

18<sup>th</sup> November 2025

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Corporate Relationship Dept  
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Mumbai – 400 001

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Mumbai – 400 051

BSE Code: 504112

NSE Code: Nelco EQ

Dear Sirs,

**Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) – Intimation of Credit Rating.**

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we wish to inform you that CRISIL Ratings vide its letter dated 18<sup>th</sup> November 2025 has revised its outlook on Nelco Limited (the Company) as under: -

Total Bank Loan Facilities Rated	Rs.218.3 Crore
Long Term Rating	CRISIL A/Stable (Outlook revised from 'Positive'; Rating Reaffirmed)
Short Term Rating	CRISIL A1 (Reaffirmed)

Thanking you,

Yours faithfully,  
NELCO Limited

Ritesh N. Kamdar  
Company Secretary  
ACS 20154

## Rating Rationale

November 18, 2025 | Mumbai

### NELCO Limited

*Rating outlook revised to 'Stable'; Ratings Reaffirmed*

#### Rating Action

Total Bank Loan Facilities Rated	Rs.218.3 Crore
Long Term Rating	Crisil A/Stable (Outlook revised from 'Positive'; Rating Reaffirmed)
Short Term Rating	Crisil A1 (Reaffirmed)

*Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

Crisil Ratings has revised its outlook on the long-term bank loan facilities of NELCO Ltd (NELCO) to **'Stable'** from **'Positive'** while reaffirming the rating at **'Crisil A'**. The short-term rating has been reaffirmed at **'Crisil A1'**.

The revision in outlook follows slower-than-expected growth in business revenue mainly in the government segment, as well as certain slowdown seen in revenue from maritime and banking, financial service and insurance segments, resulting in revenue remaining range-bound over the last 2-3 fiscals. Consolidated operating income in fiscal 2025 was Rs 306 crore against Rs 321 crore in fiscal 2024, and Rs 149 crore for the first half of fiscal 2026.

That said, the rating reaffirmation reflects the strong market position of the company in the niche very small aperture terminal (VSAT) service industry, healthy revenue visibility over the next few fiscals and sustenance of healthy operational and financial risk profiles. The ratings also factor in support from the Tata group, from which Nelco derives financial flexibility.

Furthermore, over the medium term, the company's revenue is expected to grow at a healthy rate which is likely to support its market position and operating profitability on sustained basis. This will be driven by the recurring nature of its service business, increasing revenue from the government segment, expected increase in bandwidth revenue and increasing adoption of VSAT technology. Furthermore, Crisil Ratings expects the company to utilise operating cash accrual towards its business requirement, which should support sustenance of healthy capital structure. The expected growth in the scale of operations and operating profitability will be a key rating monitorable.

These strengths are partially offset by the working capital-intensive nature of business and inherent regulatory and technological risks.

#### Analytical Approach

Crisil Ratings has combined the business risk profile of its wholly owned subsidiary, Nelco Network Products Ltd (NNPL), while assessing NELCO. For arriving at the ratings, Crisil Ratings has applied its group notch-up framework to factor in the extent of support available from the Tata group.

*Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.*

#### Key Rating Drivers - Strengths

##### Strong market position in the satcom industry

NELCO is one of the leading players in the niche satellite communication (satcom) industry with about 40% revenue share in fiscal 2025. The company has the VSAT license which in India is offered under license from Department of Telecom (DoT), Government of India. Once the VSAT license is obtained, operators require satellite transponder space, which is provided by New Space India Ltd (NSIL), a part of Indian Space Research Organisation (ISRO; a Government of India company under the Department of Space). Going forward the satellite transponder capacities could also be provided by foreign satellite operators who have obtained authorisation from IN-SPaCe. VSAT scores over terrestrial telecom in applications where connectivity needs to be more reliable or where locations are remote.

NELCO provides business to business (B2B) VSAT services in banking, oil & gas exploration, renewable energy, mining, construction and rural education. It enjoys strong market share, especially in the oil & gas and banking (automated teller machine [ATM]) segments. Other segments include maritime and aero. Furthermore, the company has recently won certain projects across varied segments which will also help in establishing and strengthening its presence.

##### Healthy revenue visibility

NELCO has two key revenue streams: (a) VSAT hardware sales, which pertains to one-time hardware installations, and (b) bandwidth and service usage, which is largely recurring revenue. About 75-80% of the revenue is from bandwidth and

service usage with repeat customers (churn rate of 3-5%). This ensures high revenue visibility for the company. The terms with its customers are largely contractual in nature, with contract lengths varying from 1 to 3 years.

With de-regularisation in the space sector and pacing up implementation of the New Space Policy 2023, new streams of VSAT usage will be coming up, which shall further support growth in revenue. With evolution in technology, bandwidth fees are also expected to reduce, which is likely to result in making VSAT technology more competitive and could support increasing the consumer base. Also, the existing pipeline of projects across varied segments is expected to contribute to revenue growth over the next few fiscals.

#### **Despite moderation in operating profitability; overall financial profile healthy**

The earnings before interest, tax, depreciation and amortisation (Ebitda) margin of the company has been moderating because of increasing share of relatively low-margin equipment in the overall sales mix along with increasing operating and employee related expenses. The company reported Ebitda margin of 14.4% in fiscal 2025 (19.2% in fiscal 2024). During the first half of the current fiscal, Ebitda further moderated to 10.2%. However, despite moderation in operating profitability, the overall financial profile continues to remain healthy with total outside liabilities to adjusted networkworth (TOLANW) ratio and adjusted gearing of 1.08 times and 0.42 time, respectively, as on March 31, 2025 against 1.16 times and 0.48 time, respectively, as on March 31, 2024. As on September 30, 2025, the TOLANW ratio and adjusted gearing were 1.41 times and 0.56 time, respectively. Crisil Ratings understands that certain moderation, as of September 2025, is due to stretched working capital cycle resulting in higher working capital borrowings. The company continues to have nil long-term debt on its books.

Crisil Ratings understands that capital expenditure (capex) required by the company to execute the projects in pipeline is minimal since most of these projects have advance payment terms. Hence, NELCO is not expected to avail any long-term debt in the short to medium term. The company is expected to incur annual capex of around Rs 20-30 crore over the medium term, which is to be funded through a mix of internal accrual and external debt. Resultantly, financial risk profile is expected to remain healthy going forward. However, any material increase in debt owing to stretched working capital cycle or significant debt-funded capex, impacting the overall financial position of the company, will be a key rating sensitivity factor.

#### **Financial flexibility enjoyed by being part of the Tata group**

As on September 30, 2025, the Tata group through The Tata Power Company Ltd (TPCL; 'Crisil AA+/Stable/Crisil A1+') and its subsidiaries, held 50.09% equity stake in NELCO. The company has board representatives from TPCL. As part of the Tata group, it will continue to enjoy financial flexibility.

#### **Key Rating Drivers - Weaknesses**

##### **Working capital-intensive business**

Gross current assets (GCA) were sizeable at 179 days as on March 31, 2025 (159 days a year earlier), mainly due to high receivables of 89 days. Clients are majorly billed on quarterly basis. However, this is partly offset by credit period provided by suppliers (hardware providers) of 6-9 months, although a nominal cost is paid by the company for credit periods over and above 3 months.

##### **Technology and regulatory risk**

NELCO is dependent on technologies for VSAT hardware from other third-party global players such as VT iDirect and Gilat Satellite Networks, with proprietary technologies. Furthermore, VSAT services are regulated by DoT. Any major change in policy pertaining to VSAT remains a key risk factor. NELCO also faces competition from terrestrial telecom providers which are cheaper and are increasing their connectivity to remote locations over time. The expected de-regularisation in this space with the execution of New Space Policy 2023 should reduce regulatory risk, however, due to constant technological advancements, threat from alternative sources will remain.

##### **Liquidity Strong**

Liquidity is strong, marked by cash and equivalents of about ~Rs 15 crore as on March 31, 2025. Expected cash accruals in fiscal 2026 and 2027 are ~Rs 30 crore on yearly basis.

Furthermore, the company expects to incur capex of ~Rs 20-30 crore funded through a mix of internal accrual and external debt. It has availed working capital limits to fund short-term debt requirement. The company also enjoys financial flexibility being part of the Tata group.

##### **Outlook Stable**

Crisil Ratings expects the outlook on NELCO to remain 'Stable' given the recurring nature of revenue.

#### **Rating sensitivity factors**

##### **Upward factors**

- Substantial increase in scale of operations, leading to improvement in operating risk profile
- Substantial reduction in total outside liabilities, leading to material reduction in the TOLTNW ratio to below 1.5 – 2 times on sustainable basis

##### **Downward factors**

- Weakening of operational metrics with lower-than-expected cash accrual, leading to higher-than-expected debt-funded capex resulting in gearing sustaining above 2 times
- Change in ownership from the Tata group

#### **About the Company**

NELCO, established in 1940, is a subsidiary of TPCL. The company provides domestic satellite communication services to close user group (CUG) networks via satellite system on non-exclusive basis within the territorial boundary of India under

the VSAT, ISP and other licenses and authorisation granted by the DoT, Government of India.

### Key Financial Indicators - consolidated

Particulars	Unit	2025	2024
Revenue	Rs crore	306	321
Profit after tax (PAT)	Rs crore	10	24
PAT margin	%	3.1	7.4
Adjusted debt by adjusted networkth	Times	0.42	0.48
Interest coverage	Times	7.1	8.5

**Any other information:** Not applicable

### Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings' complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

### Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	10.00	NA	Crisil A1
NA	Cash Credit	NA	NA	NA	5.00	NA	Crisil A/Stable
NA	Fund-Based Facilities	NA	NA	NA	40.00	NA	Crisil A/Stable
NA	Fund-Based Facilities	NA	NA	NA	20.00	NA	Crisil A1
NA	Non-Fund Based Limit	NA	NA	NA	64.30	NA	Crisil A1
NA	Overdraft Facility	NA	NA	NA	4.00	NA	Crisil A1
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	60.00	NA	Crisil A/Stable
NA	Short Term Loan	NA	NA	NA	15.00	NA	Crisil A1

### Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Nelco Network Products Ltd (NNPL)	Full	100% ownership and strong operational and financial linkages

### Annexure - Rating History for last 3 Years

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	144.0	Crisil A1 / Crisil A/Stable		--	25-10-24	Crisil A1 / Crisil A/Positive	28-07-23	Crisil A1 / Crisil A/Positive	29-04-22	Crisil A1 / Crisil A/Stable	Crisil A1 / Crisil A/Stable
Non-Fund Based Facilities	ST	74.3	Crisil A1		--	25-10-24	Crisil A1	28-07-23	Crisil A1	29-04-22	Crisil A1	Crisil A1

All amounts are in Rs.Cr.

### Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	10	Mizuho Bank Limited	Crisil A1
Cash Credit	5	Bank Of India Limited	Crisil A/Stable
Fund-Based Facilities	20	ICICI Bank Limited	Crisil A1
Fund-Based Facilities	15	Mizuho Bank Limited	Crisil A/Stable

<b>Fund-Based Facilities</b>	<b>25</b>	<b>Bajaj Finance Limited</b>	<b>Crisil A/Stable</b>
<b>Non-Fund Based Limit</b>	<b>5.3</b>	<b>Union Bank Of India Limited</b>	<b>Crisil A1</b>
<b>Non-Fund Based Limit</b>	<b>10</b>	<b>Bank Of India Limited</b>	<b>Crisil A1</b>
<b>Non-Fund Based Limit</b>	<b>15</b>	<b>ICICI Bank Limited</b>	<b>Crisil A1</b>
<b>Non-Fund Based Limit</b>	<b>34</b>	<b>Axis Bank Limited</b>	<b>Crisil A1</b>
<b>Overdraft Facility</b>	<b>4</b>	<b>Axis Bank Limited</b>	<b>Crisil A1</b>
<b>Proposed Long Term Bank Loan Facility</b>	<b>60</b>	<b>Not Applicable</b>	<b>Crisil A/Stable</b>
<b>Short Term Loan</b>	<b>15</b>	<b>Shinhan Bank</b>	<b>Crisil A1</b>

## Criteria Details

<b>Links to related criteria</b>
<a href="#">Basics of Ratings (including default recognition, assessing information adequacy)</a>
<a href="#">Criteria for consolidation</a>
<a href="#">Criteria for factoring parent, group and government linkages</a>
<a href="#">Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)</a>

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