whistle Blower policy to prevent and detect potential misconduct or unethical behaviour early, thereby mitigating risks and protecting the organization's reputation, financial stability, and legal compliance.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programs on any of the principles during the financial year:

Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programs
Board of Directors	1	Posh, ethics, governance	100%
Key Management Personnel	1	Posh, ethics, governance	100%
Employees other than BODs and KMPs	18	Posh, ethics, governance, TCoC	100%
Workers	NA*		

**Nelco does not employ any workers as it is a service company.*

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.

a. Monetary

Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil	NA	NA	NA	NA
Settlement	Nil	NA	NA	NA	NA
Compounding fee	Nil	NA	NA	NA	NA

b. Non-Monetary

Type	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case		Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	NA	NA	NA	NA
Punishment	Nil	NA	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

NA

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes, Nelco is committed to prevent, deter and detect any bribery and other corrupt business practices. Being a Tata group company, Nelco abides by the Tata Code of Conduct (TCoC), which is a comprehensive document with an ethical roadmap for all Tata employees, companies, including third parties dealing with Nelco, thus covering 100% of its operations. Besides TCoC, Nelco also has an independent policy - Anti-bribery and Anti-corruption policy(ABAC). The guidelines in the (Anti-bribery Anti-corruption) ABAC policy supplement the TCoC. https://www.nelco.in/pdf/Policies/ABAC%20Policy.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	NIL	NIL
Workers	NIL	NIL

6. **Details of complaints with regard to conflict of interest:**

Topic	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	NA	NIL	NA
Number of complaints received in relation to issues of Conflict of Interest of KMPs	NIL	NA	NIL	NA

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not applicable, as no cases have been registered and no complaints have been received for FY23.

LEADERSHIP INDICATORS

1. **Awareness programs conducted for value chain partners on any of the principles during the financial year:**

The company engages with local service providers for procuring services of installation and Maintenance of remote VSAT terminals as well as maintenance of these. The company provides them with regular training for improving their capacity and capability for this activity. Capability building on POSH policies on any principles are conducted for the value chain partners.

Total number of training and awareness programs held	Topics/principles covered under the training and its impact	%age of persons in value chain covered by the awareness programs
8	Principle 1, Principle 4 and Principle 5	92%

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes, the Chairmanship of the Board is a non-executive position and separate from that of the Managing Director and Chief Executive Officer (Managing Director & CEO). The Code of Conduct for Non-Executive Directors (NEDs) and for Independent Directors (IDs) carries explicit clauses covering the avoidance of conflict of interest. Likewise, there are explicit clauses in the TCoC prohibiting any employee - including the Managing Director (MD) from accepting any position of responsibility, with or without remuneration, with any other organization without the Company's prior written approval. For MD such approval must be obtained from the Board.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Type	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	Details of improvement in social and environmental aspects
Research & Development (R&D)	0	0	-
Capital Expenditure (CAPEX)	0	0	-

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No):**

   b. **If yes, what percentage of inputs were sourced sustainably?**

   Nelco is engaged in the telecommunication services. The criteria for procuring the materials and services is reliability, quality and price. While all the vendors are obliged to follow and sign the Tata code of conduct during onboarding, Nelco confirms to follow guidelines with respect to environment, safety, human rights and ethics in all its sourcing activities. Conformance to labour principles and related laws are mandatory qualification requirements before finalizing any supply and services.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Product	Process to safely reclaim the product
a. Plastics (including packaging)	NA
b. E-Waste	The Company has its own product repair centre which maximises the product life, enables recycling and minimises waste. When a remote site is disconnected the electronic hardware and antenna are often relocated to alternative site and thereby effectively recycling the product. IT scrap and electronic waste are disposed through E-waste management service providers who are certified by Central Pollution Control Board and / the corresponding State Pollution Board.
c. Hazardous Waste	NA
d. Other Waste	NA

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Yes, EPR is applicable to the entity. Nelco has the authorization to collect the E-waste under the E- Waste (Management) Rules, 2016. Nelco has a plan to collect the waste from collection centers through their E-waste collection partners. Their logistics partner collects the waste from head collection centers and ships the E-waste to recycling partner Envicare Recycling Pvt Ltd.

LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No) If yes provide web-link
LCA is not conducted for any of the services				

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Sr. No.	Name of the product	Description of the risk	Action Taken
NA			

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
E-waste	92%	76%

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

Sr No.	Waste	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
		Re-used	Re-cycled	Safely disposed	Re-used	Re-cycled	Safely disposed
1	Plastics (including packaging)	NA	NA	NA	NA	NA	NA
2	E- waste (in MT)	NA	2.809	Pending for dispose	NA	2.96	0.856
3	Hazardous Waste	NA	NA	NA	NA	NA	NA
4	Other waste	NA	NA	NA	NA	NA	NA

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Not applicable. Nelco collects its products for recycling purpose through EPRA (Extended Producers Responsibility Authorization).

PRINCIPLE 3: Businesses should respect and promote the wellbeing of all employees, including those in their value chains.

ESSENTIAL INDICATORS

1. a. **Details of measures for the wellbeing of employees:**

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	%(C/A)	No.(D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)
Male	155	155	100%	155	100%	0	100%	0	0%	0	0%
Female	20	20	100%	20	100%	18	100%	0	0%	0	0%
Total	175	175	100%	175	100%	18	100%	0	0%	0	0%
Other than Permanent Employees											
Male	91	91	100%	91	100%	0	100%	0	0%	0	0%
Female	4	4	100%	4	100%	2	100%	0	0%	0	0%
Total	95	95	100%	95	100%	2	100%	0	0%	0	0%

b. Details of measures for the wellbeing of workers:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	%(C/A)	No.(D)	%(D/A)	No. (E)	%(E/A)	No. (F)	%(F/A)
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than Permanent Employees											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Not applicable, Nelco does not employ any contractual workers.

2. Details of retirement benefits, for Current FY and Previous Financial Year:

Sr.No.	Benefits	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority (Y/N/N.A.)
1	PF	100%	NA	Y	100%	NA	NA
2	Gratuity	100%	NA	Y	100%	NA	NA
3	ESI	5%	NA	Y	5%	NA	NA
4	Others-Please Specify*- Medical Insurance after retirement	10%	NA	Y	9%	NA	NA

**Nelco allows its employees to continue their company-purchased medical coverage at their at own cost.*

3. Accessibility of workplaces: Are the premises / offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Partial accessibility is granted to the differently-abled people by making the ground floor accessible and providing other healthcare facilities to them. In the upcoming projects, Nelco is planning to make the whole structure accessible to the differently-abled people. Nelco has a dedicated space for Creche facility. However, there was no request for a creche facility in the current financial year. This space is also utilized as a clinic for regularly visiting the doctor at the premises.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Nelco adheres to the TCoC which mentions the Equal Opportunity policy.

Link: https://www.nelco.in/investor-relation/corporate-governance.php, Pg 9,Section D: Our Employees

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention Rate
Male	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil

**No one went on Parental leave during FY 21-22 and 22-23. Parental leave is not included in the Leave policy*

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

Category	Yes/No	Details of the mechanism in brief
Permanent Workers	NA	Nelco does not employ any contractual workers.
Other than Permanent Workers	NA	
Permanent Employees	Yes	The Company has adopted a Whistle Blower & Vigil Mechanism Policy for establishing a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chief Ethics Counsellor (CEC)/Chairman of the Audit Committee of the Company for redressal.
Other than Permanent Employees	Yes	

7. **Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	%(D/C)
Permanent Employees						
Male	0	0	0%	0	0	0%
Female	0	0	0%	0	0	0%
Total	0	0	0%	0	0	0%
Permanent Workers- NA*						

No Union associations are present in Nelco.

** Nelco does not employ any contractual workers.*

8. **Details of training given to employees and workers:**

	Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
On Health and Safety Measures		Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received Skill Training (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received Skill Training (D)	%(D/C)
	Employees						
	Male	155	155	100%	152	152	100%
	Female	20	20	100%	17	17	100%
	Total	175	175	100%	169	169	100%
	Workers – NA*						

	Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
On Skill Upgradation		Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received Skill Training (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received Skill Training (D)	%(D/C)
	Employees						
	Male	155	155	100%	152	152	100%
	Female	20	20	100%	17	17	100%
	Total	175	175	100%	169	169	100%
	Workers- NA*						

** Nelco does not employ any contractual workers.*

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who had a career review (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who had a career review (D)	%(D/C)
Employees						
Male	155	155	100%	152	152	100%
Female	20	20	100%	17	17	100%
Total	175	175	100%	169	169	100%
Workers – NA*						

*Nelco does not employ any contractual workers.

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No)	Yes, Nelco has implemented an OHS policy. The policy has been published in our website and circulated internally to all concerned.
b. What is the coverage of such system?	This OHS management system is applicable to all our stakeholders working in our premises and involved in our business operations.
c. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	Nelco has online portal for reporting safety related hazards, incidents, observations. We have work permit system and SOPs which are strictly adhered to. This year, we introduced an online app to report the any safety related incidents.
d. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)	Yes, the process includes all employees and contractual workforce.
e. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes, the employees of the entity have access to non-occupational medical healthcare services.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	NA	NA
Total recordable work-related injuries	Employees	0	0
	Workers	NA	NA
No. of fatalities	Employees	0	0
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	NA	NA

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Nelco gives foremost priority to health and safety. The company places particular emphasis on establishing safety standards for office safety, field safety, working at heights safety, as well as electrical and fire safety. The Apex Safety Committee regularly meet to evaluate working conditions, incident reports, and risk assessments. The Works Committee ensures that safety regulations are being adhered to in all regions. The reporting of incidents and unsafe conditions are actively encouraged, and the committee examines the reported cases and corrective measures are taken to prevent them from happening again.

Safety precautions during onboarding

Every new employee at the organization receives a safety overview as part of the onboarding procedure. The office conducts frequent fire drills and training sessions for using fire equipment. Before getting integrated into the system, all the employees need to comply with the safety induction procedure. The business maintains a planned schedule for safety training in order to establish a culture of safety among its employees.

Welfare Measures

Nelco adopts a proactive and responsible approach to safeguard the welfare of its employees. Nelco also provides doctor at the premises, medical check up facilities for employees, virtual seminars on health topics, fitness related sessions, company vehicles to commute to work.

Regular workshops, health camps are held to increase awareness on health and hygiene. Throughout Safety Week, specific awareness sessions are given to inform everyone including vendors.

13. Number of Complaints on the following made by employees and workers:

Topic	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	No complaints received.	0	0	No complaints received.
Health & Safety	1	0	Minor on field injuries.	4	0	Minor on field injuries.
Total	1	0		4	0	

14. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Yes, Internal audits are conducted
Working Conditions	Yes, Internal audits are conducted

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Safety SOPs are implemented for all the contractual employees at the location/field. In order to ensure that the staff understands the dangers and take the appropriate safeguards, permit systems have been put in place. Special learning programmes, including Technical, Safety, Functional and Behavioural trainings were designed for contract employees and the Franchisee engineers. This year Nelco deployed a safety app to record the safety related incident. We are in the process of deploying the Driver safety application, which will measure driving behaviour while on the move.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Employees (Yes/No): Yes

Workers (Yes/No): NA

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

The company receives and reviews the compliance documents of the partners at the time of Invoicing process to ensure that the statutory dues have been paid. Our vendor agreement includes the clause to check the statutory dues of our vendors. The agreement also includes Nelco's rights to conduct audit of the vendors. Nelco ensures that the vendor duly pays their statutory dues such as ESIC, PF, Professional tax etc to the authorized department on time. Cross verification is done with vendors employees for timely payment of salary. Employee compliance documents are checked. Agreement contains statutory compliances and timely filling is checked.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Employees	NIL	NIL	NIL	NIL
Workers	NA	NA	NA	NA

**Nelco does not employ any contractual workers.*

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No).

Yes, The company provides a process by which retired employees may continue working for the company as consultants based on company's need and employee's acceptance.

5. Details on assessment of value chain partners:

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	Service partners are assessed for health and safety practices and working conditions. The vendors agreement includes clauses to conduct periodical audits of the vendors. The vendors also need to adhere to Nelco's Occupational Health, safety and Environment policy.

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   Every employee is required to complete online training on numerous safety subjects. Relevant workers receive specialized training in electrical safety. The value chain partners that deliver services to Nelco adhere to all statutory safety standards and OHS policy of Nelco.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. **Describe the processes for identifying key stakeholder groups of the entity:**

   Nelco conducted the Materiality assessment in the current financial year with the involvement of many stakeholder groups. The stakeholder engagement process entailed identifying key internal and external stakeholder groups, including leadership, employees, vendors, customers and third-party experts. After identification of the stakeholder groups, their relative importance to the business was analyzed by ascertaining their ability to influence and get influenced by Nelco's performance and operations. The sample sizes of different respondent groups and the mode of engagement were decided based on location and availability, including one-to-one discussions and online surveys.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders/Investors	No	E-mail, Meetings, Company website, Newspaper, Advertisements	Annually	Share price, Dividends, Growth prospects
Employees	No	Employee Portal, E-mail, Company website, MD open house, Notice Boards	Ongoing	Training and awareness, Health and safety, Engagement activities, Operational Efficiency
Suppliers	Yes	E-mails, Company website, One-on-one engagement	Ongoing	Timely delivery and payments, Safety concerns, Compliances, Collaborations
Customers	No	E-mails, Survey, Helpdesk, One-on-one engagement	Ongoing	Product Quality, Product guidelines
Local Communities	No	Volunteering	Ongoing	Community Development

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The Company management regularly interacts with key stakeholders i.e. investors, customers, suppliers, employees, etc through a variety of channels and at different intervals to understand their needs, solicit their ideas for improving our financial and non-financial performance.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, Materiality assessment which was conducted in FY 2022-23 included detailed interviews with selected stakeholder groups that helped us identify the material issues to focus on to accelerate our sustainable growth. The Materiality Assessment intends to determine environmental, social, governance topics that are central to corporate sustainability of the company. This assessment helped Nelco to highlight and prioritize the topics to draft an ESG strategy aligned to Nelco's business objectives and risks.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

There are no vulnerable/marginalized stakeholder groups identified by Nelco.

PRINCIPLE 5: Businesses should respect and promote human rights.

ESSENTIAL INDICATORS

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	175	175	100%	169	169	100%
Other than permanent	95	95	100%	100	100	100%
Total Employees	270	270	100%	269	269	100%
Workers-NA*						

**Nelco does not employ contractual workers*

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2022-23 (Current Financial Year)					FY 2021-22 (Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (B)	% (B/A)	No. (C)	% (C/A)
Employees										
Permanent Employees										
Male	152	0	-	152	100%	152	0	-	152	100%
Female	20	0	-	20	100%	17	0	-	17	100%
Other than Permanent Employees										
Male	91	0	-	91	100%	99	0	-	99	100%
Female	4	0	-	4	100%	1	0	-	1	100%
Total	270	0	-	270	100%	269	0	-	269	100%
Workers-NA*										

** Nelco does not employ contractual workers*

3. **Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	
Board of Directors (BoD)	**7**	**12,75,000**	**1**	**12,75,000**
Key Managerial Personnel*	2	59,16,768	0	0
Employees other than BoD and KMP	154	10,13,306	18	8,69,196
Workers	NA	NA	NA	NA

**MD is considered as KMP to calculate median of salaries*

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes, the company has POSH & Ethics, Safety and overall Audit committee responsible for addressing the human rights concerns. We have a ethics counselor who addresses the grievances with respect to human rights, etc. Such complaints are also discussed with the MD and have the timeline to be addressed in 90 days.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

The Company respects human rights and Its policies support, respects and protects the human rights of its direct as well as indirect employees, including those of its subsidiaries. The Company has adopted a Whistle Blower & Vigil Mechanism Policy for establishing a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chief Ethics Counsellor (CEC)/Chairman of the Audit Committee of the Company for redressal. The POSH committee redress any complaints related to sexual harassment. POSH policy covers Associates, Franchisee engineers and vendors too. The TCoC concerns are resolved through internal review mechanism by Ethics Counsellor and Senior Management Link: https://www.nelco.in/

6. **Number of Complaints on the following made by employees and workers:**

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	No cases were reported for FY 22-23	0	0	No cases were reported for FY 21-22
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/ Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other human rights related issues	0	0		0	0	

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

As part of Whistleblower Policy and POSH Policy, the Company has a section mentioned on the protection of identity of the complainant. All matters of discrimination and harassment are dealt in strict adherence to our policy.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes. We have a human rights clause in all of our contracts with suppliers which addresses issues including child labour, forced labour, discrimination, working conditions, remuneration, and disciplinary actions. Vendors are required to follow the clauses in the agreement and also provide procedures to deal with any breaches of such policies. The

Supplier Code of Conduct is also a provision of the contract and is essential for all of our vendors. The Supplier Code of Conduct covers labour laws, workplace regulations, and human rights.

9. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100% We ensure that there is no violation of child labour, forced labour, sexual harassment, discrimination, minimum wages in our operations by strict adherence to the statutory laws and our policies on the same.
Forced/involuntary labor	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not applicable as no major issues were reported upon which the corrective actions might be required. However, as a process we keep training new joinees and existing peoples on such requirements. No significant risk / concerns raised. However, our assessment by labour consultant, awareness on Ethics and reporting measures are continued efforts to employees and all stakeholders (EHS). We also keep training new people and existing people on such requirements as part of our process.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

Not applicable as monthly issues on human rights grievances/complaints are reported.

2. Details of the scope and coverage of any Human rights due diligence conducted.

Due diligence has not been conducted. However all Locations maintain 100% compliance of the statutory provisions.

3. Is the premise/office of the entity accessible to differently-abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, premises are accessible to the differently-abled people. Provisions are made for the differently-abled people on the ground floor premises. Accessibility to the differently-abled people will be considered under future Infrastructure Development Project.

4. Details on assessment of value chain partners:

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	100% Periodical vendor audits are conducted by Nelco for all its vendors. We ensure that there is strict adherence to the statutory laws and our policies on the same. We also ensure that our vendors pay the statutory dues such as ESIC, PF, PT etc. in timely manner.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable since no issues were reported to take any corrective actions

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A) (GJ)	8,135.28	8,478.59
Total fuel consumption (B) (GJ)	489.50	303.00
Energy consumption through other sources (C) (GJ)	0	0
Total energy consumption (A+B+C) (GJ)	**8,624.78**	**8,781.60**
Turnover (in INR lacs)	31,333	26,007
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (GJ/INR lacs)	**0.275**	**0.338**

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   PAT scheme is not applicable to Nelco.

3. **A. Provide details of the following disclosures related to water, in the following format:**

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	6,584	6,541
(iv) Seawater / desalinated water	0	0
(v) Others (Rainwater storage)	380	0
Total volume of water withdrawal (in KL) (i + ii + iii + iv + v)	**6,964**	**6,541**
Total volume of water consumption (in kilolitres)	**6,964**	**6,541**
Turnover (in INR Lacs)	**31,333**	**26,007**
Water intensity per rupee of turnover (Water consumed / turnover) (KL/INR lacs)	**0.222**	**0.252**

   B. Indicate if any independent assessment/ evaluation/assurance has been carried out Water Withdrawal and Consumption data by an external for agency? (Yes/No)

   No

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

   No, we have not implemented Zero Liquid Discharge mechanism

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	**Please specify unit**	**FY 2022-23 (Current Financial Year)**	**FY 2021-22 (Previous Financial Year)**
NOx	Kg	0.041	Not Available
SOx		0.057	Not Available
Particulate matter (PM)		0.253	Not Available
Persistent organic pollutants (POP)		Not Applicable	Not Applicable
Volatile organic compounds (VOC)		Not Applicable	Not Applicable
Hazardous air pollutants (HAP)		Not Applicable	Not Applicable

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions	tCO2e	37.19	23.02
Total Scope 2 emissions	tCO2e	1,604.46	1,648.62
Total Scope 1 & 2 emissions	tCO2e	1,641.65	1,671.63
Turnover	INR Lacs	31,333	26,007
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO2e/INR Lacs	0.052	0.064

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide detail**

NO

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste ***(A)***		
E-waste ***(B)***	3.041	3.886
Bio-medical waste ***(C)***	0	0
Construction and demolition waste ***(D)***	0	0
Battery waste ***(E)***	0	0
Radioactive waste ***(F)***	0	0
Other Hazardous waste. Please specify, if any. **(Oil Disposed)** ***(G)***	0.00033	Not available
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	0	0
Total (A+B + C + D + E + F + G+ H)	3.041	3.886
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled (E-waste)	2.809	2.96
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	2.809	2.96
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	0.8 (Oil and Battery waste)	0.856 (E-waste)
Total	0.8	0.856

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

All the E-Waste generated including transformer and DG used oil from our operations are disposed off through the certified e-waste vendor who is having the permission from Maharashtra Pollution Control Board (MPCB). The company prioritizes to focus on use of Restriction of Hazardous Substances (RoHS) compliant products.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	Dehradun Teleport	Monitoring and management of remote VSATs	Yes

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Nelco did not undertake any project for which EIA was the applicable as per the laws.

12. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Nelco is a service based company. Environmental laws are not applicable to the company.

S.No.	Specify the law/ regulation/ guidelines which was not complied with	Provide details of the non- compliance	Any fines/ penalties/ action taken by regulatory agency such as pollution control boards or by courts	Corrective action taken, if any
NA				

LEADERSHIP INDICATORS

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
From renewable sources in GJ		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C) in GJ	0	0
From non-renewable sources in GJ		
Total electricity consumption (D)	8,135,28	8,478,59
Total fuel consumption (E)	489.50	303.00
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F) in GJ	8,624.78	8,781.60

2. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area :

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	**FY 2022-23 (Current Financial Year)**	**FY 2021-22 (Previous Financial Year)**
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	6,584	6,541
(iv) Seawater / desalinated water	0	0
(v) Others	380	0
Total volume of water withdrawal (in kilolitres)	**6,964**	**6,541**
Total volume of water consumption (in kilolitres)	**6,964**	**6,541**
Turnover in INR Lacs	**31,333**	**26,007**
Water intensity (optional) – the relevant metric may be selected by the entity (kL/INR Lacs)	0.222	0.252
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) Into Groundwater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) Into Seawater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to Third parties	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to Third parties	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in kilolitres)	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not applicable as there is no impact of the entity as only a satellite teleport is situated in this area.

4. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives?**

Not Applicable. Nelco has initiated its journey for sustainability and is developing its roadmap.

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Yes,

Nelco has a Business Continuity Plan policy and procedures based on the ISMS framework in place for IT application and Infra. This policy emphasizes Nelco's need for business continuity to critical business processes that must be recovered in the event of a major disruption. The policy has been designed based on Operations need. Critical Disaster types have been identified under BCP with their typical recovery and handling methods.

BCP addresses all significant business processes and emphasize on:

- Identification of risks
- Identification of business requirements for continuity
- Quantification of impact of potential threat
- Establishing recovery priorities by defining Recovery Time

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

   Nelco did not undertake any assessment to measure the impact from its value chain.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impact**

   No value chain partners were assessed for environmental impact.

PRINCIPLE 7: Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

ESSENTIAL INDICATORS

1. **a) Number of affiliations with trade and industry chambers/ associations.**

   Currently, we are an active member of 2 associations as mentioned in the below table, which are Broadband India Forum (BIF) and Indian Space Association (ISpA). Managing Director & CEO of Nelco is the Chairperson of the Satcom Committee at BIF and ISpA.

   b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S.No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Broadband India Forum	Member
2	Indian Space Association	Founding Member

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of Authority	Brief of the case	Corrective action taken
No Such cases recorded		

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   No social impact assessments are conducted as of now mainly because our business does not have any major negative impact on the communities.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.**

   Not applicable, Nelco does not engage into projects where R&R activity is required.

3. **Describe the mechanisms to receive and redress grievances of the community.**

   Nelco has a mechanism to receive and address the grievances. For the local communities, we have email id's through which the people can raise their concerns. The email id's are - ethics@nelco.in and services@nelco.in it is also available on our company website.

4. Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ Small producers	**15%**	**17%**
Sourced directly from within the district and neighboring districts	**85%**	**83%**

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

None

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

No CSR project was undertaken in aspirational district.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No)

No

(b) From which marginalized/vulnerable groups do you procure?

NA

(c) What percentage of total procurement (by value) does it constitute?

NA

4. Details of beneficiaries of CSR Projects.

S. no	CSR Project	No of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalised group
1	E-Vidya, Nelco sponsored learning community center for school children at Thane, Maharashtra	135	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in responsible manner

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Customer centricity is one of the important aspects for company's business. Nelco has a robust system for tracking consumer complaints and feedback. The process for managing complaints involves a comprehensive protocol that includes registering complaints, conducting a root-cause analysis by the relevant department, direct interaction with the customer through various stakeholders if required, and ultimately resolving the issue with feedback from the customer

Customer complaints are received through the following sources:

i. Service Desk portal,

ii. E-mail address (helpdesk@nelco.in) or by calling and

iii. Registering of complaint at Help desk no 022-67918728

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information.

Type	As a percentage to total turnover
Environment and Social parameters relevant to product	Not Applicable
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Received during the year	**Pending resolution at the end of year**	**Remarks**	**Received during the year**	**Pending resolution at the end of year**	**Remarks**
Data privacy	NIL	NIL	No complaints were received in FY 22-23	NIL	NIL	No complaints were received in FY 21-22
Advertising	NIL	NIL		NIL	NIL	
Cyber-security	NIL	NIL		NIL	NIL	
Delivery of essential services	NIL	NIL		NIL	NIL	
Restrictive Trade Practices	NIL	NIL		NIL	NIL	
Unfair Trade Practices	NIL	NIL		NIL	NIL	
Others						

4. Details of instances of product recalls on account of safety issues

	Number	Reason for recall
Voluntary recalls	Since Nelco is not in the manufacturing business there is no defect of product for which these need to be recalled. As Nelco is in service industry, product are sold as enablers for service offering and if required these are repaired or replaced during Warranty/ AMC (Annual Maintenance Contract)	Not Applicable
Forced recalls	Not Applicable	Not Applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, Nelco is committed to protecting sensitive information and can help to build trust and confidence in its products and services. The company establishes and maintains effective controls to manage the confidentiality, integrity, and availability of its information assets.

Policy

Nelco has in place, board approved policies on Information security, Cybersecurity and Data Privacy. The Data Privacy policy is available for both external and internal areas, whereas the Information security and Cybersecurity policy is available on Intranet. Web-link: https://www.nelco.in/privacy-policy.php#

Certifications

Nelco is certified for ISO/IEC 27001:2013, an international certification on Information Security Management System (ISMS)

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No issues have been reported relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   Key services details may be accessed on https://www.nelco.in/ or https://www.nelco.in/key-services/vsat.php

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   Nelco's solutions are not intended for individual use; rather, they are designed to deliver satellite-based communication services in a Business to Business (B2B) environment. Nelco has issued guidelines to be followed by the client while on the site, which addresses the safety aspect of the consumers. These guidelines are informed to the customers by email during the contracting stage. Nelco also communicates the safety aspects and best practices to the consumers through presentations.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   In case there is a planned downtime of service, customers are informed in advance. All the approvals for the same are taken prior to the disruption.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)? If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes, product information over and above what is mandated as per local laws is provided to the consumers. As Nelco is providing service using technical products, display of product information on the product itself is not possible. However, these details are shared with the customer during pre-sale of the same.

   Yes, Service related surveys are conducted yearly by a 3rd party agency. Company conducts a formal Customer Satisfaction (CSAT) survey every year through a reputed external market research agency. The survey covers a very large part of the customer base of the Company. The survey helps to understand the customers concerns and be more responsive to their needs. The findings of the CSAT survey are discussed with all the relevant stake holders to arrive at the action points to improve the customer satisfaction levels.

5. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact**

      NIL

   b. **Percentage of data breaches involving personally identifiable information of customers**

      NIL

Standalone Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Nelco Limited ("the Company") which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the standalone Ind AS financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Assessment of contingent liabilities, provision for litigations (as described in Note 2.1(f) to the standalone Ind AS financial statements) As at March 31, 2023, the Company held provisions of ₹ 165 lakhs and disclosed contingent liabilities (to the extent not provided for) of ₹ 2,237 lakhs in respect of certain tax and other litigations.	Our audit procedures included the following: • We obtained an understanding and evaluated processes and controls designed and implemented by the Management for assessment of litigations. • We obtained the list of taxation and other litigation matters and communications with the authorities and vendors. We reviewed the supporting evidence and assessed Management's evaluation through discussions and inquiries made on both the probability of outcome and the magnitude of potential outflow of economic resources;

Key audit matters	How our audit addressed the key audit matter
The Company faces inquiries from tax authorities and regulatory authorities during tax assessment and legal proceedings during the normal course of business. There is a high level of Management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The Management's assessment is supported by legal opinions from independent tax consultants and legal experts obtained by the Management. We considered this to be a key audit matter as the outcome of the litigations/ inquiries is uncertain, including ensuring compliances with the various regulations and the positions taken by the Management are based on the application of material judgement, advice from tax consultants and legal experts and interpretation of law. The ultimate outcome of the litigations/inquiries could be different from the conclusion reached by the Management and may significantly impact the Company's financial position. The Company's disclosures are included in Note 2.1(f) and Note 36 and 39 to the financial statements which outlines the accounting ;policy for contingent liabilities and details of pending direct and indirect tax litigation and other cases disclosed as contingent liabilities.	• Where relevant, we read and relied upon the most recent legal opinion obtained by Management from independent tax consultants and external legal experts to assess development in all pending cases against the Company; • We read recent orders received from the tax and regulatory authorities and the Company's responses to such communications and assessed the current status of the litigations against the Company. For tax matters, we involved our tax specialists to assess Management's application and interpretation of tax legislation affecting the Company and to consider the quantification of exposures and settlements arising from the disputes with the tax authorities in the various tax jurisdictions

Other Information

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

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management 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 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) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

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

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

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

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 36 and 39 to the standalone Ind AS financial statements;

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

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

      iv. a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         b) The Management has represented that, to the best of its knowledge and belief no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act. As stated in note 11 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

vi. As provision to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

per Aniket Sohani
Partner
Membership Number: 117142
UDIN: 23117142BGYJAO2710

Mumbai
April 24, 2023

Annexure '1' referred to in clause 1 of paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Nelco Limited (the "Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment have been physically verified by the Management during the year and no material discrepancies were identified on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's does not require maintenance of inventories and accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in note 43 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the audited books of accounts of the Company.

(iii) (a) During the year the Company has stood guarantee as follows:

Particulars	Guarantees
Aggregate amount provided during the year	₹ 2,000 lakhs
- Subsidiary	Nelco Network Products Limited
Balance outstanding as at balance sheet date in respect of above case	₹ 9,200 lakhs

(b) During the year the guarantee provided and the terms and conditions of the grant of guarantee to its subsidiary are not prejudicial to the Company's interest.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) The Company has not advanced loans to directors including the entities in which they are interested to which provision of Section 185 of the Act apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provision of Section 186 of the Act in respect of investment, loan, securities and guarantees given have been complied by the company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

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

(vii) (a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, duty of customs, income-tax, cess and other statutory dues are applicable to it. The provisions relating to sales-tax, service tax, duty of excise, value added tax, and duty of excise are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, income-tax, sales-tax, service tax and value added tax, have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (₹)	Amount paid under protest	Forum where the dispute is pending
The Maharashtra Value Added Tax Act, 2002	Tax, Penalty and Interest	April 2006 to March 2011	3,836	-	Maharashtra Sales Tax Tribunal (MSTT).
The Maharashtra Value Added Tax Act, 2002	Tax, Penalty and Interest	April 2009 to March 2010	65	11	Maharashtra Sales Tax Tribunal (MSTT).
Central Goods and Services Tax Act, 2017	Tax, Penalty and Interest	July 17 to March 19	103	-	Assistant Commissioner CGST & Ex, Circle - VI
Central Goods and Services Tax Act, 2017	Tax, Penalty and Interest	FY 2017-2018	21	-	Assistant Commissioner CGST & Ex, Circle - VI
The Finance Act, 1994	Tax, Penalty and Interest	FY 2001-2005	179	-	Central Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Tax, Penalty and Interest	April 2016 to June 2017	183	-	Commissioner CGST & C.Ex, Belapur

Name of the statute	Nature of the dues	Period to which the amount relates	Amount (₹)	Amount paid under protest	Forum where the dispute is pending
The Finance Act, 1994	Tax, Penalty and Interest	2016-2017	224	-	Commissioner CGST & C.Ex, Belapur
The Finance Act, 1994	Tax, Penalty and Interest	April 2016 to June 2017	640	-	Commissioner CGST & C.Ex, Belapur
The Income Tax Act, 1961	Tax, Penalty and Interest	FY 2010-2011	497	528	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Interest	FY 2010-2011	178	-	DY-Comissioner Income Tax, 15(1)(2)
The Income Tax Act, 1961	Penalty	FY 2010-2011	420	-	Commissioner of Income Tax (A)
The Income Tax Act, 1961	Tax	FY 2020-2021	451	-	Commissioner of Income Tax (A)

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a)The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary. Hence, the requirement to report on clause (ix) (f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.

(xii) (a) The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the provisions of clause 3(xii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(xiii) Transactions with the related parties are in compliance with Sections 177 and 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has 6 Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 41 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) of the Order is not applicable to the Company.

(b) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(b) of the Order is not applicable to the Company.

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

per Aniket Sohani
Partner
Membership Number: 117142
UDIN: 23117142BGYJAO2710

Mumbai
April 24, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF NELCO LIMTED

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

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Nelco Limited (“the Company”) as of March 31, 2023 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 reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Aniket Sohani
Partner
Membership Number: 117142
UDIN: 23117142BGYJAO2710

Mumbai
April 24, 2023

Standalone Balance Sheet as at March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3(a)	5,087	3,999
(b) Capital work-in-progress	3(a)	125	242
(c) Right-of-use assets	3(b)(i)	995	1,100
(d) Other intangible assets	3(a)	477	390
(e) Financial assets			
(i) Investments	4	2,995	2,989
(ii) Other financial assets	5 (a)	17	190
(f) Deferred tax assets (net)	28 (a)	267	405
(g) Non-current tax assets (net)	6	492	994
(h) Other non-current assets	7 (a)	663	699
Total non-current assets		**11,118**	**11,008**
Current assets			
(a) Financial assets			
(i) Trade receivables	8	4,099	3,454
(ii) Cash and cash equivalents	9 (a)	1,269	478
(iii) Bank balances other than (ii) above	9 (b)	48	45
(iv) Loans	10	-	7
(v) Other financial assets	5 (b)	274	497
(b) Other current assets	7 (b)	916	367
Total current assets		**6,606**	**4,848**
TOTAL ASSETS		**17,724**	**15,856**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	11	2,282	2,282
(b) Other equity	12	7,832	6,174
Total equity		**10,114**	**8,456**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (a)	1,161	-
(ia) Lease liabilities	3(b)(ii)	858	974
Total non-current liabilities		**2,019**	**974**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13 (b)	464	1,750
(ia) Lease liabilities	3(b)(ii)	223	175
(ii) Trade payables	14		
(a) Total outstanding dues to micro and small enterprises		-	-
(b) Total outstanding dues to other than micro and small enterprises		1,227	1,297
(iii) Other financial liabilities	15	795	1,253
(b) Provisions	16	266	207
(c) Contract liabilities	17	2,374	1,506
(d) Other current liabilities	18	242	238
Total current liabilities		**5,591**	**6,426**
Total liabilities		**7,610**	**7,400**
TOTAL EQUITY AND LIABILITIES		**17,724**	**15,856**
Summary of significant accounting policies.	**1**		

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

As per our report of even date

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

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 08616830)

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

Aniket Sohani
Partner
Membership No. 117142
Place: Mumbai
Date : April 24, 2023

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 24, 2023

Standalone Statement of Profit and Loss for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Continuing operations			
(a) Revenue from operations	19	19,704	14,316
(b) Other income	20	268	259
Total income		**19,972**	**14,575**
Expenses			
(a) Purchase of stock-in-trade		27	43
(b) Operating expenses	21	10,790	8,005
(c) Employee benefits expense	22	2,339	2,115
(d) Other expenses	23	2,479	2,029
Total expenses		**15,635**	**12,192**
Profit before finance cost, tax and depreciation and amortization (PBITDA)		**4,337**	**2,383**
(e) Finance costs	24	337	219
(f) Depreciation & amortisation expense	25	1,065	835
Total finance costs and depreciation & amortisation expenses		**1,402**	**1,054**
Profit before tax from continuing operations		**2,935**	**1,329**
Tax expense			
- Current tax	27(a)	853	351
- Deferred tax (credit)/charge	27(a)	(6)	17
- Tax adjustment for earlier years pursuant to scheme		-	(61)
Total tax expenses		**847**	**307**
Profit from continuing operations (I)		**2,088**	**1,022**
Discontinued operations			
Earnings before tax from discontinued operations		-	116
Tax expense of discontinued operations	27(a)		
- Current tax		-	55
- Deferred tax (credit)		-	(26)
Total tax expense		**-**	**29**
Profit from discontinued operations (II)		**-**	**87**
Profit for the year (I+II)		**2,088**	**1,109**
Other comprehensive income			
Continuing operations			
Items that will not be reclassified to profit or loss in subsequent years			
- Net fair value gain on investments in equity shares at FVTOCI	26	6	-
- Remeasurement of post employment benefit obligations	26	(25)	(64)
Discontinued operations			
- Remeasurement of post employment benefit obligations	26	-	8
Other comprehensive (expense) for the year, net of income tax		**(19)**	**(56)**
Total comprehensive income for the year		**2,069**	**1,053**
- Continuing operations		2,069	958
- Discontinued operations		-	95
Total comprehensive income for the year, net of income tax		**2,069**	**1,053**
Earnings per share (face value of ₹ 10/- per share) (Basic and diluted)	38		
Continuing operations		9.15	4.48
Discontinued operations		-	0.38
Total operations		**9.15**	**4.86**

Summary of significant accounting policies. 1

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

As per our report of even date

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

Aniket Sohani
Partner
Membership No. 117142
Place: Mumbai
Date : April 24, 2023

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 08616830)

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

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 24, 2023

Standalone Statement of Cash Flows for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from		
Continuing operations	2,935	1,329
Discontinued operations	-	116
Profit before tax	**2,935**	**1,445**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	1,065	835
Finance costs	337	219
Interest income	(44)	(139)
Liabilities/provisions no longer required, written back	(54)	(76)
Loss on sale of property, plant & equipment	4	-
Impairment allowance (allowance for bad and doubtful debts)	9	(18)
Provision for dispute	99	66
Unrealised foreign exchange loss (net)	8	-
Operating profit before working capital changes	**4,359**	**2,332**
Movement in working capital		
Movements in assets		
- (Increase) in trade receivables	(654)	(1,299)
- Decrease/ (increase) in current financial assets - loans	7	(6)
- Decrease in non-current financial assets -loans	-	1
- Decrease/ (increase) in other current financial assets	223	(468)
- Decrease/ (increase) in other non-current financial assets	173	(55)
- (Increase) in other current assets	(549)	(80)
- Decrease in other non-current assets	36	14
Movements in liabilities		
- (Decrease) / increase in trade payables	(123)	35
- (Decrease) in non-current provisions	-	(159)
- (Decrease) / increase in other current financial liabilities	(178)	353
- Increase in contract liabilities	868	439
- Increase/ (decrease) in other current liabilities	4	(47)
- Increase/ (decrease) in current provisions	34	(23)
Cash generated from operations	**4,200**	**1,037**
Direct taxes paid (net of refunds)	(207)	150
Net cash flow generated from operating activities (A)	**3,993**	**1,187**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (net off capital work-in progress)	(2,215)	(1,156)
Proceeds from sale of property, plant and equipment / intangible assets	3	10
Proceeds from slump sale	-	2,591
Deemed investment - net of recoveries	-	(2,351)
Investment in subsidiary	-	(95)
Interest income received	44	139
Bank balance not considered as cash and cash equivalents	(3)	(10)
Net cash (used in) investing activities (B)	**(2,171)**	**(872)**

Standalone Statement of Cash Flows for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	8,600	7,151
Repayment of borrowings	(8,725)	(7,267)
Payment of principal portion of lease liabilities	(189)	(134)
Payment of interest portion of lease liabilities	(90)	(63)
Interest paid	(220)	(165)
Dividend paid	(407)	(271)
Net cash (used in) financing activities (C)	**(1,031)**	**(749)**
Net increase/ (decrease) in cash & cash equivalents [(A)+(B)+(C)]	**791**	**(434)**
Cash and cash equivalents at the beginning of the year	**478**	**912**
Cash and cash equivalents at the end of the year	**1,269**	**478**

Note:

Reconciliation of cash and cash equivalents as per cash flow statement

Cash and cash equivalents comprise of	As at March 31, 2023	As at March 31, 2022
Balance with banks in current accounts	1,223	443
Cash on hand	*	*
Cheques on hand	46	35
Total	**1,269**	**478**

*Below rounding off norms adopted by the Company.

Summary of significant accounting policies. 1

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

As per our report of even date

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

Aniket Sohani
Partner
Membership No. 117142
Place: Mumbai
Date : April 24, 2023

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 08616830)

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

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 24, 2023

Standalone Statement of Changes in Equity for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

A. Equity Share Capital

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

Particulars	Amount
As at March 31, 2021	**2,282**
Changes in equity share capital	-
As at March 31, 2022	**2,282**
Changes in equity share capital	-
As at March 31, 2023	**2,282**

B. Other Equity

Particulars	Attributable to equity shareholders			Total
	Reserves and Surplus		Reserve for FVTOCI Equity instrument	
	General Reserve	Retained Earnings		
As at March 31, 2021	**250**	**5,135**	**10**	**5,395**
Profit for the year	-	1,109	-	1,109
Dividend paid*	-	(274)	-	(274)
Other comprehensive income for the year (net of tax)	-	(56)	-	(56)
As at March 31, 2022	**250**	**5,914**	**10**	**6,174**
Profit for the year	-	2,088	-	2,088
Dividend paid*	-	(411)	-	(411)
Other comprehensive income for the year (net of tax)	-	(25)	6	(19)
As at March 31, 2023	**250**	**7,566**	**16**	**7,832**

*For financial year ended March 31, 2022, the Board of Directors had recommended a dividend of 18% (March 31, 2021: 12%) which was ₹ 1.80 (March 31, 2021: ₹ 1.20) per equity share of ₹ 10/- each, which is approved by shareholders in the Annual General Meeting of the Company held on July 8, 2022.

For financial year ended March 31, 2023, the Board of Directors have recommended a dividend of 20% (March 31, 2022: 18%) which is ₹ 2.00 (March 31, 2022: ₹ 1.80) per equity share of ₹ 10/- each. This is subject to approval at the annual general meeting by the members and liability is not recognised as at March 31, 2023.

Summary of significant accounting policies 1

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

As per our report of even date

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

Aniket Sohani
Partner
Membership No. 117142

Place: Mumbai
Date : April 24, 2023

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 08616830)

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

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 24, 2023

Notes to the Standalone Financial Statements for the year ended March 31, 2023

General Information

Nelco Limited herein after referred to as "the Company" was established in 1940. The Company is in the business of providing domestic satellite communication services to closed user group (CUG) networks via Satellite System on non-exclusive basis within the territorial boundary of India under the VSAT License granted by Department of Telecommunications (D.O.T.), Government of India.

The standalone financial statements are presented in Indian Rupee (INR) which is also functional and presentational currency of the Company. The standalone financial statements were reviewed by Audit committee and Board of Directors in its meeting held on April 24, 2023.

The Company is a subsidiary of The Tata Power Company Limited. The Company had two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) (till March 31, 2022) & Nelco Network Products Ltd. (NNPL).

The Company was engaged in providing end to end networking solutions (Satcom Projects) services, sale/rental of VSATs and maintenance of private hubs and hybrid networks for its customers (Equipment business and related services). TNSL was engaged in the Satellite Communication services (VSAT Bandwidth services) and NNPL commenced its operations in FY 2020-21.

During the previous year ended March 31, 2022, pursuant to the Scheme of Arrangement and Amalgamation (Scheme) [refer note 29], the Company had transferred Equipment business to NNPL on a "going concern" basis by way of a slump sale and TNSL has been merged with the Company. After amalgamation Company continued providing satellite Communication services.

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

1. Summary of Significant accounting policies

1.1 Basis of preparation

This note provides details 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.

a. Compliance with Ind AS

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

b. Historical Cost Convention

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

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- defined benefit and other long-term employee benefits;

c. Current versus non-current classifications

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;

Notes to the Standalone Financial Statements for the year ended March 31, 2023

- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

1.2 Property, plant and equipment

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

a. Capital work-in-progress

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

b. Depreciation methods, estimated useful lives and residual value

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

Estimated useful lives of the assets are as follows:

Type of Assets	Useful Life
Building	30 years
Plant & Machinery Radio frequency and baseband equipment Networking devices Teleport Antenna	 10 -12 years 6 years 15 years
Electrical installation	10 years
Furniture and fixture	10 years
Office Equipment Computer Hardware Others	 3 Years 5 Years
Vehicles	8 years

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

1.3 Intangible assets

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

License Fees – VSAT : Over the license period of 20 years from the date of license available for use

License Fees – ISP : Over the license period of 20 years from the date of license available for use

Testing software : 5 years

1.4 Impairment of non-financial assets

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

1.5 Financial instruments

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

A. Financial assets

a. Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 1.11 Revenue from contracts with customers.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

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

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

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

b. Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments):

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

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

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

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

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

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

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

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

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

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

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

Financial assets at fair value through profit or loss:

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

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

c. **Derecognition**

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

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

  i. the Company has transferred substantially all the risks and rewards of the asset, or

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

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

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

d. Impairment of financial assets

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

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

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

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

- Disclosures for significant assumptions – see Note 31
- Investment at fair value through OCI – see Note 4
- Trade receivables – see Note 8.

e. Income recognition

Interest Income

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

Dividend

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

B. Financial liabilities

a. Initial recognition and measurement

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

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

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

b. Subsequent measurement

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

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

Financial liabilities at fair value through profit or loss:

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

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

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

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

Financial liabilities at amortised cost (Loans and borrowings):

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

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

This category generally applies to borrowings. For more information refer note 13.

c. Derecognition

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

1.6 Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised at cost as per Ind AS 27 “Separate Financial Statements” in these standalone financial statements. (refer note 4)

Notes to the Standalone Financial Statements for the year ended March 31, 2023

1.7 Cash and cash equivalents

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

1.8 Trade receivable

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

1.9 Trade and other payables

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

1.10 Offsetting financial instruments

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

1.11 Revenue recognition

The Company earns revenue from providing domestic satellite communication services to closed user group (CUG) networks via Satellite System on non-exclusive basis (Bandwidth Services).

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

Revenue from bandwidth services is provided over the period of time, where it is received and consumed simultaneously by the customers and accordingly revenue is recognized over the period of performance and in the accounting period in which the services are rendered.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.

1.12 Foreign currency translation

a. Functional and presentation currency

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

b. Transactions and balances

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

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

1.13 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/loss in the Standalone Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through the Statement of Profit and Loss and the resulting exchange gains or losses are included in the Statement of Profit and Loss. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

1.14 Current and deferred tax

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

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

a. Current Tax

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

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

b. Deferred Tax

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

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

c. Minimum Alternate Tax (MAT)

Credit of MAT is recognised as deferred tax asset only when it is probable that taxable profit will be available against which the credit can be utilised. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss account. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is no longer probable that the Company will pay normal income tax during the specified period.

1.15 Leases

As a lessee

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

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

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

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

To determine the incremental borrowing rate, the Company:

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

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

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

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

As a lessor

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

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

1.16 Borrowing

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

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

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

1.17 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.

Notes annexed to and forming part of Standalone Financial Statements for the year ended March 31, 2022

1.18 Provisions and contingent liabilities

a. Provisions

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

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

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

b. Contingent liabilities

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

1.19 Employee benefits

a. Short-term obligations

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

b. Other long-term employee benefit obligations

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

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

c. Post-employment obligations (Defined Benefit Obligations)

The Company operates the following post-employment schemes:

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

Defined Benefit Plans

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

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

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

During the previous year Company has formed gratuity fund exclusively for gratuity payment to the employees. The gratuity liability amount is contributed to the approved gratuity fund formed. The gratuity fund has been approved by Income Tax authorities.

Defined contribution plans

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

Termination benefits

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

1.20 Segment reporting

The Company's Managing Director and CEO is identified as Chief Operating Decision Maker ('CODM') of the Company and CODM reviews and allocates resources for consolidated business i.e., Network Systems products and services and accordingly, it is a single operating segment.

1.21 Contributed equity

Equity shares are classified as equity.

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

1.22 Earnings per share

a. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company

Notes to the Standalone Financial Statements for the year ended March 31, 2023

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

b. Diluted earnings per share

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

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

1.23 Rounding of amounts

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

1.24 Measurement of PBITDA

The Company has elected to present profit before finance cost, tax and depreciation and amortization (PBITDA) as a separate line item on the face of the statement of profit and loss account. The Company measures PBITDA on the basis of profit from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance cost and tax expense.

2. Critical estimates and judgements and key sources of estimation uncertainty:-

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

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

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

a) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple goods and services to a customer. The Company assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Each revenue component is recognised based on the policy noted in Note no 1.11 above.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered.
- Contract fulfilment costs are expensed as incurred.

b) Estimation of defined benefit obligation

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

d) Recognition of deferred tax assets

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

e) Expected credit Loss on trade receivables

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

f) Estimation of provisions & contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision or contingent liability. (refer note 36 and note 39).

g) Leases

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

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

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics [refer note 3(b)].

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 3(a) : Property, plant and equipment, intangible assets and capital work-in-progress

Description	Property, plant and equipment							Intangible assets		
	Building	Plant and machinery	Electrical installation	Furniture and fixtures	Vehicles	Office equipment	Total Property, plant and equipment	Testing software	Licenses	Total intangible assets
Cost										
Balance as at April 1, 2022	163	6,827	104	60	61	200	7,415	479	271	750
Additions	-	1,783	-	-	-	66	1,849	112	60	172
Disposals	-	-	-	(5)	(19)	(10)	(34)	-	-	-
Balance as at March 31, 2023	**163**	**8,610**	**104**	**55**	**42**	**256**	**9,230**	**591**	**331**	**922**
Accumulated depreciation and impairment										
Balance as at April 1, 2022	93	3,007	99	44	33	140	3,416	319	41	360
Additions	13	699	2	2	7	31	754	68	17	85
Disposals	-	-	-	(4)	(13)	(10)	(27)	-	-	-
Balance as at March 31, 2023	**106**	**3,706**	**101**	**42**	**27**	**161**	**4,143**	**387**	**58**	**445**
Net carrying amount as at March 31, 2023	**57**	**4,904**	**3**	**13**	**15**	**95**	**5,087**	**204**	**273**	**477**
Cost										
Balance as at April 1, 2021	163	5,892	104	61	61	185	6,466	415	21	436
Additions	-	935	-	7	-	40	982	64	250	314
Disposals	-	-	-	(8)	-	(25)	(33)	-	-	-
Balance as at March 31, 2022	**163**	**6,827**	**104**	**60**	**61**	**200**	**7,415**	**479**	**271**	**750**
Accumulated depreciation and impairment										
Balance as at April 1, 2021	80	2,437	97	50	26	134	2,824	248	18	266
Additions	13	561	2	2	7	30	615	71	23	94
Disposals	-	9	-	(8)	-	(24)	(23)	-	-	-
Balance as at March 31, 2022	**93**	**3,007**	**99**	**44**	**33**	**140**	**3,416**	**319**	**41**	**360**
Net carrying amount as at March 31, 2022	**70**	**3,820**	**5**	**16**	**28**	**60**	**3,999**	**160**	**230**	**390**

Ageing of capital work-in-progress	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Balance as at March 31, 2023	125	-	-	-	**125**
Balance as at March 31, 2022	242	(-)	(-)	(-)	**242**

Note:-

1) Property, plant and equipment pledged as security by the Company (refer note 34).

2) Contractual obligations in respect of capital commitment for acquisition of property, plant and equipment (refer note 45).

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 3(b) : Right-of-use assets and lease liabilities

3(b)(i) The Company as lessee

- Asset acquired on finance lease represents Leasehold land. The total lease term is 95 years, remaining lease term is 61 years as on March 31, 2023. The Company does not have an option to purchase the land at the end of the lease term. Company has taken premises on lease along with certain equipment for term of 5 years to 10 years.
- Also Company has taken motor vehicle on lease which have lease term varying from 2 years to 5 years.
- The effective interest rate for lease liabilities is from 8.00% to 9.95%.
- The Company is restricted from assigning and subleasing the leased assets.

a. Right of use asset

Description	Leasehold premises & equipment	Motor vehicle	Total
Cost			
Balance as at April 1, 2022	1,504	-	1,504
Additions	-	121	121
Disposals	-	-	-
Balance as at March 31, 2023	**1,504**	**121**	**1,625**
Accumulated amortisation			
Balance as at April 1, 2022	404	-	404
Additions	208	18	226
Disposals			-
Balance as at March 31, 2023	**612**	**18**	**630**
Net carrying amount as at March 31, 2023	**892**	**103**	**995**
Cost			
Balance as at April 1, 2021	667	-	667
Additions	837	-	837
Disposals	-	-	-
Balance as at March 31, 2022	1,504	-	1,504
Accumulated amortisation			
Balance as at April 1, 2021	246	-	246
Additions	158	-	158
Disposals	-	-	-
Balance as at March 31, 2022	**404**	**-**	**404**
Net carrying amount as at March 31, 2022	**1,100**	**-**	**1,100**

3(b)(ii) Lease liability

Description	As at April 1, 2022	During the year			As at March 31, 2023
		Additions	Accrued finance cost	Payments	
Leasehold premises	1,149	-	85	258	976
	(445)	(838)	(63)	(197)	(1,149)
Motor vehicle	-	121	5	21	105
	-	-	-	-	-
Total	**1,149**	**121**	**90**	**279**	**1,081**
	(445)	**(838)**	**(63)**	**(197)**	**(1,149)**
Current	175				223
	(297)				(175)
Non Current	974				858
	(148)				(974)
Total	**1,149**	**-**	**-**	**-**	**1,081**
	(445)	**-**	**-**	**-**	**(1,149)**

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

c. Amount recognised in Statement of profit or loss

Amount recognised in Statement of profit or loss	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation of Right-of-use assets	226	158
Interest on lease liabilities	90	63
Expenses related to short term leases	-	-

d. Amount recognised in statement of cash flows

Amount recognised in statement of cash flows	Year ended March 31, 2023	Year ended March 31, 2022
Total cash outflow of leases	279	197

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 4 : Non current investments

Particulars	As at March 31, 2023		As at March 31, 2022	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments at amortised cost (Unquoted, fully paid, at cost)				
Investment in subsidiary				
Nelco Network Products Limited (refer note below)	1,000,000	2,973	1,000,000	2,973
Investments at fair value through OCI (Unquoted, fully paid)				
Technopolis Knowledge Park Limited [net of impairment of ₹181 Lakhs (March 31, 2022: ₹181 Lakhs)]	1,810,000	-	1,810,000	-
Zoroastrian co-operative Bank Limited	6,000	22	6,000	16
Total equity instruments		**2,995**		**2,989**
Total investments		**2,995**		**2,989**
Aggregate value of unquoted investments		**2,995**		**2,989**
Aggregate amount of impairment in the value of investments		**(181)**		**(181)**

Notes:-

Particulars	As at March 31, 2023		As at March 31, 2022	
	Numbers	Amount	Numbers	Amount
Opening investment in Nelco Network Products Limited	1,000,000	2,973	50,000	5
Add: Addition during the year	-	-	950,000	95
Add: Deemed investment (refer note 29)	-	-	-	2,873
Total	**1,000,000**	**2,973**	**1,000,000**	**2,973**

Note 5 (a) : Other non current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured considered good, unless otherwise stated)		
Security deposit	-	88
Balances held as margin money against bank guarantees	17	102
Total	**17**	**190**

Note 5 (b) : Other current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured considered good, unless otherwise stated)		
Security deposit	274	497
Total	**274**	**497**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 6 : Non-current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	994	1,535
Add : Tax deducted at source and advance tax	576	424
Add :- Mat credit utilised during the year	144	136
Add: Current tax for earlier years	-	34
Less: Income tax refund	(369)	(767)
Less: Current tax payable for the year	(853)	(352)
Less: Interest on current tax	-	(16)
Total	**492**	**994**

Note 7 (a) : Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with government authorities	102	116
Payment under protest	537	552
Prepaid expenses	24	31
Total	**663**	**699**

Note 7 (b) : Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	80	79
Advance to suppliers	471	31
Balance with government authorities	153	254
Others	212	3
Total	**916**	**367**

Note 8 : Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables from contract with customers		
- Trade receivables - considered good- secured	-	-
- Trade receivables - considered good- unsecured	2,552	2,194
- Trade receivables which have significant increase in credit risk	64	64
- Trade receivables- credit impaired	54	54
Total	**2,670**	**2,312**
Trade receivables from contract with customers- related parties (refer note 37)	156	132
Less : Impairment allowance (allowance for bad and doubtful debts)	(118)	(118)
Total	**2,708**	**2,326**
Unbilled receivables	1,391	1,128
Total	**4,099**	**3,454**

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment						As at March 31, 2023
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	2,182	427	49	50	-	-	2,708
ii. Undisputed trade receivables-which have significant increase in credit risk	40	9	1	1	13	-	64
iii. Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
iv. Disputed trade receivables- considered good	-	-	-	-	-	-	-
v. Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed trade receivables- credit impaired	-	-	-	-	16	38	54
Total	**2,222**	**436**	**50**	**51**	**29**	**38**	**2,826**
Impairment allowance	(40)	(9)	(1)	(1)	(29)	(38)	(118)
Total	**2,182**	**427**	**49**	**50**	**-**	**-**	**2,708**

Particulars	Outstanding for following periods from due date of payment						As at March 31, 2022
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	1,282	948	56	40	-	-	2,326
ii. Undisputed trade receivables-which have significant increase in credit risk	35	26	2	1	-	-	64
iii. Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
iv. Disputed trade receivables- considered good	-	-	-	-	-	-	-
v. Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed trade receivables- credit impaired	-	-	-	15	39	-	54
Total	**1,317**	**974**	**58**	**56**	**39**	**-**	**2,444**
Impairment allowance	(35)	(26)	(2)	(16)	(39)	-	(118)
Total	**1,282**	**948**	**56**	**40**	**-**	**-**	**2,326**

Unbilled receivables ageing schedule

Particulars	Ageing of unbilled receivables					As at March 31, 2023
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Unbilled receivables	1,391	-	-	-		1,391
Total	**1,391**	**-**	**-**	**-**	**-**	**1,391**

Particulars	Ageing of unbilled receivables					As at March 31, 2022
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Unbilled receivables	1,029	99	-	-	-	1,128
Total	**1,029**	**99**	**-**	**-**	**-**	**1,128**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 9 (a) : Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks:-		
- on current accounts	1,223	443
Cheques on hand	46	35
Cash on hand	*	*
Total	**1,269**	**478**

*Below rounding off norms adopted by the Company

Note 9 (b) : Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
In earmarked accounts		
Unclaimed dividend accounts	14	10
Balances held as margin money against letter of credit and bank guarantees	34	35
Total	**48**	**45**

Note 10 (a) : Current loans

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Loans to employees	-	7
Total	**-**	**7**

Note 11 : Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised share capital:		
3,00,00,000 (3,00,00,000 as at March 31, 2022) equity shares of ₹10/- each	3,000	3,000
25,00,000 (25,00,000 as at March 31, 2022) redeemable preference shares of ₹100/- each	2,500	2,500
	5,500	**5,500**
Issued equity share capital:		
2,28,18,400 (2,28,18,400 as at March 31, 2022) equity shares of ₹10/- each	2,282	2,282
	2,282	**2,282**
Subscribed and paid-up share capital:		
2,28,17,461 (2,28,17,461 as at March 31, 2022) equity shares of ₹10/- each	2,282	2,282
Total	**2,282**	**2,282**

Notes:

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the year	2,28,17,461	2,282	2,28,17,461	2,282
Issued during the year	-	-	-	-
Outstanding at the end of the year	**2,28,17,461**	**2,282**	**2,28,17,461**	**2,282**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(ii) Shares held by holding company, the ultimate holding company, their subsidiaries and associates

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited [50.08% (March 31, 2022 : 50.08) (Holding Company)]	1,14,27,940	1,143	1,14,27,940	1,143

(iii) Terms and rights attached to equity shares

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

The Board of directors have recommended dividend of ₹ 2.00 per equity share for the year ended March 31, 2023. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(iv) Details of shareholder holding more than 5% of the shares in the Company as at March 31, 2023 and March 31, 2022:

Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited	1,14,27,940	50.08%	1,14,27,940	50.08%

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

(v) Shareholding of the promoter in the Company as at March 31, 2023 and March 31, 2022:

Promoter's Name	No of share	% total shares	% changed during the year
The Tata Power Company Limited	1,14,27,940	50.08%	Nil

(vi) 939 shares (March 31,2022:939 shares) are kept in abeyance out of the rights issued in the year 1994 pending for final allotment.

(vii) There are no shares bought back or allotted either as fully paid up by way of bonus shares or allotted under any contract without payment received in cash during 5 years immediately preceding March 31, 2023.

Note 12 : Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve - Refer (i) below	250	250
Retained earnings - Refer (ii) below	7,566	5,914
Other Reserve - Reserve for FVTOCI Equity instrument Refer (iii) below	16	10
Total	**7,832**	**6,174**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(i) General reserve

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	250	250
Addition during the year	-	-
Closing balance	**250**	**250**

(ii) Retained earnings

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	5,914	5,135
Net profit for the year	2,088	1,109
Less :- Dividend paid	(411)	(274)
Other comprehensive income/(loss) (net of tax)	(25)	(56)
Closing balance	**7,566**	**5,914**

(iii) Other Reserve - Reserve for FVTOCI Equity instrument

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	10	10
Changes in fair value of FVTOCI equity instrument	6	-
Closing balance	**16**	**10**

General reserve

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

Retained earnings

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

Reserve for FVOCI equity instruments

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

Note on dividend:-

*For financial year ended March 31, 2022, the Board of Directors had recommended a dividend of 18% (March 31, 2021: 12%) which was ₹1.80 (March 31, 2021: ₹1.20) per equity share of ₹10/- each, which is approved by shareholders in the Annual General Meeting of the Company held on July 8, 2022.

For financial year ended March 31, 2023, the Board of Directors have recommended a dividend of 20% (March 31, 2022: 18%) which is ₹2.00 (March 31, 2022: ₹1.80) per equity share of ₹10/- each. This is subject to approval at the annual general meeting by the members and liability is not recognised as at March 31, 2023.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 13 (a) : Non-current borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
Long Term Loans from Banks (refer note below)	1,161	-
Total	**1,161**	**-**

Note 13 (b) : Current borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
Term loans from banks (refer note below)	-	1,750
	-	1,750
Secured		
Current maturities of long-term debt (refer note below)	464	-
Total	**464**	**1,750**

Notes:

(i) The carrying amounts of financial and non-financial assets pledged as security for current borrowings are given in note 34.

(ii) Disclosure related to returns filed with banks with respect to working capital facilities are given in note 43.

(iii) Details of borrowings are as follows:

Particulars	As at March 31, 2023		As at March 31, 2022		Terms of repayment	Rate of interest (p.a)	Nature of security
	Non-Current	Current	Non-Current	Current			
Term loan from Bajaj Finance Limited	1,161	464	-	-	Payable in remaining 14 quarterly instalments	1 year MCLR+ Spread	VSAT assets installed min security cover 1.25x at all times
Term loan from Shinhan Bank	-	-	-	1,200	Payable on demand	3 months MCLR+ 1%	Unsecured
Term loan from ICICI Bank Limited	-	-	-	550	Payable on demand	MCLR 1 year+1.3%	Unsecured
Total	**1,161**	**464**	**-**	**1,750**			

Note 13 (c) : Changes in liabilities arising from financing activities

Net debt reconciliation

Particulars	As at March 31, 2023	As at March 31, 2022
Cash & cash equivalents	1,269	478
Current borrowings	-	(1,750)
Non current borrowings (including current maturities of long term debt)	(1,625)	-
Lease obligation	(1,081)	(1,149)
Total	**(1,437)**	**(2,421)**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Other assets	Liabilities from financial activities			Total
	Cash & Bank overdrafts	Current borrowings	Non current borrowings (including current maturities of long term debt)	Lease obligation	
Net debt as at April 1, 2021	**912**	**(1,867)**	**-**	**(445)**	**(1,400)**
Addition during the year	-	-	-	(838)	(838)
Cash flow	(434)	117	-	134	(183)
Interest expenses	-	(133)	-	(63)	(196)
Interest paid	-	133	-	63	196
Net debt as at March 31, 2022	**478**	**(1,750)**	**-**	**(1,149)**	**(2,421)**
Addition during the year	-	-	-	(121)	(121)
Cash flow	791	1,750	(1,625)	189	1,105
Interest expenses	-	(93)	(80)	(90)	(263)
Interest paid	-	93	80	90	263
Net debt as at March 31, 2023	**1,269**	**-**	**(1,625)**	**(1,081)**	**(1,437)**

Note 14 : Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (refer note 46 for details of dues to micro and small enterprises)	-	-
Trade payable to related parties (refer note 37)	57	74
Total outstanding dues of creditors other than micro enterprises and small enterprises and related parties	1,170	1,223
Total	**1,227**	**1,297**

Trade payable ageing schedule

Particulars	Unbilled	Outstanding for following periods from due date of payment				As at March 31, 2023
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**809**	**283**	**37**	**1**	**97**	**1,227**
Disputed	-	-	-	-	-	-
Undisputed	809	283	37	1	97	1,227
Total (A+B)	**809**	**283**	**37**	**1**	**97**	**1,227**

Notes to the Standalone Financial Statements for the year ended March 31, 2023
(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Unbilled	Outstanding for following periods from due date of payment				As at March 31, 2022
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**747**	**427**	**4**	**-**	**119**	**1,297**
Disputed	-	-	-	-	93	93
Undisputed	747	427	4	-	26	1,204
Total (A+B)	**747**	**427**	**4**	**-**	**119**	**1,297**

Note 15 : Other current financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued	82	55
Employee related payables	639	595
Capital creditors	27	338
Unclaimed dividend (refer note below)	14	10
Amount payable to Nelco Network products Limited (refer note 37)	33	255
Total	**795**	**1,253**

Note: There is no amount due and outstanding, to be credited to Investor Education and Protection Fund.

Note 16 : Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Compensated absences (refer note 35)	101	90
	101	**90**
Provision-others:		
Provision for disputes (refer note 36)	165	117
Total	**266**	**207**

Note 17 : Contract Liabilties

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred revenue	2,127	1,330
Advance from customers	247	176
Total	**2,374**	**1,506**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note:

Revenue recognised in relation to contract liabilities

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

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	1,330	856
Deferred during the year	2,127	1,330
Recognised as revenue during the year	(1,330)	(856)
Total	**2,127**	**1,330**

Note 18 : Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	242	238
Total	**242**	**238**

Note 19 : Revenue from operations

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of services		
- Satellite communication services	19,462	14,180
- Internet services	238	93
Sale of products	4	43
Total	**19,704**	**14,316**

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue as per contracted price	20,238	14,271
Adjustments for:		
Unbilled revenue		
Opening balance	(1,128)	(433)
Closing balance	1,391	1,128
	263	695
Contract liabilities		
Opening balance	1,330	856
Closing balance	(2,127)	(1,506)
	(797)	(650)
Total	**19,704**	**14,316**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 20 : Other income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest Income:		
- On bank deposits	3	5
- On income tax refund	41	134
	44	**139**
Other non-operating income		
- Guarantee Commission from subsidiary	18	-
- Liabilities/provisions no longer required, written back (net)	54	76
- Rent income	3	-
- Others	5	2
	80	**78**
Other gains		
- Foreign exchange gain (net)	123	42
- Unwinding of discount on financial asset measured at amortised cost	21	-
	144	**42**
Total	**268**	**259**

Note 21 : Operating expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
License fees	2,364	1,743
Transponder charges	7,906	5,771
Connectivity charges	416	374
ISP monitoring & support charges	3	-
Standing Advisory Committee on Radio Frequency Allocation (SACFA) Fees	101	117
Total	**10,790**	**8,005**

Note 22 : Employee benefits expense

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	2,131	1,919
Contributions to provident fund (refer note 35)	72	64
Contributions to superannuation and other funds (refer note 35)	13	14
Gratuity (refer note 35)	20	32
Staff welfare expenses	103	86
Total	**2,339**	**2,115**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 23 : Other expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Bank charges	53	49
Power and fuel	174	133
Repairs and maintenance - others	1,031	709
Rates and taxes	51	134
Travelling and conveyance	214	87
Provision for disputes	99	66
Legal and professional charges	201	337
Consultancy charges	97	-
Payment to auditors (refer note below)	46	38
Bad debts written off	9	9
Less: Provision for doubtful debts made in earlier years written back	(9)	(9)
Impairment allowance (allowance for bad and doubtful debts)	9	(19)
Loss on sale of property, plant and equipment (net)	4	-
Sales commission	95	88
Software expenses	75	75
Vehicle charges	77	111
Telephone charges	25	23
Directors sitting fees	47	57
Miscellaneous expenses	181	126
Corporate social responsibility expenses (refer note 42)	-	15
Total	**2,479**	**2,029**

Note: Payment to auditors (excluding Goods and Service Tax)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Payments to the auditors comprises		
Audit fee	16	24
Tax audit fee	1	1
Other services	26	12
Reimbursement of expenses	3	1
Total	**46**	**38**

Note 24 : Finance costs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on:		
- Borrowings	187	133
- Trade payables	60	47
- Leased liabilities	90	63
Less: capitalisation	-	(24)
Total	**337**	**219**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 25 : Depreciation and amortisation expense

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On property, plant and equipment (refer note 3(a))	754	615
On intangible assets (refer note 3(a))	85	94
On right of use assets (refer note 3(b))	226	158
	1,065	867
Less: capitalisation	-	(32)
Total	**1,065**	**835**

Note 26 : Other Comprehensive Income - Items that will not be reclassified to profit or loss

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Continued Operations		
Net fair value gain on investments in equity shares at FVTOCI	6	-
Remeasurement of post employment benefit obligations (refer note 35)	(25)	(64)
Discontinued Operations		
Remeasurement of post employment benefit obligations (refer note 35)	-	8
Total other comprehensive income	**(19)**	**(56)**

Note 27 : Current and deferred tax

27 (a) Statement of profit and loss:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(a) Income tax expense		
Current tax		
Current tax on profits for the year	853	406
Current tax on profits for the earlier years	-	(34)
Interest on current tax	-	16
Total current tax expense (A)	**853**	**388**
Deferred tax		
Decrease / (Increase) in deferred tax assets	23	(64)
(Increase) in deferred tax assets for earlier years	-	(43)
(Decrease) / Increase in deferred tax liabilities	(29)	52
Other adjustment	-	3
Total deferred tax benefit (B)	**(6)**	**(52)**
Income tax expense (A+B) attributable to :	**847**	**336**
Continuing operation	847	307
Discontinued operation	-	29

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit from continuing operation before Income tax expenses	2,935	1,329
Profit from discontinued operation before Income tax expenses	-	116
Total Profit for the year	**2,935**	**1,445**
Applicable tax rate of the reporting entity	29.12%	29.12%
Applicable tax rate of discontinued operations	-	25.17%
Tax at the Indian Statutory Tax Rate	855	416
Tax adjustment related to earlier years		
Deferred tax created on temporary differences in related to earlier years	-	(43)
Income tax provision made for earlier year, including interest	-	(18)
Other Items		
Others	(8)	(19)
Total tax expense	**847**	**336**

Note 28 : Income tax

a. Components and movements of deferred tax assets / (liability) (net):

Particulars	As at April 1, 2021	Recognised in the statement of profit and Loss	MAT Credit availed	As at March 31, 2022	Recognised in the statement of profit and Loss	MAT Credit (utilisation)	As at March 31, 2023
	(A)	(B)	(C)	(D=A+B+C)	(E)	(F)	(G=D+E+F)
i. Items of deferred tax liabilities:							
Property, plant and equipment and intangible assets	-	-	-	-	1	-	1
Right-of-use assets	266	54	-	320	(30)	-	290
Amortisation of processing charges on borrowing	2	(2)	-	-	-	-	-
Total deferred tax liability (i)	**268**	**52**	**-**	**320**	**(29)**	**-**	**291**
ii. Items of deferred tax assets:							
Property, plant and equipment and intangible assets	13	12	-	25	(25)	-	-
Lease liability	276	59	-	335	(20)	-	315
Disallowances under Section 43B of the Income Tax Act, 1961, provision for legal dispute and investment impairment	144	(70)	-	74	(5)	-	69
Allowance for doubtful trade receivables and deposits	-	34	-	34	-	-	34
Allowance u/s 35 DDA and 35DD of Income Tax Act, 1961	33	(10)	-	23	(5)	-	18
Credit of Minimum Alternate Tax u/s 115 JAA of Income Tax Act, 1961	26	-	118	144	-	(144)	-
Others	126	(36)	-	90	32	-	122
Total deferred tax assets (ii)	**618**	**(11)**	**118**	**725**	**(23)**	**(144)**	**558**
Net deferred tax assets (ii-i)	**350**	**(63)**	**118**	**405**	**6**	**(144)**	**267**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 29 : Scheme of internal restructuing

a) Description

(A) The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to

(i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following:

(a) Integrated Security and Surveillance Solution ('ISSS') business and

(b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and

(ii) the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme).

(B) The Proposed Scheme was approved by National Company Law Tribunal ('NCLT') on November 2, 2018. During the quarter ended June 2021 the Company has received approval from Department of Telecommunications (DoT) on June 9, 2021 on Proposed Scheme. The scheme was effective from appointment date i.e. April 1, 2017. Pursuant to approval, the Proposed Scheme was accounted for as follows:

- Discontinued operations was transferred to NNPL in accordance with IND AS 105. Considering the materiality and convenience reason, demerger impact was given from June 1, 2021; and
- TNSL merger was accounted in accordance with Appendix C of IND AS 103 "Business Combination" and accordingly, results of all the previous periods were restated by including results of the Transferor Company from the beginning of the previous year i.e. April 1, 2020.

b) Discontinued operations

i) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended March 31, 2022 (upto May 2021).

Particulars	Year ended March 31, 2022 (upto May 2021)
Revenue	1,419
Expenses*	1,303
Profit before income tax	**116**
Income tax expense	29
Profit after income tax from discontinued operation	**87**
Items that will not be reclassified to profit or loss - remeasurement of post employment benefit obligation	8
Other comprehensive income from discontinued operations	**8**
Net cash inflow from operating activities	263
Net cash (outflow) from investing activities	(223)
Net cash inflow / (outflow) from financing activities	(638)
Net increase in cash generated from discontinued operation	**(598)**

*Expense includes depreciation on asset held for sale, considering the asset are planned to be transferred to wholly owned Subsidiary, hence, have been continued to be utilised and depreciated.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(ii) Assets and liabilities of discontinued operations classified as held for sale transferred to NNPL on effectiveness of scheme

Particulars	As at May 31, 2021
Assets classified as held for sale and transferred to NNPL during the year	
Property, plant and equipment and intangible assets	4,679
Capital work-in-progress	81
Right-of-use assets	1,781
Trade receivables	3,198
Loans	2
Inventories	1,412
Other financial assets	1,360
Deferred tax assets (net)	413
Other current and non current assets	182
Total assets held for sale	**13,108**
Liabilities directly associated with assets classified as held for sale and transferred to NNPL during the year	
Borrowings	4,285
Provisions	293
Contract liabilities	88
Lease Liabilties	1,786
Other current liabilities	10
Other non current liabilities	7
Trade payables - current and non current	2,874
Other financial liabilities	160
Total liabilities of disposal group held for sale transferred to NNPL	**9,503**

Pursuant to the approval of the above scheme, management has given the following impact

Purchase consideration receivable from NNPL	2,591
Profit for the period April 1, 2017 to May 31, 2021 pertaining to discontinued operations (Deemed Investment)	2,873
Net asset transferred to NNPL pursuant to scheme [₹ 13,108 less ₹ 9,503]	(3,605)
Payable to NNPL [Balancing figure]	(1,859)

Note: Pursuant to the above, during the year ended March 31, 2022 the Company has received consideration from NNPL ₹ 2,591 and made the payment to NNPL ₹ 1,859 as per the Scheme.

c) TNSL merger

Tatanet Services Limited (TNSL) as part of internal restructuring amalgamated with the Company. The Company has acquired assets and liabilities of TNSL and accounted for the same as per IND AS 103 business combination from the 1st April 2020 and accordingly Company has restated numbers for March 2021.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 30 : Fair value of financial assets and financial liabilities

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

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

Particulars	As at March 31, 2023			As at March 31, 2022		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments	-	22	2,973	-	16	2,973
Trade receivable	-	-	4,099	-	-	3,454
Cash and cash equivalent	-	-	1,269	-	-	478
Other bank balances	-	-	48	-	-	45
Current loans	-	-	-	-	-	7
Other financial assets	-	-	291	-	-	687
Total financial assets	**-**	**22**	**8,680**	**-**	**16**	**7,644**
Financial liabilities						
Borrowings	-	-	1,625	-	-	1,750
Lease liabilities	-	-	1,081	-	-	1,149
Trade payables	-	-	1,227	-	-	1,297
Other financial liabilities	-	-	795	-	-	1,253
Total financial liabilities	**-**	**-**	**4,728**	**-**	**-**	**5,449**

(i) Fair value hierarchy

Valuation technique and significant unobservable inputs:

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

Financial assets and liabilities measured at fair value as at March 31, 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI					
Investment in equity shares	4	-	-	22	**22**
Total Financial Assets		**-**	**-**	**22**	**22**

Financial assets and liabilities measured at fair value as at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI					
Investment in equity shares	4	-	-	16	**16**
Total Financial Assets		**-**	**-**	**16**	**16**

During the year there have been no transfer between level 1 and level 2.

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

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

(ii) Valuation technique used to determine fair value

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

- The use of quoted market price or dealer quotes for similar instruments.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

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

(iii) Valuation processes

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

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial assets				
Investments	2,973	2,973	2,973	2,973
Trade receivables	4,099	4,099	3,454	3,454
Cash and cash equivalents	1,269	1,269	478	478
Other bank balances	48	48	45	45
Loans to employees	-	-	7	7
Other financial assets	291	291	687	687
Total financial assets	**8,680**	**8,680**	**7,644**	**7,644**
Borrowings	1,625	1,625	1,750	1,750
Lease liabilities	1,081	1,081	1,149	1,149
Trade payables	1,227	1,227	1,297	1,297
Other financial liabilities	795	795	1,253	1,253
Total financial liabilities	**4,728**	**4,728**	**5,449**	**5,449**

The carrying amounts of cash and cash equivalent, other bank balances, other financial assets, trade payables are considered to be the same as their fair values, due to their short-term nature.

The Fair value of loans, trade receivables, borrowings and other financial liabilities were calculated based on cash flows discounted using a current deposit rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Significant estimates

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

Note 31 : Financial Risk Management

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

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

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

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, Loans, other financial assets measured at amortised cost	Ageing analysis, credit ratings	Diversification of bank deposit, credit limits
Liquidity risk	Borrowings, trade payables and other financial liabilities	Rolling cash flow forecast	Availability of bank credit lines and borrowings facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (INR)	Rolling cash flow forecast sensitivity analysis	Monitoring foreign currency fluctuation, availing forward contracts
Market risk -interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Availability of borrowing facilities at fixed rate, variable rate and periodic monitoring of variable interest rates

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables), deposits with bank and financial institution, Loans and deposits with third party and other financial instruments / assets.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. It considers reasonable and supportive forwarding-looking information such as: adverse changes in business, changes in the operating results of the counterparty, change to the counterparty's ability to meet its obligations etc. Financial assets are written off when there is no reasonable expectation of recovery.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(i) Credit Risk Management

Financial assets

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

The Company's maximum exposure to credit risk as at March 31, 2023 and March 31, 2022 is the carrying value of each class of financial assets as disclosed in the standalone financial statements.

Trade receivables

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

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

Specific allowance for loss has also been provided by the management based on expected recovery on individual customers.

Four customer as at March 31, 2023 and five customers as at March 31, 2022 individually contributed to more than 5% of the total balance of trade receivables. Receivable from these customers was ₹1,453 Lakhs and ₹980 Lakhs as at March 31, 2023 and March 31, 2022 respectively.

The amount of trade receivable outstanding as at March 31, 2023 and March 31, 2022 is as follows:

Particulars	Not Due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2023	2,222	436	50	118	**2,826**
As at March 31, 2022	1,317	974	58	95	**2,444**

(ii) Reconciliation of loss allowances provision - Trade receivables

Loss allowances on March 31, 2021	146
Add: provision made during the year	(19)
Less: Provision for doubtful debts made in earlier years written back	(9)
Loss allowances on March 31, 2022	**118**
Add: provision made during the year	9
Less: Provision for doubtful debts made in earlier years written back	(9)
Loss allowances on March 31, 2023	**118**

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

Other than trade receivables and financial assets.

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(B) Liquidity Risk

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

(i) Financing arrangements

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

Particulars	As at March 31, 2023	As at March 31, 2022
Floating rate		
Expiring within one year (bank overdraft, term Loans and other facilities)	7,920	6,364
Total	**7,920**	**6,364**

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

(ii) Maturities of financial liabilities

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

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

Contractual maturities of financial liabilities	Less than 1 year	1 - 5 years	5 year and above	Total
March 31, 2023				
Non - derivative				
Borrowings	464	1,161	-	**1,625**
Lease liability	223	404	454	**1,081**
Trade payables	1,227	-	-	**1,227**
Other financial liabilities	795	-	-	**795**
Total Non derivative liabilities	**2,709**	**1,565**	**454**	**4,728**

Contractual maturities of financial liabilities	Less than 1 year	1 - 5 years	5 year and above	Total
March 31, 2022				
Non - derivative				
Borrowings	1,750	-	-	**1,750**
Lease liability	175	425	549	**1,149**
Trade payables	1,297	-	-	**1,297**
Other financial liabilities	1,253	-	-	**1,253**
Total Non derivative liabilities	**4,475**	**425**	**549**	**5,449**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(C) Market Risk

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

(i) Foreign currency risk

Company is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (INR), primarily with respect to the US Dollar (USD). Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

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

(a) Foreign currency risk exposure:

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

Particulars	Foreign currency	As at March 31,2023		As at March 31,2022	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial Liabilities					
Trade payables	USD	1	66	4	297
Net Exposure to Foreign Currency Liability	**USD**	**1**	**66**	**4**	**297**
Financial Assets					
Trade receivables	USD	(9)	(774)	(4)	(301)
Net Exposure to foreign currency Assets	**USD**	**(9)**	**(774)**	**(4)**	**(301)**

(b) Sensitivity

Particulars	Impact on profit after tax	
	As at March 31, 2023	As at March 31, 2022
INR/USD - Increase by 5% (March 31, 2022 - 5%)*	25.09	0.14
INR/USD - Decrease by 5% (March 31, 2022 - 5%)*	(25.09)	(0.14)

* Holding all other variable constant

(ii) Interest Rate Risk

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(a) Interest rate risk exposure

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

Particulars	As at March 31, 2023	As at March 31, 2022
Variable Rate Borrowings	1,625	1,750
Total Borrowings	**1,625**	**1,750**

(b) Sensitivity

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

Particulars	Impact on profit after tax	
	As at March 31, 2023	As at March 31, 2022
Interest Rate - Increase by 100 basis points*	(12)	(12)
Interest Rate - Decrease by 100 basis points*	12	12

* Holding all other variables constant

(iii) Price Risk

The Company doesn't have any financial instruments which are exposed to change in price.

Note 32 : Capital Management

Risk Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

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

Loan covenants

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

Exclusive charge over the VSAT's related assets with minimum security cover of 1.25x at all times.

Company has complied with the above covenants throughout the reporting period.

Company has regularly filed statements with banks from whom loans are taken and there are no deviation from books of accounts. (refer note 43).

Note 33 : Offsetting Financial Assets And Financial Liabilities

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 34 : Assets pledged As Security

Collateral against borrowings

Current assets and property, plant and equipment's of the Company are pledged as security against debt facilities from the lender i.e. land and building, plant and machinery situated at Mahape, Maharashtra and Dehradun, Uttarakhand.

The Company has pledged financial instruments as collateral against a number of its borrowings. Refer to note no. 13 for information on borrowings.

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

Particulars	As at March 31, 2023	As at March 31, 2022
Current Assets		
Financial Assets		
First charge		
Trade receivables	4,099	3,454
Cash & cash equivalents	1,269	478
Bank balances other than above	48	45
Loans	-	7
Other financial assets	274	497
Other current assets	916	367
Total current assets pledged as security	**6,606**	**4,848**
Non current assets		
Second charge		
Fixed assets		
(i) Building	57	70
(ii) Plant & machinery	4,904	3,820
(iii) Office equipment	95	60
Total non-current assets pledged as security	**5,056**	**3,950**
Total assets pledged as security	**11,662**	**8,798**

Note 35 : 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 accumulating and expected to be availed within twelve months after the end of the reporting period.

b. Long-term employee benefits

i) Defined Contribution Plans

Company's contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in note 22 under the heading "Contributions to superannuation and other funds" are as under:

Sr. No	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a)	Contribution to employees' superannuation fund	13	13
b)	Contribution to employees' state insurance scheme	-	1
	Total	**13**	**14**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

ii) Defined Benefit Plans

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

- Provident Fund (Funded):

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

In terms of guidance note issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at March 31, 2023 and March 31, 2022, respectively.

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

Particulars	As at March 31, 2023	As at March 31, 2022
Plan assets at period end, at fair value	3,068	2,858
Present value of benefit obligation at period end	(3,068)	(2,858)
Asset recognised in Balance Sheet	-	-

The Plan assets have been primarily invested in government securities.

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

Particulars	As at March 31, 2023	As at March 31, 2022
Government of India (GOI) bond yield	7.50%	7.06%
Remaining term to maturity of portfolio	11 years	11 years
Expected guaranteed interest rate	8.15%	8.10%

The company contributed ₹ 72 Lakhs and ₹ 64 Lakhs during the year ended March 31, 2023 and March 31, 2022 respectively and the same has been recognized in the Statement of Profit and Loss.

Provident Fund Assessment as per recent Supreme court Judgment

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

Gratuity (funded)

Till March 31, 2021 gratuity was unfunded. In the year ended March 31, 2022 the Company has created a gratuity trust. The Company has a funded defined benefit gratuity plan. The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

Notes to the Standalone Financial Statements for the year ended March 31, 2023
(Amount ₹ in Lakhs, unless otherwise mentioned)

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities. The liability in respect of gratuity and other post employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	20	18
Interest cost	19	14
Interest income on plan assets	(19)	-
Total expense recognised in the statement of profit and loss	**20**	**32**

Amount recognised in other comprehensive income (OCI)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Due to change in demographic assumptions	-	*
Due to change in financial assumptions	(10)	(3)
Due to experience	25	67
Return on Plan Assets, excluding interest income	10	-
Total remeasurement (gains)/losses recognised in OCI	**25**	**64**
Related to continuing operations	25	56
Related to discontinued operations	**-**	**8**

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

Changes in Defined Benefit Obligation (DBO) during the year

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of DBO at the beginning of the year	264	195
Current service cost	20	18
Interest cost (Net)	19	14
Remeasurement (gain)/loss	15	64
Benefits paid	(1)	(27)
Present value of DBO at end of the year	**317**	**264**
Present value of plan assets at the beginning of the year	264	-
Amount paid to employees gratuity trust	43	264
Return on Plan Assets, excluding interest income	10	-
Present value of plan assets at end of the year	**317**	**264**
Present value of net DBO at the end of the year	**-**	**-**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

Particulars	As at March 31, 2023	As at March 31, 2022
Plan assets at period end, at fair value	317	264
Present value of benefit obligation at period end	(317)	(264)
Asset recognised in Balance Sheet	**-**	**-**

Principal Actuarial assumptions for valuation of gratuity liability

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.58%	7.06%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.
Mortality tables	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate

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

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

a) **Interest rate risk** - A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk -** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

c) **Salary risk -** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Sensitivity

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

Particulars	Change in assumption	As at March 31, 2023		As at March 31, 2022	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(18)	21	(15)	18
Expected rate of escalation in salary	1%	21	(19)	17	(16)
Rate of employee turnover	1%	*	*	(1)	1

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

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

Defined benefit liability and employers contributions

The weighted average duration of the projected benefit obligation is 8 years (March 31, 2022- 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
1st following year	34	47
2nd following year	25	17
3rd following year	38	29
4th following year	16	31
5th following year	67	11
Sum of years 6 to 10	132	112
Sum of years 11 and above	260	217

iii) Other employee benefits

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

a) An amount of ₹ 22 Lakhs (March 31, 2022: ₹ 44 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2023 towards Compensated absences.

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

c) Net liability recognised in the Balance Sheet as at March 31, 2023 is ₹ 101 Lakhs (March 31, 2022: ₹ 90 Lakhs).

Principal Actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.58%	7.06%
Expected rate of escalation in salary	7.50%	7.50%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 36: Disclosure as required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets" as at year end are as follows:

a) Provision for disputes represents estimates made for probable liabilities arising out of pending assessment proceedings with various Government Authorities and others. The information usually required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets", is not disclosed on grounds that it can be expected to prejudice the interests of the Company. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under the law and hence, the Company is not able to reasonably ascertain the timing of the outflow (refer note 39).

b) The movement and provision during the year are as follows:

Particulars	Provision for disputes	
	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	117	67
Add: Provision during the year	99	72
(Less): Settled during the year	(29)	(16)
(Less): Reversal during the year	(22)	(6)
Closing balance	**165**	**117**
Classified as current (refer note 16)	165	117

Note 37 : Related party disclosure

Disclosure as required by Ind AS 24 - ''Related Party Disclosures'' is as follows:

Names of the related parties and description of relationship:

(A) Related parties where control exists:

i) Subsidiary

Nelco Network Products Limited

ii) Employment Benefit Funds

Nelco Limited Employees Gratuity Trust
The National Radio & Electronics Co. Ltd. Employees Provident Fund
The National Radio & Electronics Co. Ltd. Superannuation Fund

(B) Holding Company

The Tata Power Company Limited

(C) Ultimate Holding Company

Tata Sons Private Limited

(D) Subsidiaries and Jointly Controlled Entities of Promoter - Promoter Group (where transactions have taken place during the year or previous year / balances outstanding)

The Tata Power Green Energy Limited

Tata Communications Limited

Tata communications Payment solutions Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Tata Teleservices Limited

Tata Technologies Limited

Tata Steel Limited

Tata Motors Limited

Tata Sia Airlines Limited

Tata Capital Financial services Limited

TP Sothern Odisha Distribution Limited

C-edge Technologies Limited

The Indian Hotels Company Limited

Tata AIG General Insurance Co Limited

Tata 1MG Technologies Pvt Limited

(E) Key Managerial Personnel

(i) Executive Director

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

(ii) Independent, Non-Executive Directors and others

Mr. A. S. Lakshminarayanan (Non-Executive Director w.e.f. May 29, 2022)

Mr.R.R Bhinge (Non-Executive Director up to May 29, 2022)

Mr. Anand Agrawal (Non-Executive Director up to April 26, 2022)

Mr. Saurabh Ray (Non-Executive Director w.e.f April 26, 2022)

Mr. Ajay Kumar Pandey (Independent Director)

Dr. Lakshmi Nadkarni (Independent Director)

Mr. K. Narasimha Murthy (Independent Director)

Mr. Girish V. Kirkinde (Company Secretary)

Mr. Uday Banerjee (Chief Financial Officer up to December 31, 2021)

Mr. Malav Shah (Chief Financial Officer w.e.f. January 1, 2022)

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr. No.	Particulars	Subsidiary	Employment Benefit Funds	Holding Company	Ultimate Holding Company	Promoter Group	Key Manage-ment Personnel
Details of Transactions:							
1	Rendering of services	1	-	-	-	736	-
		(3)	(-)	(-)	(-)	(960)	(-)
2	Receiving of services	2	-	-	8	628	-
		(1)	(-)	(-)	(-)	(660)	(-)
3	Reimbursement of charges	-	-	-	-	34	-
		(-)	(-)	(-)	(-)	(33)	(-)
4	Purchase of Goods	27	-	-	-	-	-
		(43)	(-)	(-)	(-)	(-)	(-)
5	Guarantee commission earned	18	-	-	-	-	-
		(1)	(-)	(-)	(-)	(-)	(-)
6	Rent earned	3	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)
7	Rent paid	-	-	-	-	23	-
		(-)	(-)	(-)	(-)	(12)	(-)
8	Brand equity payment	-	-	-	32	-	-
		(-)	(-)	(-)	(21)	(-)	(-)
9	Purchase of capital goods	-	-	-	-	360	-
		(-)	(-)	(-)	(-)	(-)	(-)
10	Dividend paid	-	-	206	-	-	-
		(-)	(-)	(137)	(-)	(-)	(-)
11	Purchase of Insurance Policy	-	-	-	-	4	-
		(-)	(-)	(-)	(-)	(5)	(-)
12	Remuneration - short term employee benefits**	-	-	-	-	-	454
		(-)	(-)	(-)	(-)	(-)	(463)
13	Contribution to Employee Benefit Plans	-	128	-	-	-	-
		(-)	(330)	(-)	(-)	(-)	(-)
14	Guarantees and collaterals given	2,000	-	-	-	-	-
		(7,200)	(-)	(-)	(-)	(-)	(-)
Balances outstanding							
1	Trade receivables	6	-	-	-	150	-
		(1)	(-)	(-)	(-)	(131)	(-)
2	Advance	-	-	-	-	147	-
		(-)	(-)	(-)	(-)	(1)	(-)
3	Trade payables	1	(-)	(-)	30	26	-
		(49)	(-)	(-)	(24)	(1)	(-)
4	Guarantees and collaterals given	9,200	-	-	-	-	-
		(7,200)	(-)	(-)	(-)	(-)	(-)
5	Other payable	33	-	-	-	-	-
		(255)	(-)	(-)	(-)	(-)	(-)

* Figures in brackets pertains to previos year ended 31st Marh 2022.

**The Company provides long term benefits in the form of gratuity to key managerial person along with all employees, cost of the same in not identifiable separately and hence not disclosed.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 38 : Earnings per share (EPS)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1. Net profit after tax attributable to equity shareholders (₹ in Lakhs)		
(a) Continuing operations	2,088	1,022
(b) Discontinued operations	-	87
(c) Total operations	2,088	1,109
2. Weighted average number of equity shares	22,817,461	22,817,461
3. EPS (₹) [Basic and Diluted] (Face value per share ₹ 10)		
(a) Continuing operations (1(a) / 2)	9.15	4.48
(b) Discontinued operations (1(b) / 2)	-	0.38
(c) Total operations (1(c) / 2)	9.15	4.86

Note 39 : Contingent liabilities

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
a)	Guarantees issued by the Company on behalf of its subsidiary (Nelco Network Products Limited)	9,200	7,200
	[Amount of loan outstanding against this guarantee is ₹ 1,385 Lakhs (As at March 31, 2022 - ₹ 2,700 Lakhs)]		
b)	Claims against the company not acknowledged as debt comprises of:		
	i) Sales tax, service tax and GST claims disputed by the company relating to issues of applicability and classification	427	448
	ii) Claims from Vendor	168	168
	iii) Others	547	495
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.	1,095	497

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities.

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 40 : Foreign Exchange Earnings

Particulars	March 31, 2023	March 31, 2022
During the year Company earned foreign exchange from below activities		
a. Export of goods/services calculated on FOB basis	8,426	4,680

Note 41 : Ratios

Sr No	Particulars	Note	Ratio		% of change	Remarks for movement
			March 31, 2023	March 31, 2022		
a	Current ratio=Current assets/ Current liabilities	Refer note I	1.18	0.75	57%	Due to repayment of short term borrowing
b	Debt equity ratio= Total Debt/ Total Equity	Refer note II	0.27	0.34	(21%)	-
c	Debt service coverage ratio = EBITDA/Total amount of interest and principal payable or paid during the period	Refer note III	6.95	10.10	(31%)	Due to increase in EBITDA and repayment of loan during the year
d	Return on equity ratio= Net Profits after taxes/Total Equity	Refer note IV	0.21	0.12	75%	Due to increase in net profit for the year
e	Trade receivable turnover ratio= Sales/Average trade receivable	Refer note V	5.22	5.12	2%	-
f	Trade payable turnover ratio= (Total expenses- provision for doubtful debts)/Average trade payables	Refer note VI	12.39	9.47	31%	Due to increase in expenses and reduction of trade paybales
g	Net capital turnover ratio= Net Sales/Working capital	Refer note VII	11.40	20.90	(45%)	Due to increase in sales during the year
h	Net profit ratio = Net Profit after Tax/Revenue	Refer note VIII	0.11	0.07	57%	Due to increase in overall profitability during the year
i	Return on capital employed= Earning before interest and taxes/Capital employed	Refer note IX	0.28	0.15	87%	Due to increase in EBITDA earned during the year
j	Return on investment = Interest income /Average investment in fixed deposits	Refer note X	0.03	0.05	(40%)	Due to reduction in duration for which deposits were placed

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 41: Ratios

Sr No	Particulars	Refer note	March 31, 2023	March 31, 2022
I	Current assets			
	(a) Financial assets			
	(i) Trade receivables	8	4,099	3,454
	(ii) Cash and cash equivalents	9 (a)	1,269	478
	(iii) Bank balances other than (ii) above	9 (b)	48	45
	(iii) Loans	10	-	7
	(iv) Other financial assets	5 (b)	274	497
	(b) Other current assets	7 (b)	916	367
			6,606	4,848
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	13 (b)	464	1,750
	(ia) Lease liabilities	3(b)(ii)	223	175
	(ii) Trade payables	14	1,227	1,297
	(iii) Other financial liabilities	15	795	1,253
	(b) Provisions	16	266	207
	(c) Contract Liabilities	17	2,374	1,506
	(d) Other current liabilities	18	242	238
			5,591	6,426
II	Total Debt			
	Non current borrowings	13 (a)	1,161	-
	Current borrowings	13 (b)	464	1,750
	Non current lease liabilities	3 (b) (ii)	858	974
	Current lease liabilities	3 (b) (ii)	223	175
			2,706	2,899
	Total equity			
	Equity share capital	11	2,282	2,282
	Other equity - Reserve and surplus	12	7,832	6,174
			10,114	8,456
III	Earning before interest tax depreciation and amortisation (EBITDA)	Refer P & L	4,337	2,383
	Total amount of interest and principal payable or paid during the period			
	Total interest paid or payable during the period			
	On long term borrowings		80	-
	On lease liabilities	24	90	39
			170	39
	Total principal paid or payable during the period			
	Principal portion of long term borrowing		175	-
	Principal portion of lease liabilities	3 (b) (ii)	279	197
			454	197
IV	Net Profits after taxes	Refer P & L	2,088	1,022
	Total equity			
	Equity share capital	11	2,282	2,282
	Other equity - Reserve and surplus	12	7,832	6,174
			10,114	8,456

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr No	Particulars	Refer note	March 31, 2023	March 31, 2022
V	Sales	19	19,704	14,316
	Average trade receivable			
	Opening trade receivable	8	3,454	2,137
	Closing trade receivable	8	4,099	3,454
	Average trade receivable		3,777	2,796
VI	Total expenses	As per P &L	15,635	12,192
	Total - provision for doubtful debts/Average trade payables			
	Less: provision for doubtful debts	23	-	(28)
			15,635	12,164
	Average trade payables			
	Opening trade payables	14	1,297	1,272
	Closing trade payables	14	1,227	1,297
	Average trade payables		1,262	1,285
VII	Net Sales	19	19,704	14,316
	Working capital (Current assets- current liabilities)			
	Current assets			
	(a) Financial assets			
	(i) Trade receivables	8	4,099	3,454
	(ii) Cash and cash equivalents	9 (a)	1,269	478
	(iii) Bank balances other than (ii) above	9 (b)	48	45
	(iv) Loans	10	-	7
	(v) Other financial assets	5 (b)	274	497
	(b) Other current assets	7 (b)	916	367
	Total Current assets		**6,606**	**4,848**
	Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables	14	1,227	1,297
	(ii) Other financial liabilities	15	795	1,253
	Less: Capex creditors		(27)	(338)
	(b) Provisions	16	266	207
	(c) Contract Liabilities	17	2,374	1,506
	(d) Other current liabilities	18	242	238
	Total Current liabilities		**4,877**	**4,163**
	Working capital (Current assets - current liabilities)		1,729	685
VIII	Net Profit after Tax	As per P &L	2,088	1,022
	Revenue	19	19,704	14,316
IX	Earning before interest and taxes			
	Earning before finance cost, depreciation, amortisation and tax	As per P &L	4,337	2,383
	Less: Depreciation and amortisation	25	1,065	835
			3,272	1,548
	Capital employed			
	Equity share capital	11	2,282	2,282
	Other equity -Reserve and surplus	12	7,832	6,174
	Borrowing			
	Non current	13 (a)	1,161	-
	Current	13 (b)	464	1,750
	Total capital employed		**11,739**	**10,206**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr No	Particulars	Refer note	March 31, 2023	March 31, 2022
X	Interest on bank deposits	As per P &L	3	5
	Average investment in fixed deposit			
	Opening	5 (a) & 9 (b)	137	45
	Closing	5 (a) & 9 (b)	51	137
	Average investment in fixed deposit		**94**	**91**

Note 42: Corporate Social Responsibility (CSR)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a) Gross amount required to be spent by the Company during the year	-	15
b) Amount approved by the Board to be spent during the year	-	15
c) Amount spend in cash during the year ending March 31, 2023		
i) Construction/acquisition of an asset	-	-
ii) On purpose other than (i) above		
Contribution to Tata Education and Development Trust	-	15
Total (C=i+ii)	**-**	**15**
d) Amount yet to be paid in cash (d=a-c)	-	-

For the year ended March 31, 2023 the Company's CSR obligation under section 135 was ₹ Nil.

For the year ended March 31, 2022 the Company discharged CSR liability of Tatanet Services Limited, erstwhile subsidiary of the Company, which amalgamated with the Company pursuant to scheme of restructuring (refer note 29).

Note 43: Returns filed with banks with respect to working capital facility availed by the Company

Name of Bank	Quarter	Particulars of Securities provided	Amount as per books of accounts	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
Bank of India, Union Bank of India	Q-1 of FY 22-23	Debtors	3,876	3,876	-	-
		Creditors	1,557	1,557	-	-
Bank of India, Union Bank of India	Q-2 of FY 22-23	Debtors	3,959	3,959	-	-
		Creditors	1,585	1,585	-	-
Bank of India, Union Bank of India	Q-3 of FY 22-23	Debtors	4,231	4,231	-	-
		Creditors	1,327	1,327	-	-
Bank of India, Union Bank of India	Q-4 of FY 22-23	Debtors	4,059	4,059	-	-
		Creditors	689	689	-	-

Note 44 : Segment reporting

The Company's Managing Director and CEO is identified as Chief Operating Decision Maker ('CODM') of the Company and CODM reviews and allocates resources for consolidated business i.e. Network Systems products and services and accordingly, it is a single operating segment.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 45 : Capital and other Commitments

Particulars	For theYear ended March 31, 2023	For the Year ended March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)	796	336

Note 46 : There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding as at March 31, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company.

Note 47 : The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 48: Events after the reporting period

The Company has evaluated subsequent events from the balance sheet date through April 24, 2023 the date at which the financial statements were available to be issued, and determined that there are no material items to be disclosed other than those disclosed above.

Note 49: Previous year's figures have been regrouped/reclassified , wherever necessary, to conform to the current year's classification.

As per our report of even date
For S.R. Batliboi & Associates LLP
Firm Registration Number : 101049W/E300004
Chartered Accountants

Aniket Sohani
Partner
Membership No. 117142

Place: Mumbai
Date : April 24, 2023

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 08616830)

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

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 24, 2023

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Nelco Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of Nelco Limited (hereinafter referred to as "the Holding Company") and its subsidiary Nelco Network Products Limited (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended and notes to the Consolidated Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Revenue recognition related to multiple element arrangements (as described in notes 1.11 and 2.1(a) of the consolidated Ind AS financial statements). The contracts with customers include multiple elements including sale of products and ancillary services like installation, commissioning, annual maintenance etc. and rental income for equipments given on lease.	Our audit procedures included the following: – We obtained an understanding and evaluated the design and tested the operating effectiveness of key controls over revenue recognition; – We assessed the appropriateness of the accounting policies applied by the Group in line with the applicable accounting standards.

Key audit matters	How our audit addressed the key audit matter
The identification of performance obligations under the contracts with customers, allocation of consideration to the performance obligations identified and determination of the timing of revenue recognition in accordance with Ind AS 115 requires exercise of judgement by the Group's management. We considered this to be a Key Audit Matter in view of the customer contracts being complex and non-standard	– We tested contracts with customers on a sample basis to assess the contractual terms which impacted identification and timing of performance obligations, allocation of consideration to these performance obligations based on determination of standalone selling prices and determination of timing of recognition for each of these revenue components;
Assessment of contingent liabilities, provision for litigations (as described in Note 1.18 and 2.1(f) to the Consolidated Ind AS financial statements) As at March 31, 2023, the Group held provisions of ₹ 165 lakhs and disclosed contingent liabilities (to the extent not provided for) of ₹ 2,237 lakhs in respect of certain tax litigations. The Group faces inquiries from tax authorities and regulatory authorities during tax assessment and legal proceedings, during the normal course of business. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The management's assessment is supported by legal opinions from independent tax consultants and legal experts obtained by the management. We considered this to be a key audit matter as the outcome of the litigations/ inquiries is uncertain, including ensuring compliances with the various regulations and the positions taken by the management are based on the application of material judgement, advice from tax consultants and legal experts, and interpretation of law. The ultimate outcome of the litigations/inquiries could be different from the conclusion reached by the management and may significantly impact the Group's financial position. The Group's disclosures are included in Note 1.18, 2.1(f) and Note 36 and 37 to the financial statements, which outlines the accounting policy for contingent liabilities and details of pending direct and indirect tax litigation disclosed as contingent liabilities.	Our audit procedures included the following: – We obtained an understanding and evaluated processes and controls designed and implemented by the Management for assessment of litigations. – We obtained the list of taxation and other litigation matters and communications with the authorities and vendors. We reviewed the supporting evidence and assessed Management's evaluation through discussions and inquiries made on both the probability of outcome and the magnitude of potential outflow of economic resources; – Where relevant, we read and relied upon the most recent legal opinion obtained by Management from independent tax consultants and external legal experts to assess development in all pending cases against the Group; – We read recent orders received from the tax and regulatory authorities and the Group's responses to such communications and assessed the current status of the litigations against the Group. For tax matters, we involved our tax specialists to assess Management's application and interpretation of tax legislation affecting the Group and to consider the quantification of exposures and settlements arising from the disputes with the tax authorities in the various tax jurisdictions.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises of the information included in the Annual Report, but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and in doing so, consider whether such other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of 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 consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary company which is incorporated in India has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group of which we are the independent auditors to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entity included in the Consolidated Ind AS Financial Statements of which we are the independent auditors regarding among other matters the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on our audit and other financial information of the subsidiary company incorporated in India, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. 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 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books;

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

    d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

    e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary incorporated in India as on March 31, 2023 and taken on record by the Board of Directors of the Holding Company and of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2023 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 with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

g) In our opinion the managerial remuneration for the year ended March 31, 2023 has been paid by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

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

i. The consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 36 and Note 37 to the Consolidated Ind AS Financial Statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2023;

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

iv. a) The respective Managements of the Holding Company and its subsidiary which is company incorporated in India whose financial statements have been audited under the Act have represented to us that to the best of its knowledge and belief no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary to or in any other person or entity including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective Managements of the Holding Company and its subsidiary which is a company incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiary from any person or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v) The dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act. As stated in note 15 to the consolidated financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company, its subsidiary company incorporated in India, hence reporting under this clause is not applicable.

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

per Aniket Sohani
Partner
Membership Number: 117142
UDIN: 23117142BGYJAP7545

Mumbai
April 24, 2023

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

Re: Nelco Limited (the "Holding Company")

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the company included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

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

per Aniket Sohani
Partner
Membership Number: 117142
UDIN: 23117142BGYJAP7545

Mumbai
April 24, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF NELCO LIMTED

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

In conjunction with our audit of the consolidated Ind AS financial statements of Nelco Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary Nelco Network Products Limited (the Holding Company and its subsidiary together referred to as "the Group") which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

Meaning of Internal Financial Controls With Reference to Consolidated Ind AS financial statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Ind AS financial statements

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

Opinion

In our opinion, the Group has maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31,2023 based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Aniket Sohani
Partner
Membership Number: 117142
UDIN: 23117142BGYJAP7545

Mumbai
April 24, 2023

Consolidated Balance Sheet as at March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4 (a)	6,775	8,024
(b) Capital work-in-progress	4 (a)	148	260
(c) Right-of-use assets	4 (b)	2,286	2,591
(d) Other intangible assets	4 (a)	479	394
(e) Financial assets			
(i) Investments	5	22	16
(ii) Other financial assets	6 (a)	167	383
(f) Deferred tax assets (net)	38	1,062	867
(g) Non-current tax assets (net)	7	300	729
(h) Other non-current assets	8 (a)	664	703
Total non-current assets		**11,903**	**13,967**
Current assets			
(a) Inventories	9	2,127	1,582
(b) Financial assets			
(i) Trade receivables	10	8,274	7,786
(ii) Cash and cash equivalents	11	1,616	1,565
(iii) Bank balances other than (ii) above	12	48	45
(iv) Loans	13	-	7
(v) Other financial assets	6 (b)	345	754
(c) Contract assets	14	662	137
(d) Other current assets	8 (b)	1,248	483
Total current assets		**14,320**	**12,359**
TOTAL ASSETS		**26,223**	**26,326**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	2,282	2,282
(b) Other equity	16	8,173	6,623
Total equity		**10,455**	**8,905**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17 (a)	1,862	1,875
(ia) Lease liabilities	4 (b)	2,000	2,225
(b) Other non-current liabilities	18 (a)	1	4
Total non-current liabilities		**3,863**	**4,104**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17 (b)	1,932	3,575
(ia) Lease liabilities	4 (b)	516	473
(ii) Trade payables	19		
(a) Total outstanding dues to micro and small enterprises		-	-
(b) Total outstanding dues to other than micro and small enterprises		4,506	5,349
(iii) Other financial liabilities	20	1,145	1,364
(b) Provisions	21	536	313
(c) Contract liabilities	14	2,982	1,931
(d) Other current liabilities	18 (b)	288	312
Total current liabilities		**11,905**	**13,317**
Total liabilities		**15,768**	**17,421**
TOTAL EQUITY AND LIABILITIES		**26,223**	**26,326**
Summary of significant accounting policies.	1		

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

As per our report of even date

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

Aniket Sohani
Partner
Membership No. 117142

Place: Mumbai
Date : April 24, 2023

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 08616830)

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

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 24, 2023

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
(a) Revenue from operations	22	31,333	26,007
(b) Other income	23	257	474
Total Income		**31,590**	**26,481**
Expenses			
(a) Purchases of stock-in-trade		5,614	4,911
(b) (Increase) in inventories of stock-in-trade	24	(544)	(443)
(c) Operating expenses	25	12,484	9,584
(d) Employee benefits expense	26	3,694	3,403
(e) Other expenses	27	4,009	3,563
Total expenses		**25,257**	**21,018**
Profit before finance cost, depreciation & amortisation and tax (PBITDA)		**6,333**	**5,463**
(f) Finance costs	28	773	684
(g) Depreciation and amortisation expense	29	2,778	2,464
Total finance costs and depreciation & amortisation expenses		**3,551**	**3,148**
Profit before tax		**2,782**	**2,315**
Tax expense			
- Current tax	38	1,136	718
- Deferred tax (credit)		(339)	(105)
-Tax adjustment for earlier years pursuant to scheme		-	94
Total tax expenses		**797**	**707**
Profit for the year		**1,985**	**1,608**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent years			
- Net fair value gain on investments in equity shares at FVTOCI	5	6	-
- Remeasurement of post employment benefit obligations	43	(30)	(30)
Other comprehensive (expense) for the year, net of income tax		**(24)**	**(30)**
Total comprehensive income for the year, net of income tax		**1,961**	**1,578**
Earnings per share (Face value of ₹10/- per share): (Basic and diluted)	35	8.70	7.05

Summary of significant accounting policies. 1

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

As per our report of even date

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

Aniket Sohani
Partner
Membership No. 117142

Place: Mumbai
Date : April 24, 2023

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 008616830)

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

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 24, 2023

Consolidated Statement of Cash Flow for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**2,782**	**2,315**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	2,778	2,464
Finance costs	773	684
Unrealised mark to market loss / (gain) on forward contracts	11	(47)
Unrealised foreign exchange loss (net)	45	9
Impairment allowance (allowance for bad and doubtful debts)	17	(14)
Bad debts written off	26	43
Liabilities/provisions no longer required, written back	(80)	(209)
Loss/ (gain) on disposal of property, plant and equipment (net)	1	(8)
Unwinding of discount on financial asset measured at amortised cost	(35)	(16)
Interest income	(19)	(11)
Provision for disputes	99	66
Operating profit before working capital changes	**6,398**	**5,276**
Movement in working capital		
Movements in Assets		
- (Increase) in trade receivables	(531)	(1,489)
- (Increase) in other current assets	(765)	(136)
- Decrease in other non current assets	74	34
- Decrease in non-current financial assets - loans	-	1
- Decrease/ (increase) in inventories	734	(444)
- Decrease / (increase) in other current financial assets	416	(420)
- Decrease in other non-current financial assets	216	126
- (Increase) in contract assets	(525)	(137)
Movements in Liabilities		
- (Decrease) / Increase in trade payables	(819)	1,934
- (Decrease) in other non-current liabilities	(3)	(4)
- (Decrease) in non-current provisions	-	(307)
- Increase in other current financial liabilities	49	28
- Increase in contract liabilities	1,051	715
- (Decrease) / increase in other current liabilities	(24)	18
- Increase/ (decrease) in current provisions	100	(108)
Cash generated from operations	**6,371**	**5,087**
- Direct taxes paid (net of refunds)	(563)	(31)
Net cash flow generated from operating activities (A)	**5,808**	**5,056**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (net off capital work-in -progress)	(2,311)	(1,798)
Proceeds from sale of property, plant and equipment / intangible assets	(198)	8
Interest income received	19	11
Bank balance not considered as cash and cash equivalents	(3)	(10)
Net cash (used in) investing activities (B)	**(2,493)**	**(1,789)**

Consolidated Statement of Cash Flow for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	11,384	16,850
Repayment of borrowings	(13,040)	(17,354)
Payment of principal portion of lease liabilities	(478)	(439)
Payment of interest portion of lease liabilities	(205)	(237)
Interest paid	(518)	(441)
Dividend paid	(407)	(271)
Net cash (used in) financing activities (C)	**(3,264)**	**(1,892)**
Net increase in cash & cash equivalents [(A)+(B)+(C)]	**51**	**1,375**
Cash and cash equivalents at the beginning of the year	1,565	190
Cash and cash equivalents at the end of the year	**1,616**	**1,565**

Reconciliation of cash and cash equivalents as per cash flow statement

Cash and cash equivalents comprise of:	As at March 31, 2023	As at March 31, 2022
Balance with banks in current accounts	1,332	1,418
Cheques on hand	284	147
Cash on hand	*	*
Total	**1,616**	**1,565**

* Below rounding off norms adopted by the Group.

Summary of significant accounting policies 1

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

As per our report of even date

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

Aniket Sohani
Partner
Membership No. 117142

Place: Mumbai
Date : April 24, 2023

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 08616830)

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

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 24, 2023

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

A. Equity share capital

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

Particulars	Amount
As at March 31, 2021	**2,282**
Changes in equity share capital	-
As at March 31, 2022	**2,282**
Changes in equity share capital	-
As at March 31, 2023	**2,282**

B. Other equity

Particulars	Attributable to equity shareholders			Total
	Reserves and surplus		Reserve for FVTOCI Equity instrument	
	General Reserve	Retained Earnings		
As at March 31, 2021	**250**	**5,057**	**12**	**5,319**
Profit for the year	-	1,608	-	1,608
Dividend paid*	-	(274)	-	(274)
Other comprehensive income for the year (net of tax)	-	(30)	-	(30)
As at March 31, 2022	**250**	**6,361**	**12**	**6,623**
Profit for the year	-	1,985	-	1,985
Dividend paid*	-	(411)	-	(411)
Other comprehensive income for the year (net of tax)	-	(30)	6	(24)
As at March 31, 2023	**250**	**7,905**	**18**	**8,173**

*For financial year ended March 31, 2022, the Board of Directors had recommended a dividend of 18% (March 31, 2021: 12%) which was ₹ 1.80 (March 31, 2021: ₹ 1.20) per equity share of ₹ 10/- each, which is approved by shareholders in the Annual General Meeting of the Company held on July 8, 2022.

For financial year ended March 31, 2023, the Board of Directors have recommended a dividend of 20% (March 31, 2022: 18%) which is ₹ 2.00 (March 31, 2022: ₹ 1.80) per equity share of ₹ 10/- each. This is subject to approval at the annual general meeting by the members and liability is not recognised as at March 31, 2023.

Summary of significant accounting policies. 1

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

As per our report of even date

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

Aniket Sohani
Partner
Membership No. 117142

Place: Mumbai
Date : April 24, 2023

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 08616830)

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

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary & Head - Legal

Place: Mumbai
Date : April 24, 2023

General Information

Nelco Limited herein after referred to as "the Company" was established in 1940. The Company had one wholly owned subsidiary Nelco Network Products Ltd. (NNPL). The Company and its subsidiary together referred to as the Group. The Company is a subsidiary of The Tata Power Company Limited.

The consolidated financial statements are presented in Indian Rupee (INR) which is also functional currency of the Company. The consolidated financial statements were reviewed by Audit committee and Board of Directors in it's meeting held on April 24, 2023.

Company is engaged in the Satellite Communication services (VSAT Bandwidth services) and NNPL commenced its operations in 2021. In the financial year ended March 31, 2022 NNPL has acquired integrated security solution system (ISSS) and VSAT hardware business on going concern basis from the Company.

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

1. Summary of Significant accounting policies

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

1.1 Basis of preparation

a. Compliance with Ind AS

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

b. Historical Cost Convention

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

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- defined benefit and other long-term employee benefits;

c. Current-noncurrent classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

d. Basis of consolidation

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

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

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

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

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

e. Changes in the Group’s ownership interests in existing subsidiary

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

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

1.2 Property, plant and equipment

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

a. Capital work-in-progress

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

b. Depreciation methods estimated useful lives and residual value

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Estimated useful lives of the assets are as follows:

Type of Assets	Useful Life
Building	30 years
Plant and Machinery	Radio frequency and baseband equipment – 10 to 12 Years Teleport antenna– 15 Years VSAT Antenna – 10 Years Networking devices -6 Years Electronic equipment – 6 to 7.50 Years
Electrical installation	10 years
Furniture and fixture	10 years
Office equipment's – VSAT	Antenna – 10 Years Electronic equipment – 6 to 7.50 Years
Office equipment's Computer hardware Others	 3 Years 5 Years
Vehicles	8 years

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

1.3 Intangible assets

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

License Fees – VSAT: Over the license period of 20 years from the date of license available for use

License Fees – ISP : Over the license period of 15 years from the date of license available for use

Testing software : 5 years

1.4 Impairment of non-financial Assets

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

1.5 Financial instrument

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

A. Financial assets

a. Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 1.11 Revenue from contracts with customers.

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

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

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

b. **Subsequent measurement**

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

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

Financial assets at amortised cost (debt instruments):

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

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

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

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

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

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

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

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

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

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

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

Financial assets at fair value through profit or loss:

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

c. **Derecognition**

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

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

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

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

d. **Impairment of financial assets**

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Also, on case-to-case basis specific provisions are also made for customers based on management estimates.

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

- Disclosures for significant assumptions – see Note 30
- Investment at fair value through OCI – see Note 5
- Trade receivables and contract assets – see Note 10 and 14

e. Income recognition

Interest Income

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

Dividend

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

B. Financial liabilities

a. Initial recognition and measurement

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

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

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

b. Subsequent measurement

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

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

Financial liabilities at fair value through profit or loss:

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

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

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

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

Financial liabilities at amortised cost (Loans and borrowings):

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

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

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

c. Derecognition

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

1.6 Cash and cash equivalents

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

1.7 Trade receivable

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

1.8 Trade and other payables

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

1.9 Offsetting financial instruments

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

1.10 Inventories

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

1.11 Revenue recognition

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

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

The Group recognises revenue as follows:

a. Sale of goods

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

b. Rendering of Services

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

c. Rental Income

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

1.12 Foreign currency translation

a. Functional and presentation currency

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

b. Transactions and balances

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

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

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

1.13 Derivative financial instruments:

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

1.14 Current and deferred tax

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

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

a. Current Tax

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

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

b. Deferred Tax

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

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

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

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

c. Minimum Alternate Tax (MAT)

Credit of MAT is recognised as deferred tax asset only when it is probable that taxable profit will be available against which the credit can be utilised. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss account. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is no longer probable that the Company will pay normal income tax during the specified period

1.15 Leases

<u>As a lessee</u>

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

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

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

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

To determine the incremental borrowing rate, the group:

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

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

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

- The amount of the initial measurement of lease liability

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

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

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

<u>As a lessor</u>

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

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

1.16 Borrowing

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

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

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

1.17 Borrowing costs

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

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

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

1.18 Provisions and contingent liabilities

a. Provisions

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

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

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

i. Onerous Contracts

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

ii. Warranties

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

b. Contingent liabilities

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

1.19 Employee benefits

a. Short-term obligations

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

b. Other long-term employee benefit obligations

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

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

c. Post-employment obligations (Defined Benefit Obligations)

The group operates the following post-employment schemes:

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

Defined Benefit Plans:

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

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

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

During the previous year Company has formed gratuity fund exclusively for gratuity payment to the employees. The gratuity liability amount is contributed to the approved gratuity fund formed. The gratuity fund has been approved by Income Tax authorities.

Defined contribution plans:

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

Termination benefits:

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

1.20 Segment reporting

The Company's Managing Director and CEO is identified as Chief Operating Decision Maker ('CODM') of the Company and CODM reviews and allocates resources for consolidated business i.e. Network Systems products and services and accordingly, it is a single operating segment.

1.21 Contributed equity

Equity shares are classified as equity.

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

1.22 Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

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

ii. Diluted earnings per share

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

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

1.23 Measurement of PBITDA

The Group has elected to present profit before finance cost, tax and depreciation and amortization (PBITDA) as a separate line item on the face of the statement of profit and loss account. The Group measures PBITDA on the basis of profit from total operations. In its measurement, the Group does not include depreciation and amortization expense, finance cost and tax expense.

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

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

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

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

a. Revenue recognition

- The Group's contracts with customers could include promises to transfer multiple goods and services to a customer. The Group assesses the goods / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables. Each revenue component is recognised based on the policy noted in Note 1.11 above.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation by the Group Companies. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered.
- Contract fulfilment costs are expensed as incurred.

b. Estimation of defined benefit obligation

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c. Recognition of deferred tax assets

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

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

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

e. Expected Credit Loss on trade receivables

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

f. Estimation of Provisions & Contingent Liabilities

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

g. Leases

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

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

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

3. Rounding of amounts

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

Description	Property, plant and equipment								Intangible assets		
	Building	Plant and machinery	Electrical installation	Furniture and fixture	Office equipment-Own	Office equipment-Given on lease (operating lease)	Vehicles	Total Property, plant and equipment	Testing software	Licenses	Total intangible assets
Cost											
Balance as at April 1, 2022	163	8,803	110	131	473	6,605	62	16,347	530	273	803
Additions	-	1,794	-	-	79	53	-	1,926	113	60	173
Disposals	-	(198)	(5)	(5)	(72)	(3,437)	(19)	(3,736)	-	-	-
Balance as at March 31, 2023	**163**	**10,399**	**105**	**126**	**480**	**3,221**	**43**	**14,537**	**643**	**333**	**976**
Accumulated depreciation and impairment											
Balance as at April 1, 2022	94	4,690	107	124	354	2,919	35	8,323	368	41	409
Additions	13	866	2	3	44	1,158	7	2,093	71	17	88
Disposals	-	(402)	(5)	(4)	(72)	(2,158)	(13)	(2,654)	-	-	-
Balance as at March 31, 2023	**107**	**5,154**	**104**	**123**	**326**	**1,919**	**29**	**7,762**	**439**	**58**	**497**
Net carrying amount as at March 31, 2023	**56**	**5,245**	**1**	**3**	**154**	**1,302**	**14**	**6,775**	**204**	**275**	**479**
Cost											
Balance as at April 1, 2021	163	7,709	110	121	447	6,689	62	15,301	466	23	489
Additions	-	1,097	-	10	59	386	-	1,552	64	250	314
Disposals	-	(3)	-	-	(33)	(470)	-	(506)	-		-
Balance as at March 31, 2022	**163**	**8,803**	**110**	**131**	**473**	**6,605**	**62**	**16,347**	**530**	**273**	**803**
Accumulated depreciation and impairment											
Balance as at April 1, 2021	81	3,784	105	121	324	2,518	28	6,961	293	18	311
Additions	13	921	2	3	54	871	7	1,871	75	23	98
Disposals	-	(15)	-	-	(24)	(470)	-	(509)	-	-	-
Balance as at March 31, 2022	**94**	**4,690**	**107**	**124**	**354**	**2,919**	**35**	**8,323**	**368**	**41**	**409**
Net carrying amount as at March 31, 2022	**69**	**4,113**	**3**	**7**	**119**	**3,686**	**27**	**8,024**	**162**	**232**	**394**

Capital work-in-progress

Ageing of capital work-in-progress	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Balance as at March 31, 2023	148	-	-	-	148
Balance as at March 31, 2022	260	-	-	-	260

Notes:-

1) Property, plant and equipment pledged as security by the group (refer note 34)
2) Contractual obligations in respect of capital commitment for acquisition of property, plant and equipment (refer note 40)
3) Capital work-in-progress mainly comprises components related to plant and machinery.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

4(b)(I) Group as lessee

- Asset acquired on finance lease represents Leasehold land. The total lease term is 95 years, remaining lease term is 61 years as on March 31, 2023. The Group does not have an option to purchase the land at the end of the lease term. Also Group has taken on lease various offices for its branches where lease term ranges from 1 year to 8 years.
- The Group has taken on premises on lease along with certain equipments for term of 5 years to 10 years. The group is restricted from assigning and subleasing the leased assets.
- Group has taken motor vehicle on lease which have lease term varying from 2 years to 5 years.
- The effective interest rate for lease liabilities is from 8.00% to 9.95%.

i. Right of use assets

Description	Leasehold premises and equipment	Office equipment	Motor vehicle	Total
Cost				
Balance as at April 1, 2022	1,639	2,195	-	3,834
Additions	195	-	139	334
Disposals	-	(323)	-	(323)
Balance as at March 31, 2023	**1,834**	**1,872**	**139**	**3,845**
Accumulated amortisation				
Balance as at April 1, 2022	505	738	-	1,243
Additions	255	287	27	569
Disposals	-	(253)		(253)
Balance as at March 31, 2023	**760**	**772**	**27**	**1,559**
Net carrying amount as at March 31, 2023	**1,074**	**1,100**	**112**	**2,286**
Cost				
Balance as at April 1, 2021	784	2,195	-	2,979
Additions	855	-	-	855
Disposals	-	-	-	-
Balance as at March 31, 2022	**1,639**	**2,195**	**-**	**3,834**
Accumulated amortisation				
Balance as at April 1, 2021	323	392	-	715
Additions	182	346	-	528
Disposals	-	-	-	-
Balance as at March 31, 2022	**505**	**738**	**-**	**1,243**
Net carrying amount as at March 31, 2022	**1,134**	**1,457**	**-**	**2,591**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(Amount ₹ in Lakhs, unless otherwise mentioned)

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

ii. Lease liability

Description	As at April 1, 2022	During the year				As at March 31, 2023
		Additions	Modification	Accrued finance cost	Payments	
Leasehold premises and equipment	1,221	195	-	108	328	1,196
	(521)	(856)	-	(70)	(226)	(1,221)
Office equipment	1,477	-	38	132	365	1,206
	(1,759)	-	-	(167)	(449)	(1,477)
Motor vehicle	-	139	-	6	31	114
	-	-	-	-	-	-
Total	**2,698**	**334**	**38**	**246**	**724**	**2,516**
	(2,280)	(856)	-	(237)	(675)	(2,698)
Current	**473**	**-**	**-**	**-**	**-**	**516**
	(416)	-	-	-	-	(473)
Non Current	**2,225**	**-**	**-**	**-**	**-**	**2,000**
	(1,864)	-	-	-	-	(2,225)
Total	**2,698**	**-**	**-**	**-**	**-**	**2,516**
	(2,280)	-	-	-	-	(2,698)

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

iii. Amount recognised in Statement of profit or loss

Amount recognised in statement of profit or loss	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation of Right-of-use assets	569	528
Interest on lease liabilities	246	237
Expenses related to short term leases (refer note 27)	14	57

iv. Amount recognised in statement of cash flows

Amount recognised in statement of cash flows	Year ended March 31, 2023	Year ended March 31, 2022
Total cash outflow of leases	(724)	(675)

4(b)(II) Group as lessor

a. Operating Lease

The Group as lessor

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

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

(3) No refundable deposits are taken and the lease rentals recognised in the consolidated statement of Profit and Loss for the year included under sale of services under revenue from Operations (refer note 22) aggregate to ₹ 1,886 Lakhs (Previous Year ₹ 2,790 Lakhs).

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Non- Cancellable operating lease receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Not Later than 1 year	551	1,350
Later than 1 year and not longer than 5 years	493	1,642
Later than 5 years	-	-
Total	**1,044**	**2,992**

Disaggregation of property, plant and equipment given on operating lease as at March 31, 2023 is as follows:

Class of assets	Operating Lease		
	Gross block	Accumulated Depreciation	Carrying Amount
Office equipment	3,221	1,919	1,302
	(6,605)	(2,919)	(3,686)
Total	3,221	1,919	1,302
	(6,605)	(2,919)	(3,686)

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

b. **Finance Lease**

Finance lease receivables

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

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Not Later than 1 year	28	272
Later than 1 year but not later than 5 years	-	38
Later than 5 years	-	-
Total	**28**	**310**

Note 5 : Investments - Non-current

Particulars	As at March 31, 2023		As at March 31, 2022	
	Numbers	Amount	Numbers	Amount
Investments at fair value through OCI (Unquoted, fully paid)				
Technopolis Knowledge Park Limited [(net of impairment of ₹181 Lakhs (March 31, 2022 : ₹181 Lakhs)]	1,810,000	-	1,810,000	-
Zoroastrian Co-operative Bank Limited	6,000	22	6,000	16
Total equity instruments		**22**		**16**
Total investments		**22**		**16**
Aggregate amount of unquoted investments		**22**		**16**
Aggregate amount of impairment in the value of investments		**(181)**		**(181)**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 6 (a) : Other non-current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured considered good, unless otherwise stated)		
Security deposits	150	253
Balances held as margin money against bank guarantees	17	102
Finance lease receivable	-	28
Total	**167**	**383**

Note 6 (b) : Other current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured considered good, unless otherwise stated)		
Security deposits	314	545
Security deposits which have significant increase in credit risk	21	21
Less: Impairment allowance on security deposits which have significant increase in credit risk	(21)	(21)
	314	545
Fair value of foreign exchange forward contract	3	14
Finance lease receivable	28	195
Total	**345**	**754**

Note 7 : Non-current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	729	1,535
Add : Tax deducted at source and advance tax	977	605
Add :- Mat credit utilised during the year	144	136
Less: Income tax refund	(414)	(767)
Less: Current tax payable for the year	(1,136)	(720)
Less: Interest on current tax	-	(60)
Total	**300**	**729**

Note 8 (a) : Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with government authorities	639	668
Prepaid Expenses	25	35
Total	**664**	**703**

Note 8 (b) : Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	103	135
Advance to suppliers	712	67
Balance with government authorities	212	278
Excess gratuity contribution (refer note 43)	9	-
Others	212	3
Total	**1,248**	**483**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 9 : Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
Inventories (lower of cost and net realisable value)		
Stock-in-trade	2,087	1,316
Stock-in-trade in transit	40	266
Total	**2,127**	**1,582**

During the year ended March 31, 2023, ₹ 24 lakhs (March 31, 2022: ₹ 56 lakhs) has been recognised as an expense in relation to inventory being carried at net realisable value.

Note 10 : Trade receivables- current

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables from contract with customers		
- Trade receivables - considered good- secured	-	-
- Trade receivables - considered good- unsecured	5,751	5,370
- Trade receivables which have significant increase in credit risk	279	262
- Trade receivables- credit impaired	67	67
	6,097	5,699
Trade receivables from contract with customers- related parties (refer note 44)	432	375
Less : Impairment allowance (allowance for bad and doubtful debts)	(346)	(329)
	6,183	5,745
Unbilled receivables	2,091	2,041
Total	**8,274**	**7,786**

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

Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment						As at March 31, 2023
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
I. Undisputed trade receivables- considered good	4,177	1,514	343	149	-	-	6,183
ii. Undisputed trade receivables-which have significant increase in credit risk	45	24	3	2	43	-	117
iii. Undisputed trade receivables-credit impaired	-	-	-	-	7	154	161
iv. Disputed trade receivables- considered good	-	-	-	-	-	-	-
v. Disputed trade receivables-which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed trade receivables-credit impaired	-	-	-	-	30	38	68
Total	**4,222**	**1,538**	**346**	**151**	**80**	**192**	**6529**
Impairment allowance	(45)	(24)	(3)	(2)	(80)	(192)	(346)
Total	**4,177**	**1,514**	**343**	**149**	**-**	**-**	**6,183**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	Outstanding for following periods from due date of payment						As at March 31, 2022
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	3,376	1,784	353	172	60	-	5,745
ii. Undisputed trade receivables - which have significant increase in credit risk	93	48	10	4	-	-	155
iii. Undisputed trade receivables - credit impaired	-	-	-	-	49	58	107
iv. Disputed trade receivables - considered good	-	-	-	-	-	-	-
v. Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
vi. Disputed trade receivables - credit impaired	-	-	-	15	52	-	67
Total	**3,469**	**1,832**	**363**	**191**	**161**	**58**	**6,074**
Impairment allowance	(93)	(48)	(10)	(19)	(101)	(58)	(329)
Total	**3,376**	**1,784**	**353**	**172**	**60**	**-**	**5,745**

Unbilled receivables ageing schedule

Particulars	Ageing of unbilled receivables					
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2023
Unbilled receivables	2,091		-	-	-	2,091
Total	**2,091**	**-**	**-**	**-**	**-**	**2,091**

Unbilled receivables ageing schedule

Particulars	Ageing of unbilled receivables					
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
Unbilled receivables	1,921	120	-	-	-	2,041
Total	**1,921**	**120**	**-**	**-**	**-**	**2,041**

Note 11 : Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks :-		
In current accounts	1,332	1,418
Cheques on hand	284	147
Cash on hand	*	*
Total	**1,616**	**1,565**

* Below rounding off norms adopted by the Group.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 12 : Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
In earmarked accounts		
Unclaimed dividend accounts	14	10
Balances held as margin money against letter of credit and bank guarantees	34	35
Total	**48**	**45**

Note 13 : Current loans

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Loans to employees	-	7
Total	**-**	**7**

Note 14 : Contract balances

Particulars	As at March 31, 2023	As at March 31, 2022
Contract assets	662	137
Total contract assets	**662**	**137**
Deferred revenue	2,563	1,508
Advances received from customers	419	423
Total contract liabilities	**2,982**	**1,931**

Revenue recognised in relation to contract liabilities

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	1,508	933
Deferred during the year	2,563	1,508
Recognised as revenue during the year	(1,508)	(933)
Total	**2,563**	**1,508**

Note 15 : Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised share capital:		
3,00,00,000 (3,00,00,000 as at March 31, 2022) equity shares of ₹10/- each	3,000	3,000
25,00,000 (25,00,000 as at March 31, 2022) redeemable preference shares of ₹100/- each	2,500	2,500
	5,500	**5,500**
Issued share capital:		
2,28,18,400 (2,28,18,400 as at March 31, 2022) equity shares of ₹10/- each)	2,282	2,282
	2,282	**2,282**
Subscribed and paid-up share capital:		
2,28,17,461 (2,28,17,461 as at March 31, 2022) equity shares of ₹10/- each)	2,282	2,282
Total	**2,282**	**2,282**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Notes:

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the year	2,28,17,461	2,282	2,28,17,461	2,282
Issued during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Total	2,28,17,461	2,282	2,28,17,461	2,282

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares held	Amount	Number of shares held	Amount
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited [50.08% (March 31, 2022 : 50.08) (Holding Company)]	1,14,27,940	1,143	1,14,27,940	1,143

iii) Terms and rights attached to equity shares

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

The Board of directors have recommended dividend of ₹ 2/- per equity share for the year ended March 31, 2023. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each, fully paid up				
The Tata Power Company Limited	1,14,27,940	50.08%	1,14,27,940	50.08%

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

(v) Shareholding of the promoter in the Company as at March 31, 2023 and March 31, 2022:

Promoter's Name	No of share	% total shares	% changed during the year
The Tata Power Company Limited	1,14,27,940	50.08%	Nil

(vi) 939 shares (March 31,2022 : 939 shares) are kept in abeyance out of the rights issued in the year 1994 pending for final allotment.

(vii) There are no shares bought back or allotted either as fully paid up by way of bonus shares or allotted under any contract without payment received in cash during 5 years immediately preceding March 31, 2023.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 16 : Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve - Refer (i) below	250	250
Retained earnings - Refer (ii) below	7,905	6,361
Reserve for FVTOCI Equity instrument - refer (iii) below	18	12
Total	**8,173**	**6,623**

(i) General reserve

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	250	250
Addition during the year	-	-
Closing balance	**250**	**250**

(ii) Retained earnings

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	6,361	5,057
Net Profit for the year	1,985	1,608
Less :- Dividend paid*	(411)	(274)
Other comprehensive income (net of tax)		
- Remeasurements of post employment benefit obligations, net of tax	(30)	(30)
Closing balance	**7,905**	**6,361**

(iii) Reserve for FVTOCI Equity instrument:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	12	12
Changes in fair value of FVTOCI equity instruments	6	-
Closing Balance	**18**	**12**

General reserve

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

Retained earnings

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

Reserve for FVTOCI Equity instrument

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note on dividend:-

*For financial year ended March 31, 2022, the Board of Directors had recommended a dividend of 18% (March 31, 2021: 12%) which was ₹1.80 (March 31, 2021: ₹ 1.20) per equity share of ₹ 10/- each, which is approved by shareholders in the Annual General Meeting of the Company held on July 8, 2022.

For financial year ended March 31, 2023, the Board of Directors recommended a dividend of 20% (March 31, 2022: 18%) which is ₹ 2.00 (March 31, 2022: ₹ 1.80) per equity share of ₹ 10/- each, which is subject to approval at the annual general meeting and are not recognised as a liability as at March 31, 2023.

Note 17 (a) : Non current borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
(i) Term Loans from banks (refer note (i) and (iii) below)	1,862	1,875
Total	**1,862**	**1,875**

Note 17 (b) : Current borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
Term loans from banks (refer note (i) and (iii) below)	-	1,750
Secured		
Cash credit facility from banks (refer note (i), (ii) and (iii) below)	784	-
Term loans from banks (refer note (i), (ii) and (iii) below)	-	1,000
	784	**2,750**
Current maturity of long term debt (refer note (i) and (iii) below)	1,148	825
Total	**1,932**	**3,575**

Notes:

(i) The carrying amount of financial and non-financial assets pledged as security for current borrowings are given in note 34.

(ii) Disclosure related to returns filed with banks with respect to working capital facilities are given in note 47.

(iii) Details of borrowings are as follows:

Particulars	As at March 31, 2023		As at March 31, 2022		Terms of Repayment	Rate of Interest (p.a)	Nature of Security
	Non current	Current	Non current	Current			
Term loan from Bajaj Finance Limited	1,862	1,148	1,875	825	36 monthly equal instalments	MCLR+ Spread	Charge over the VSAT's installed at HPCL, IOCL, Bank of India and BPCL Outlets
Cash credit facility from IDFC Bank Limited	-	784	-	-	Payable on demand	8.50%	First Pari Passu charge on entire Current Assets of the Borrower present and future
Term loan from Shinhan Bank	-	-	-	1,200	Payable on demand	3 Months MCLR +1%	Unsecured

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Particulars	As at March 31, 2023		As at March 31, 2022		Terms of Repayment	Rate of Interest (p.a)	Nature of Security
	Non current	Current	Non current	Current			
Term loan from IDFC Bank Ltd (Loan in Indian currency)	-	-	-	1,000	Bullet repayment payable on due date	7.30 % to 7.55 %	First Pari Passu charge on entire Current Assets of the Borrower present and future
Term loan from ICICI Bank Ltd	-	-	-	550	Payable on demand	I-MCLR 1 year +1.30%	Unsecured
Total	**1,862**	**1,932**	**1,875**	**3,575**			

Note 17 (c) : Changes in liabilities arising from financing activities

Net debt reconciliation

Particulars	As at March 31, 2023	As at March 31, 2022
Cash & cash equivalents	1,616	1,565
Lease obligation	(2,516)	(2,698)
Non current borrowings (including current maturities of long term debt)	(3,010)	(2,700)
Current borrowings	(784)	(2,750)
Net debts	**(4,694)**	**(6,583)**

Particulars	Other assets	Liabilities from financial activities			Total
	Cash and bank overdraft	Lease obligation	Non current borrowings (Including Current Maturities of long term debt)	Current borrowing	
Net debt as at March 31, 2021	**190**	**(2,280)**	**(2,949)**	**(3,007)**	**(8,046)**
Cash flow	1,375	438	249	257	2,319
Acquisitions - finance leases	-	(856)	-	-	(856)
Interest expenses	-	(237)	(25)	(421)	(683)
Interest paid	-	237	25	421	683
Net debt as at March 31, 2022	**1,565**	**(2,698)**	**(2,700)**	**(2,750)**	**(6,583)**
Cash flow	51	478	(310)	1,966	2,185
Modification of lease term	-	38	-	-	38
Acquisitions - finance leases	-	(334)	-	-	(334)
Interest expenses	-	(246)	(246)	(136)	(628)
Interest paid	-	246	246	136	628
Net debt as at March 31, 2023	**1,616**	**(2,516)**	**(3,010)**	**(784)**	**(4,694)**

Note 18 (a) : Other non-current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred profit on sale of fixed assets on finance lease	1	4
Total	**1**	**4**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 18 (b) : Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	287	306
Deferred profit on sale of fixed assets on finance lease	1	6
Total	**288**	**312**

Note 19 : Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (refer note 51)	-	-
Trade payable to related parties (refer note 44)	56	25
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,450	5,324
Total	**4,506**	**5,349**

Trade payable ageing schedule

Particulars	Outstanding for following periods from due date of payment					As at March 31, 2023
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**1,260**	**2,881**	**196**	**58**	**111**	**4,506**
Disputed	-	-	-	-	-	-
Undisputed	1,260	2,881	196	58	111	4,506
Total (A+B)	**1,260**	**2,881**	**196**	**58**	**111**	**4,506**

Particulars	Outstanding for following periods from due date of payment					As at March 31, 2022
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro enterprises and small enterprises (A)	-	-	-	-	-	-
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Others (B)	**1,329**	**3,611**	**75**	**207**	**127**	**5,349**
Disputed	-	-	5	11	93	109
Undisputed	1,329	3,611	70	196	34	5,240
Total (A+B)	**1,329**	**3,611**	**75**	**207**	**127**	**5,349**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 20 : Other current financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued	120	70
Sundry deposits received from customers	24	24
Capital creditors	29	351
Employee related payables	958	909
Unclaimed dividend*	14	10
Total	**1,145**	**1,364**

*There is no amount due and outstanding, to be credited to Investor Education and Protection Fund.

Note 21 : Current provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits obligations:		
Compensated absences (refer note 43)	164	149
	164	**149**
Provision - Others:		
Warranty (refer note 37)	207	47
Provision for disputes (refer note 37)	165	117
	372	**164**
Total	**536**	**313**

Note 22 : Revenue from operations

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations		
Revenue from contracts with customer		
Sale of products	6,444	5,714
Sale of services	24,846	20,292
	31,290	**26,006**
Scrap sales	43	1
	43	**1**
Total	**31,333**	**26,007**

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue as per contracted price	32,338	25,885
Adjustments for:		
Unbilled revenue		
Opening balance	(2,041)	(1,344)
Closing balance	2,091	2,041
	50	697
Contract liabilities		
Opening balance	1,508	933
Closing balance	(2,563)	(1,508)
	(1,055)	(575)
Total	**31,333**	**26,007**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 23 : Other income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest income		
On bank deposits	19	11
On finance lease	11	37
On income tax refund	42	134
	72	**182**
Other non-operating income		
Liabilities/Provisions no longer required, written back	80	209
Others	5	1
	85	**210**
Others		
Profit on sale of property, plant and equipment (net)	-	8
Gain on mark to mark forward contract	-	46
Foreign exchange gain (net)	65	12
Unwinding of discount on financial asset measured at amortised cost	35	16
	100	**82**
Total	**257**	**474**

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventories at the beginning of the year:		
Stock-in-trade	1,316	1,139
Stock- in-transit	266	-
	1,582	**1,139**
Less : Inventories at the end of the year:		
Stock-in-trade	2,087	1,316
Stock-in-transit	39	266
	2,126	**1,582**
Net (increase) / decrease in inventories of stock-in-trade	**(544)**	**(443)**

Note 25 : Operating expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
License fees	2,364	1,743
Transponder charges	7,906	5,771
Connectivity charges	421	338
ISP monitoring & support charges	3	4
Subcontracting expenses	1,689	1,612
Standing Advisory Committee on Radio Frequency Allocation (SACFA) Fees	101	116
Total	**12,484**	**9,584**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 26 : Employee benefits expense

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	3,332	3,055
Contributions to provident fund (refer note 43)	123	101
Contributions to superannuation and other funds (refer note 43)	20	32
Gratuity (refer note 43)	37	63
Staff welfare expenses	182	152
Total	**3,694**	**3,403**

Note 27 : Other Expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Bank charges	95	69
Power and fuel	240	200
Rent including lease rentals [refer note 4(b)]	14	57
Repairs and maintenance - Plant and machinery	520	235
Repairs and maintenance - Others	596	600
Provision for disputes	99	66
Rates and taxes	58	160
Travelling and conveyance	293	151
Freight and forwarding	373	441
Legal and professional charges	233	302
Consultancy charges	253	229
Director sitting fees	52	63
Installation expenses	173	206
Payment to auditors (refer note below)	60	49
Bad debts written off	26	43
Less: Provision for doubtful debts made in earlier years written back	(26)	(43)
Impairment allowance (allowance for bad and doubtful debts)	43	29
Loss on sale of property, plant and equipment (net)	1	-
Corporate social responsibility expenses (refer note 49)	14	15
Loss on mark to market forward contract	11	-
Sales commission	97	90
Software expenses	125	129
Vehicle charges	152	175
Provision for warranty (net) (refer note 37)	179	45
Miscellaneous expenses	328	252
Total	**4,009**	**3,563**

Note: Payment to auditors (excluding Goods and Service Tax)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<u>Payments to the auditors comprises</u>		
Audit fee	25	32
Tax Audit fee	2	3
Other services	29	13
Reimbursement of expenses	4	1
Total	**60**	**49**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 28 : Finance costs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on:		
Borrowings	430	446
Leased liabilities	205	197
Trade payables	138	65
Less: capitalisation	-	(24)
Total	**773**	**684**

Note 29 : Depreciation and amortisation expense

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On property, plant and machinery [refer note 4(a)]	2,093	1,871
On intangible assets [refer note 4(a)]	88	98
On right of use assets [refer note 4(b)]	569	528
On right of use assets on termination of lease	28	-
	2,778	2,497
Less: capitalisation	-	(33)
Total	**2,778**	**2,464**

Note 30 : Fair Value Measurements

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

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

Particulars	As at March 31, 2023			As at March 31, 2022		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments	-	22	-	-	16	-
Trade receivables	-	-	8,274	-	-	7,786
Cash and cash equivalents	-	-	1,616	-	-	1,565
Other bank balances	-	-	48	-	-	45
Current loans	-	-	-	-	-	7
Fair value of foreign exchange forward contract	3	-	-	14	-	-
Other financial assets	-	-	509	-	-	1,123
Total financial assets	**3**	**22**	**10,447**	**14**	**16**	**10,526**
Financial liabilities						
Borrowings	-	-	3,794	-	-	5,450
Lease liability	-	-	2,516	-	-	2,698
Trade payables	-	-	4,506	-	-	5,349
Other financial liabilities	-	-	1,145	-	-	1,364
Total financial liabilities	**-**	**-**	**11,961**	**-**	**-**	**14,861**

(i) Fair value hierarchy

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

Financial assets and liabilities measured at fair value at March 31, 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI					
Investment in equity shares	5	-	-	22	**22**
Financial instrument at FVPL					
Fair value of foreign exchange forward contract	6 (b)	-	3	-	**3**
Total financial assets		**-**	**3**	**22**	**25**

Financial assets and liabilities measured at fair value at March 31, 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI					
Investment in equity shares	5	-	-	16	**16**
Financial instrument at FVPL					
Fair value of foreign exchange forward contract	6 (b)	-	14	-	**14**
Total financial assets		**-**	**14**	**16**	**30**

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

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

(ii) Valuation technique used to determine fair value

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

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

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

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

(iii) Valuation processes

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

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

Particulars	As at March 31,2023		As at March 31,2022	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial assets				
Trade receivables	8,274	8,274	7,786	7,786
Cash and cash equivalents	1,616	1,616	1,565	1,565
Other bank balances	48	48	45	45
Loans to employees	-	-	7	7
Other financial assets	509	509	1,123	1,123
Total financial assets	**10,447**	**10,447**	**10,526**	**10,526**
Financial liabilities				
Borrowings	3,794	3,794	5,450	5,450
Lease liabilities	2,516	2,516	2,698	2,698
Trade payables	4,506	4,506	5,349	5,349
Other financial liabilities	1,145	1,145	1,364	1,364
Total financial liabilities	**11,961**	**11,961**	**14,861**	**14,861**

The carrying amounts of cash and cash equivalent, other bank balances and trade payables are considered to be the same as their fair values, due to their short-term nature.

The Fair value of Loans, Trade Receivables, Borrowings and Other financial liabilities were calculated based on cash flows discounted using a current deposit rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Significant Estimates

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

Note 31 : Financial Risk Management

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

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

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

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, loans, financial assets measured at amortised cost	Ageing analysis, credit ratings	Diversification of bank deposit, credit limits
Liquidity risk	Borrowings, Trade Payables, contract liabilities and other Financial liabilities	Rolling cash flow forecast	Availability of bank credit lines and borrowings facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (INR)	Rolling cash flow forecast Sensitivity analysis	Monitoring foreign currency fluctuation, availing forward contracts
Market risk -interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Availability of borrowing facilities at fixed rate, Periodic monitoring of variable interest rates

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables), deposits with bank and financial institution, Loans and deposits with third party, Foreign exchange transactions and other financial instruments / assets.

The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. It considers reasonable and supportive forwarding-looking information such as: adverse changes in business, changes in the operating results of the counterparty, change to the counterparty's ability to meet its obligations etc. Financial assets are written off when there is no reasonable expectation of recovery.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(i) Credit Risk Management

Financial assets

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

The group's maximum exposure to credit risk as at March 31, 2023 and March 31, 2022 is the carrying value of each class of financial assets as disclosed in the consolidated financial statements.

Trade receivables

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

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

Three customers as at March 31, 2023 and two customers as at March 31, 2022 contributed to more than 5% of the total balance of trade receivables. Receivable from these customers was ₹ 1,636 Lakhs and ₹ 1,239 Lakhs as at March 31, 2023 and as at March 31, 2022 respectively.

The amount of Trade receivable outstanding as at March 31, 2023 and March 31, 2022 is as follows:

Particulars	Not due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2023	4,222	1,538	346	423	**6,529**
As at March 31, 2022	3,469	1,832	363	410	**6,074**

(ii) Reconciliation of loss allowances provision

Loss Allowances on March 31, 2021	343
Add: provision made during the year	29
Less: Provision for doubtful debts made in earlier years written back	(43)
Loss Allowances on March 31, 2022	**329**
Add: provision made during the year	43
Less: Provision for doubtful debts made in earlier years written back	(26)
Loss Allowances on March 31, 2023	**346**

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

Other than trade receivables and financial assets.

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(B) Liquidity Risk

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

(i) Financing arrangements

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

Particulars	As at March 31,2023	As at March 31,2022
Floating Rate Expiring within one year (Bank overdraft, Term Loans and other facilities)	11,636	7,572
Total	**11,636**	**7,572**

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

(ii) Maturities of financial liabilities

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

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

Contractual maturities of financial liabilities	Less than 1 Year	1 - 5 Years	5 Year and Above	Total
March 31, 2023				
Non - Derivative				
Borrowings	1,932	1,862	-	**3,794**
Lease liability	516	1,491	509	**2,516**
Trade payables	4,506	-	-	**4,506**
Other financial liabilities	1,145	-	-	**1,145**
Total non derivative liabilities	**8,099**	**3,353**	**509**	**11,961**

Contractual maturities of financial liabilities	Less than 1 Year	1 - 5 Years	5 Year and Above	Total
March 31, 2022				
Non - Derivative				
Borrowings	3,650	1,800	-	**5,450**
Lease liability	473	1,676	549	**2,698**
Trade payables	5,349	-	-	**5,349**
Other financial liabilities	1,364	-	-	**1,364**
Total non derivative liabilities	**10,836**	**3,476**	**549**	**14,861**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(C) Market Risk

(i) Foreign currency risk

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

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

(a) Foreign currency risk exposure:

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

Particulars	Foreign currency	As at March 31, 2023		As at March 31, 2022	
		In foreign currency	₹ in Lakhs	In foreign currency	₹ in Lakhs
Financial liabilities					
Trade payables and capex creditors	USD	17	1,384	32	2,450
Derivative liabilities					
Foreign exchange forward contract					
Buy foreign currency	USD	(16)	(1,309)	(25)	(1,909)
Net exposure to foreign currency liability	USD	1	75	7	541
Financial Assets					
Trade receivables	USD	(11)	(900)	(4)	(292)
Derivative assets	USD	*	(3)	*	14
Net exposure to foreign currency assets	USD	(11)	(903)	(4)	(278)

* Below rounding off norms adopted by the Group.

(b) Sensitivity

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

Particulars	Impact on profit after tax	
	As at March 31, 2023	As at March 31, 2022
USD sensitivity		
INR/USD - Increase by 5% (March 31, 2022 - 5%)*	29	(9)
INR/USD - Decrease by 5% (March 31, 2022 - 5%)*	(29)	9
* Holding all other variables constant		

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(ii) Interest rate risk

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

(a) Interest Rate risk exposure

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

Particulars	As at March 31, 2023	As at March 31, 2022
Variable rate borrowings	3,794	5,450
Total Borrowings	**3,794**	**5,450**

(b) Sensitivity

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

Particulars	Impact on profit after tax	
	As at March 31, 2023	As at March 31, 2022
Interest Rate - Increase by 100 basis points*	(27)	(39)
Interest Rate - Decrease by 100 basis points*	27	39
* Holding all other variable constant		

(iii) Price risk

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

Note 32 : Capital Management

Risk Management

The Groups's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

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

Loan covenants

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

Exclusive charge over the VSAT's installed at HPCL, IOCL, Bank of India and BPCL Outlets with minimum security cover of 1.35x at all times and over VSAT's assets with minimum security cover of 1.25x at all times.

Group has complied with the above covenants throughout the reporting period.

Group has regularly filed statements with banks from whom loans are taken and there are no deviation from books of accounts. (refer note 47).

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 33 : Offsetting Financial Assets And Financial Liabilities

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

Note 34 : Assets pledge as security

Collateral against borrowings

Current assets and property, plant and equipment of the Group are pledged as security against debt facilities from the lender i.e. land and building, plant and machinery situated at Mahape, Maharashtra and Dehradun, Uttarakhand and VSAT installed at HPCL, IOCL, Bank of India and BPCL.

The Group has pledged financial instruments as collateral against a number of its borrowings. The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at March 31, 2023	As at March 31, 2022
Current assets		
Financial assets		
First charge		
Trade receivables	8,274	7,786
Inventories	2,127	1,582
Cash & cash equivalents	1,616	1,565
Bank balances other than above	48	45
Loans	-	7
Other financial assets	345	754
Contract assets	662	137
Other current assets	1,248	483
Total current assets pledged as security	**14,320**	**12,359**
Non current assets		
First charge		
Office equipment	1,302	3,476
Total (A)	**1,302**	**3,476**
Second Charge		
Building	56	69
Plant and machinery	4,856	3,763
Office equipment	95	60
Total (B)	**5,007**	**3,892**
Total non-current assets pledged as security **Total (A+B)**	**6,309**	**7,368**
Total assets pledged as security	**20,629**	**19,727**

Note 35 : Earnings per share (EPS)

Sr. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1	Net profit after tax attributable to equity shareholders	1,985	1,608
2	Weighted average number of equity shares	22,817,461	22,817,461
3	EPS (₹) [Basic and diluted] (face value per share ₹ 10)	8.70	7.05

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 36 : Contingent liabilities

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
a)	Claims against the Group not acknowledged as debt comprises of:		
	- Sales tax and service tax claims disputed by the Group relating to issues of applicability and classification	427	448
b)	Claims from Vendor		
	- Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authorities	168	168
	- Other	547	495
c)	Income tax demand against the group not acknowledged as debt and not provided for, relating to issues of deductibility and taxability in respect of which group is in appeal	1,095	497

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums / authorities.

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

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

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

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

a) Provision for disputes represents estimates made for probable liabilities arising out of pending assessment proceedings with various Government Authorities and others. The information usually required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Assets", is not disclosed on grounds that it can be expected to prejudice the interests of the group. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the group under the law and hence, the group is not able to reasonably ascertain the timing of the outflow (refer note 36).

b) Provision for Warranty relates to warranty provision made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under free warranty period ranging from one to three years.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

c) The movement and provision during the year are as follows:

Particulars	Provision for disputes		Warranties	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	117	67	47	58
Add: Provision during the year	99	72	179	44
Less: Utilisation during the year	(29)	(16)	(19)	-
Less: Reversal during the year	(22)	(6)	-	(55)
Closing balance	165	117	207	47
Classified as current (refer note 21)	165	117	207	47

Note 38 : Income Tax

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

Particulars	As at April 1, 2021	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2022	Recognised in the statement of profit and Loss	MAT Credit Utilisation	As at March 31, 2023
	(a)	(b)	(c)	(d= a+b+c)	(e)	(f)	(g=d+e+f)
i. Items of deferred tax liabilities :							
Assets given on finance lease	147	(91)	-	56	(49)	-	7
Right of use assets	644	51	-	695	(80)	-	615
Amortisation of processing charges on borrowing	2	(2)	-	-	-	-	-
Others	-	4	-	4	(3)	-	1
Total deferred tax liability (i)	**793**	**(38)**	**-**	**755**	**(132)**	**-**	**623**
ii. Items of deferred tax assets :							
Disallowances under Section 43B of the Income Tax Act, 1961, provision for legal dispute and investment impairment	214	(125)	-	89	4	-	93
Provision for doubtful debts and deposits	94	15	-	109	11	-	120
Allowance u/s 35 DDA and 35DD of Income Tax Act, 1961	33	(10)	-	23	(5)	-	18
Credit of Minimum alternate tax u/s 115 JAA of Income Tax Act, 1961	26	254	(136)	144	-	(144)	-
Property, plant and equipment and intangible assets	392	6	-	398	155	-	553
Lease liability	652	75	-	727	(50)	-	677
Inventory	-	-	-	-	56	-	56
Others	119	13	-	132	36	-	168
Total deferred tax assets (ii)	**1,530**	**228**	**(136)**	**1,622**	**207**	**(144)**	**1,685**
Net deferred tax assets (ii-i)	**737**	**266**	**(136)**	**867**	**339**	**(144)**	**1,062**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(b) Current tax and deferred tax:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(a) Income tax expense		
Current tax		
Current tax on profits for the year	1,136	718
Current tax on profits for the earlier years	-	190
Interest on current tax	-	63
Total current tax expense	**1,136**	**971**
Deferred tax		
(Increase) in deferred tax assets	(207)	(228)
(Decrease) in deferred tax liabilities	(132)	(38)
Other adjustments	-	2
Total deferred tax (benefit)	**(339)**	**(264)**
Income tax expense	**797**	**707**

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit from operation before Income tax expenses	**2,782**	**2,315**
Statutory tax rate (%)	29.12%	29.12%
Tax at Indian tax rate	**810**	**674**
Deferred tax created on temporary differences in related to earlier years	-	(158)
Income tax provision made for earlier year, including interest	-	253
Other Items		
Tax on income at different rates	(6)	(63)
Expenses not allowed in tax	(7)	-
Others	-	1
Total tax expense	**797**	**707**

Note 40 : Capital and other Commitments

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid)	1,196	668

Note 41 : Foreign Exchange earnings

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a. Export of goods/services calculated on FOB basis	8,559	4,717

Note 42 : Segment reporting

The Company's Managing Director and CEO is identified as Chief Operating Decision Maker ('CODM') of the Company and CODM reviews and allocates resources for consolidated business i.e. Network Systems products and services and accordingly, it is a single operating segment.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 43 : Employee benefit obligations

Short-term employee benefits

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

Long-term employee benefits

i) Defined contribution plans

Groups's contribution paid/payable during the year to superannuation fund and ESIC contribution are recognised as an expense and included in Note 26 under the heading "Contributions to superannuation and other funds" are as under:

Sr. No	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a)	Contribution to employees' superannuation fund	20	21
b)	Contribution to employees' state insurance scheme	-	11
c)	Contribution to provident fund	51	37
	Total	**71**	**69**

ii) Defined benefit plans

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

- Provident Fund (funded):

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

In terms of guidance note issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at March 31, 2023 and March 31, 2022, respectively.

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

Particulars	As at March 31, 2023	As at March 31, 2022
Plan assets at period end, at fair value	3,068	2,858
Present value of benefit obligation at period end	(3,068)	(2,858)
Asset recognized in Balance Sheet	-	-

The Plan assets have been primarily invested in government securities.

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

Particulars	As at March 31, 2023	As at March 31, 2022
Government of India (GOI) bond yield	7.50%	7.06%
Remaining term to maturity of portfolio	11 years	11 years
Expected guaranteed interest rate	8.15%	8.10%

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

The Group has contributed ₹ 123 Lakhs and ₹ 101 Lakhs during the year ended March 31, 2023 and March 31, 2022 respectively and the same has been recognized in the Statement of Profit and Loss.

Provident Fund Assessment as per recent Supreme court Judgment

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

Gratuity (funded)

Till March 31, 2021 gratuity was unfunded. During the previous year ended March 31, 2022 the Group has created gratuity trust. 'The Group has a funded defined benefit gratuity plan. The Group's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities. The liability in respect of gratuity and other post employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

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

Amount recognised in the statement of profit and loss

Particulars	As at March 31, 2023	As at March 31, 2022
Current service cost	37	37
Interest cost	30	26
Interest income on plan assets	(30)	-
Total expense recognised in the statement of profit and loss	**37**	**63**

Amount recognised in other comprehensive income (OCI)

Particulars	As at March 31, 2023	As at March 31, 2022
Due to change in demographic assumptions	-	*
Due to change in financial assumptions	(17)	(3)
Due to experience	31	33
Return on Plan Assets, excluding interest income	16	-
Total remeasurement (gains)/losses recognised in OCI	**30**	**30**

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Change in Defined Obligation (DBO) during the year

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of DBO at the beginning of the year	433	377
Current service cost	37	37
Interest cost (Net)	30	26
Remeasurement (gain)/loss	14	30
Benefits paid	(13)	(37)
Present value of DBO at end of the year	**501**	**433**
Present value of plan assets at the beginning of the year	433	-
Amount paid to employees gratuity trust	61	433
Return on Plan Assets, excluding interest income	16	-
Present value of plan assets at end of the year	**510**	**433**
Present value of net DBO at the end of the year	**(9)**	**-**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Plan assets at period end, at fair value	510	433
Present value of benefit obligation at period end	(501)	(433)
Asset/(liability) recognised in Balance Sheet	**9**	**-**

Principal Actuarial assumptions for valuation of gratuity liability

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.58%	7.06%
Expected rate of escalation in salary	7.50%	7.50%
Rate of employee turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.
Mortality tables	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate

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

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

a) **Interest rate risk** - A decrease in the bond interest rate will increase the plan liability.

b) **Demographic risk -** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

c) **Salary risk -** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Sensitivity

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

Particulars	Change in assumption	As at March 31, 2023		As at March 31, 2022	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(29)	34	(26)	30
Expected rate of escalation in salary	1%	33	(30)	29	(27)
Rate of employee turnover	1%	(1)	1	(2)	2

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

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

Defined benefit liability and employers contributions.

The weighted average duration of the projected benefit obligation is 8 years (March 31, 2022 - 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
1st following year	55	47
2nd following year	49	17
3rd following year	57	29
4th following year	24	31
5th following year	99	11
Sum of years 6 to 10	190	112
Sum of years 11 and above	436	217

iii) Other 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 ₹ 34 Lakhs (March 31, 2022 ₹ 41 Lakhs) has been charged to the Statement of Profit and Loss for the year ended March 31, 2023 towards Compensated absences.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Principal Actuarial assumptions for valuation of long-term compensated absences

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.58%	7.06%
Expected rate of escalation in salary	7.50%	7.50%
Rate of Employee Turnover	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.	a. For service 4 years and below - 8.00% p.a. b. For service 5 years and above - 5.00% p.a.

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

Note 44 : Related party transactions

Disclosure as required by Ind AS 24 - ''Related Party Disclosures'' is as follows:

Names of the related parties and description of relationship:

(A) Related parties where control exists:

i) Subsidiary

Nelco Network Products Limited

ii) Employment Benefit Funds

Nelco Limited Employees Gratuity Trust
The National Radio & Electronics Co. Ltd. Employees Provident Fund
The National Radio & Electronics Co. Ltd. Superannuation Fund

(B) Holding Company

The Tata Power Company Limited

(C) Ultimate Holding Company

Tata Sons Private Limited

(D) Subsidiaries and Jointly Controlled Entities of Promoter - Promoter Group (where transactions have taken place during the year or previous year / balances outstanding)

The Tata Power Green Energy Limited
Tata Communications Limited
Tata communications Payment solutions Limited
Tata Teleservices Limited
Tata Technologies Limited
Tata Steel Limited
Tata Motors Limited
Tata Sia Airlines Limited
Tata Capital Financial services Limited
TP Sothern Odisha Distribution Limited
Tata Chemicals Limited
C-edge Technologies Limited
The Indian Hotels Company Limited
Tata AIG General Insurance Co Limited
Tata 1MG Technologies Pvt Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

(E) Key Managerial Personnel

(i) Executive directors

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

(ii) Independent and Non-Executive Directors

Mr. A. S. Lakshminarayanan (Non-Executive Director w.e.f. May 29, 2022)
Mr.R.R Bhinge (Non-Executive Director up to May 29, 2022)
Mr. Anand Agrawal (Non Executive Director up to April 26, 2022)
Mr. Saurabh Ray (Non Executive Director w.e.f April 26, 2022)
Mr. Ajay Kumar Pandey (Independent Director)
Dr. Lakshmi Nadkarni (Independent Director)
Mr. K. Narasimha Murthy (Independent Director)
Mr. Girish V. Kirkinde (Company Secretary)
Mr. Uday Banerjee (Chief Financial Officer up to December 31, 2021)
Mr. Malav Shah (Chief Financial Officer w.e.f. January 1, 2022)

(F) Details of Transactions:

Sr. No.	Particulars	Employment Benefit Funds	Holding Company	Ultimate Holding Company	Promoter Group	Key Management Personnel
1	Rendering of services	-	-	-	1,223	-
		(-)	(-)	(-)	(1,546)	(-)
2	Receiving of services	-	-	8	628	-
		(-)	(-)	(-)	(660)	(-)
3	Sale of goods	-	-	-	335	-
		(-)	(-)	(-)	(380)	(-)
4	Reimbursement of charges	-	-	-	35	-
		(-)	(-)	(-)	(66)	(-)
5	Rent paid	-	-	-	31	-
		(-)	(-)	(-)	(22)	(-)
6	Dividend paid	-	206	-	-	-
		(-)	(137)	(-)	(-)	(-)
7	Brand equity contribution	-	-	32	-	-
		(-)	(-)	(21)	(-)	(-)
8	Purchase of capital goods	-	-	-	360	-
		(-)	(-)	(-)	(-)	(-)
9	Purchase of Insurance Policy	-	-	-	4	-
		(-)	(-)	(-)	(5)	(-)
10	Remuneration - short term employee benefits**	-	-	-	-	459
		(-)	(-)	(-)	(-)	(470)
11	Contribution to Employee Benefit Plans	153	-	-	-	-
		(508)	(-)	(-)	(-)	(-)
Balances outstanding						
1	Trade receivables	-	-	-	432	-
		(-)	(-)	(-)	(375)	(-)
2	Advance	-	-	-	147	-
		(-)	(-)	(-)	(1)	(-)
3	Trade payables	-	-	30	26	-
		(-)	(-)	(24)	(1)	(-)
4	Other receivables	9	-	-	-	-
		(-)	(-)	(-)	(-)	(-)

* Figures in brackets pertains to previos year ended 31st March 2022.

**The Group provides long term benefits in the form of gratuity to key managerial person along with all employees, cost of the same in not identifiable separately and hence not disclosed.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(Amount ₹ in Lakhs, unless otherwise mentioned)

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

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

Name of the entity in the Group	As at March 31, 2023		As at March 31, 2022	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent				
Nelco Limited	96.74%	10,114	94.96%	8,456
Indian Subsidiaries				
Nelco Network Products Limited	32.18%	3,364	39.10%	3,482
Indian Associate (Investment as per equity method)				
Adjustment on consolidation	(28.91%)	(3,023)	(34.06%)	(3,033)
Total	**100.00%**	**10,455**	**100.00%**	**8,905**

b. Share in profit or loss

Name of the entity in the Group	Year ended March 31, 2023		Year ended March 31, 2022	
	As % of consolidated net Profit and Loss	Amount	As % of consolidated net Profit and Loss	Amount
Parent				
Nelco Limited	105.19%	2,088	63.57%	1,022
Indian Subsidiaries				
Nelco Network Products Limited	(5.69%)	(113)	35.95%	578
Adjustment on consolidation	0.50%	10	0.48%	8
Total	**100.00%**	**1,985**	**100.00%**	**1,608**

c. Share in Other Comprehensive Income

Name of the entity in the Group	Year ended March 31, 2023		Year ended March 31, 2022	
	As % of consolidated net Other Comprehensive Income	Amount	As % of consolidated net Other Comprehensive Income	Amount
Parent				
Nelco Limited	79.17%	(19)	213.33%	(64)
Indian Subsidiaries				
Nelco Network Products Limited	20.83%	(5)	(113.33%)	34
Total	**100.00%**	**(24)**	**100.00%**	**(30)**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

d. Share in Total Comprehensive Income

Name of the entity in the Group	Year ended March 31, 2023		Year ended March 31, 2022	
	As % of consolidated net Total Comprehensive Income	Amount	As % of consolidated net Total Comprehensive Income	Amount
Parent				
Nelco Limited	105.51%	2,069	60.72%	958
Indian Subsidiaries				
Nelco Network Products Limited	(6.02%)	(118)	38.79%	612
Adjustment on consolidation	0.51%	10	0.49%	8
Total	**100.00%**	**1,961**	**100.00%**	**1,578**

Note 46:

(A) The Company vide its letter dated September 1, 2017 informed the stock exchange about the approval of the Board of Directors to

(i) transfer by way of slump sale on a going concern basis, for a lump sum consideration to its wholly owned subsidiary, Nelco Network Products Ltd (NNPL) of the following:

(a) Integrated Security and Surveillance Solution ('ISSS') business and

(b) Very Small Aperture Terminals ("VSAT") hardware business and allied services consisting of network management, project management, infrastructure services, turnkey solutions for satellite communication systems, and co-location services to customers other than Tatanet Services Ltd (TNSL); and

(ii) the amalgamation of TNSL with the Company, through a composite scheme of Arrangement and Amalgamation (Proposed Scheme).

(B) The Proposed Scheme was approved by National Company Law Tribunal ('NCLT') on November 2, 2018. During the quarter ended June 2021 the Company had received approval from Department of Telecommunications (DoT) on June 9, 2021. The scheme was effective from appointment date i.e. April 1, 2017. Since, the above reorganisation was between the Company (holding company) and its two wholly owned subsidiaries, there was no implication on consolidated financial results of the Company along with its wholly owned subsidiaries.

Interest In other entities

Subsidiaries

The group's subsidiaries at March 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Place of business / Country of incorporation	Ownership interest held by the group		Principal activities
		As at March 31, 2023	As at March 31,2022	
Nelco Network Products Limited	India	100%	100%	Sale of VSAT Equipment's

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 47 : Returns filed with banks with respect to working capital facility availed by the Company

Name of Bank	Quarter	Particulars of Securities provided	Amount as per books of accounts	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
Bank of India, Union Bank of india	Q-1 of FY 22-23	Debtors	3,876	3,876	-	-
		Creditors	1,557	1,557	-	-
Bank of India, Union Bank of india	Q-2 of FY 22-23	Debtors	3,959	3,959	-	-
		Creditors	1,585	1,585	-	-
Bank of India, Union Bank of india	Q-3 of FY 22-23	Debtors	4,231	4,231	-	-
		Creditors	1,327	1,327	-	-
Bank of India, Union Bank of india	Q-4 of FY 22-23	Debtors	4,059	4,059	-	-
		Creditors	689	689	-	-

For Subsidiary

Name of Bank	Quarter	Particulars of Securities provided	Amount as per books of accounts	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
IDFC Bank Ltd	Q1 of 2022-23	Inventory	2,016	2,016	-	-
		Debtors	4,674	4,674	-	-
		Creditors	2,760	2,760	-	-
IDFC Bank Ltd	Q2 of 2022-23	Inventory	1,910	1,910	-	-
		Debtors	6,029	6,029	-	-
		Creditors	3,059	3,059	-	-
IDFC Bank Ltd	Q3 of 2022-23	Inventory	1,958	1,958	-	-
		Debtors	5,711	5,711	-	-
		Creditors	3,585	3,585	-	-
IDFC Bank Ltd	Q4 of 2022-23	Inventory	2,127	2,127	-	-
		Debtors	3,757	3,757	-	-
		Creditors	2,791	2,791	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Note 48: Ratio

Sr. No.	Particulars	Note	Ratio			Remarks for movement
			March 31, 2023	March 31, 2022	% of change	
a	Current ratio=Current assets/ Current liabilities	Refer note I	1.20	0.93	29%	Due to repayment of short term borrowing
b	Debt equity ratio= Total Debt/Total Equity	Refer note II	0.60	0.92	(35%)	Due to repayment of borrowings and increase in equity due to profit earned during the year
c	Debt service coverage ratio = EBITDA/Total amount of interest and principal payable or paid during the period	Refer note III	2.38	2.89	(18%)	Due to increase in EBITDA and repayment of loan during the year
d	Return on equity ratio= Net Profits after taxes/Total Equity	Refer note IV	0.08	0.08	-	-
e	Inventory turnover ratio= Average inventory/COGS	Refer note V	0.37	0.30	23%	-
f	Trade receivable turnover ratio= Sales/Average trade receivable	Refer note VI	3.90	3.69	6%	-
g	Trade payable turnover ratio= (Total expenses - provision for doubtful debts) / Average trade payables	Refer note VII	3.14	2.98	5%	-
h	Net capital turnover ratio= Net Sales/Working capital	Refer note VIII	6.44	8.42	(24%)	-
i	Net profit ratio = Net Profit after Tax/Revenue	Refer note IX	0.06	0.06	-	-
j	Return on capital employed= Earning before interest and taxes/Capital employed	Refer note X	0.25	0.21	19%	-
k	Return on investment = Interest income /Average investment in fixed deposits	Refer note XI	0.03	0.11	(73%)	Due to reduction in duration for which deposits were placed

Sr No	Particulars	Refer note	March 31, 2023	March 31, 2022
I	Current assets			
	(a) Inventories	9	2,127	1,582
	(b) Financial assets			
	(i) Trade receivables	10	8,274	7,786
	(ii) Cash and cash equivalents	11	1,616	1,565
	(iii) Bank balances other than (ii) above	12	48	45
	(iii) Loans	13	-	7
	(iv) Other financial assets	6 (b)	345	754
	(c) Contract Assets	14	662	137
	(d) Other current assets	8 (b)	1,248	483
			14,320	12,359

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr No	Particulars	Refer note	March 31, 2023	March 31, 2022
	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	17 (b)	1,932	3,575
	(ia) Lease liabilities	4 (b)	516	473
	(ii) Trade payables	19	4,506	5,349
	(iii) Other financial liabilities	20	1,145	1,364
	(b) Provisions	21	536	313
	(c) Contract Liabilities	14	2,982	1,931
	(d) Other current liabilities	18 (b)	288	312
			11,905	13,317
II	Total Debt			
	Non current borrowings	17 (a)	1,862	1,875
	Current borrowings	17 (b)	1,932	3,575
	Non current lease liabilities	4 (b)	2,000	2,225
	Current lease liabilities	4 (b)	516	473
			6,310	8,148
	Total equity			
	Equity share capital	15	2,282	2,282
	Other equity	16	8,173	6,623
			10,455	8,905
III	Earning before interest tax depreciation and amortisation (EBITDA)	Refer P & L	6,333	5,463
	Total amount of interest and principal payable or paid during the period			
	Total interest paid or payable during the period			
	On long term borrowings		246	127
	On lease liabilities	28	205	197
			451	389
	Total principal paid or payable during the period			
	Principal portion of long term borrowings		1,490	825
	Current portion of lease liabilities	4 (b)	724	675
			2,214	1,500
IV	Net Profits after taxes	As per P &L	797	707
	Total equity			
	Equity share capital	15	2,282	2,282
	Other equity	16	8,173	6,623
			10,455	8,905
V	Average inventory			
	Opening inventory	9	1,582	1,138
	Closing inventory	9	2,127	1,582
	Average inventory		1,855	1,360
	Cost of goods sold (COGS)	As per P &L	5,070	4,468

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr No	Particulars	Refer note	March 31, 2023	March 31, 2022
VI	Sales	22	31,333	26,007
	Average trade receivable			
	Opening trade receivable	10	7,786	6,326
	Closing trade receivable	10	8,274	7,786
	Average trade receivable		8,030	7,056
VII	Total expenses	As per P &L	25,257	21,018
	Less: provision for doubtful debts	27	(17)	14
			25,240	21,032
	Average trade payables			
	Opening trade payables	19	7,786	6,326
	Closing trade payables	19	8,274	7,786
	Average trade payables		8,030	7,056
VIII	Net Sales		31,333	26,007
	Working capital (Current assets- current liabilities)			
	Current assets			
	(a) Inventories	9	2,127	1,582
	(b) Financial assets			
	(i) Trade receivables	10	8,274	7,786
	(ii) Cash and cash equivalents	11	1,616	1,565
	(iii) Bank balances other than (ii) above	12	48	45
	(iv) Loans	13	-	7
	(v) Other financial assets	6 (b)	345	754
	(c) Contract Assets	14	662	137
	(d) Other current assets	8 (b)	1,248	483
	Total Current assets		14,320	12,359
	Current liabilities			
	(a) Financial liabilities			
	(ii) Trade payables	19	4,506	5,349
	(iii) Other financial liabilities	20	1,145	1,364
	(b) Provisions	21	536	313
	(c) Contract Liabilities	14	2,982	1,931
	(d) Other current liabilities	18 (b)	288	312
	Total Current liabilities		9,457	9,269
	Working capital (Current assets - current liabilities)		4,863	3,090
IX	Net Profit after Tax	As per P &L	1,985	1,608
	Revenue	22	31,333	26,007
X	Earning before interest and taxes			
	Earning before finance cost, depreciation, amortisation and tax	As per P &L	6,333	5,463
	Less: Depreciation and amortisation	29	2,778	2,464
			3,555	2,999
	Capital employed			
	Equity share capital	15	2,282	2,282
	Other equity	16	8,173	6,623
	Borrowing			
	Non current	17 (a)	1,862	1,875
	Current	17 (b)	1,932	3,575
	Total capital employed		14,249	14,355

Notes to the Consolidated Financial Statements for the year ended March 31, 2023
(Amount ₹ in Lakhs, unless otherwise mentioned)

Sr No	Particulars	Refer note	March 31, 2023	March 31, 2022
XI	Interest on bank deposits	As per P &L	19	11
	Less: interest income on security deposits		16	-
			3	11
	Average investment in fixed deposit			
	Opening	6 (a) & 12	137	64
	Closing	6 (a) & 12	51	137
	Average investment in fixed deposit		94	100

Note 49: Corporate Social Responsibility

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a) Gross amount required to be spent by the Company during the year	7	15
b) Amount approved by the Board to be spent during the year	14	15
c) Amount spend in cash during the year ending March 31, 2023		
i) Construction/acquisition of an asset	-	-
ii) On purpose other than (i) above		
Contribution to Tata Education and Development Trust	14	15
Total (C=i+ii)	**14**	**15**
d) Amount yet to be paid in cash (d=b-c)	-	-

Note 50 : There are no Micro and Small Enterprises to whom the Group owes dues, which are outstanding as at March 31, 2023. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Group.

Note 51 : The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 52 : Events after the reporting period

The Group has evaluated subsequent events from the balance sheet date through April 24, 2023 the date at which the financial statements were available to be issued, and determined that there are no material items to be disclosed other than those disclosed above.

Note 53 : Previous year's figures have been regrouped/reclassified , wherever necessary, to conform to the current year's classification

As per our report of even date

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

Aniket Sohani
Partner
Membership No. 117142

Place: Mumbai
Date : April 24, 2023

For and on behalf of the Board of Directors
Nelco Limited

A. S. Lakshminarayanan
Chairman
(DIN: 08616830)

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

Malav Shah
Chief Financial Officer

Girish V. Kirkinde
Company Secretary
& Head - Legal

Place: Mumbai
Date : April 24, 2023

Form AOC-1 Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/Joint Ventures

(Amount ₹ in Lakhs, unless otherwise mentioned)

Part "A": Subsidiaries

Name of the Subsidiary Company	**Nelco Network Products Ltd.**
Reporting period	1-4-2022 to 31-3-2023
Reporting currency	INR
Exchange rate as at 31st March, 2023	1
Share capital	100
Reserves & Surplus	3,264
Total assets	**11,751**
Total liabilities (excluding share capital & reserves)	**8,387**
Investments	-
Turnover	11,658
Other income	72
Total revenue	**11,730**
(Loss) before taxation	**(163)**
Provision for taxation (including deferred tax)	(50)
(Loss) after taxation	**(113)**
Proposed dividend on equity shares (%)	Nil
Proposed dividend on equity shares	Nil
% of Share- holding	100%

NOTES

Media snippets of the year gone by...

Nelco, Telesat conduct first high-speed internet trial with 35ms latency

Over 50 entities, including government bodies, telecom operators and enterprises, were part of this proof-of-concept demonstration by Nelco and Telesat. Use cases demonstrated in this trial included real-time video conferencing over Microsoft Teams, live TV and YouTube video streaming.

Nelco bets on inflight communication uptick to help boost its growth

The future looks bright for inflight communication, and Nelco is poised to take advantage of this growing trend. With plans to grow organically and expand globally, the company is well-positioned for success in the years to come.

Nelco @NelcoIndia · Jun 24, 2022

#Satellitecommunication industry in India has the potential to grow multifold in the next 10 years and become a global service." Highlights PJ Nath during his panel discussion on "Decadal Vision & Strategy for Indian Space Sector by ISRO, Astronautical Society of India, DRDO, Ministry of Defence, Govt. of India and IN-SPACe.

Nelco @NelcoIndia · Oct 12, 2022

We are committed to creating a world where 'remote' as a terminology does not exist. It was a pleasure to take Dr. Jitendra Singh, Minister of State for the Ministry of Science and Technology, through our portfolio of innovative services & showcase our contribution on bridging the digital divide in India, at the ISpA-Indian Space Association - Indian Space Conclave 2022.

ET Telecom.com
From The Economic Times

Intelsat signs pact with Tata's Nelco to offer in-flight connectivity in India's airspace

The agreement will benefit Intelsat's airline partners and flyers as they will get end-to-end broadband coverage on domestic and international aircraft flying to or from an Indian airport, as well as flying over the country.

tele.net

Interview with P.J. Nath: "Satellite communication is transforming the rural economy"

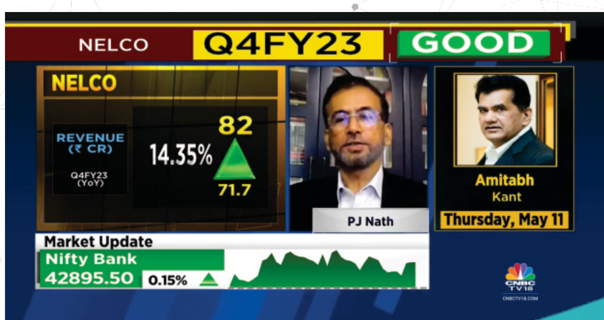
The continuously evolving satcom space has become a key factor for bridging India's digital divide. Nelco, a prominent player in this domain, has been actively contributing to the growth of the industry by offering cutting-edge solutions and services.

Nelco @NelcoIndia · Jun 24, 2022

The Indian Space Association (ISpA) in association with Defence Research and Development Organization (DRDO) recently organized the Indian DefSpace Symposium–bringing together key stakeholders, industry experts and thought leaders. Our MD & CEO P J Nath had the honour of interacting with dignitaries from Indian space & defence sectors.

CNBC-TV18 @CNBCTV18News · Apr 27

Services have grown by 37% in FY23, expect FY24 growth to be similar, says P J Nath of Nelco also Tells that it has plans to expand beyond India into global markets.



ISO 20000-1:2018 | ISO 27001:2013 | TL 9000

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