



# **TATANET SERVICES LIMITED**

**CIN :U67120MH1987PLC044351**

**28<sup>TH</sup> ANNUAL REPORT**

**2014-15**

# **TATANET SERVICES LIMITED**

## **28<sup>TH</sup> ANNUAL REPORT 2014-15**

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**Board of Directors :** Mr.R.R.Bhinge

Mr. Sanjay Dube

Ms. Hema Hattangady

Mr.P.J.Nath

Mr.R.B.Upadhyay

Mr.Uday Banerjee

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**Bankers :** Bank of India, Mumbai

Axis Bank Limited, Mumbai

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**Auditors :** M.H.Dalal & Associates, Mumbai

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**Registered Office:** MIDC, EL-6 TTC Industrial Area,

Electronics Zone, Mahape,

Navi Mumbai – 400 710

## Tatanet Services Limited

### NOTICE

The Twenty Eighth Annual General Meeting of Tatanet Services Limited will be held on Monday, 31<sup>st</sup> August 2015 at 11.00 a.m. at the Registered Office of the Company situated at EL-6, TTC Industrial Area, Electronics Zone, MIDC, Mahape, Navi Mumbai – 400 710 to transact the following business:-

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2015 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R.R.Bhinge (DIN No.00036557) who retires by rotation and is eligible for re-appointment.
3. To appointment of Statutory Auditors and fix their remuneration.
4. Director retire by rotation  
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution

RESOLVED THAT Mr.R.B.Upadhyay (DIN No.00112029) Director liable to retire by rotation, who does not offer himself for re-appointment be not re-appointed as a Director of the Company and the vacancy so caused on the Board of the Company be not filled-up"

5. Appointment of Ms.Hema Hattangady as Director  
To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED that Ms.Hema Hattangady (DIN No.00175563), who was appointed by the Board of Directors of the Company as an Additional Director with effect from 22<sup>nd</sup> April 2015 and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 ("the Act") but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing her candidature for the office of Director be and is hereby appointed a Director of the Company."

6. Payment of remuneration to the Cost Auditors  
To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 & other applicable provisions, if any, of the Companies Act, 2013 & the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of Rs.75,000/- plus service tax and reimbursement of actual out of pocket expenses payable to P.D.Dani and Co., who are appointed as Cost auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year 2015-16."

#### Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") in respect of the business as set out in Item 3,5 & 6 above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Company's registered office not less than 48 hours before the meeting.
3. The Register of Members and Transfer Books of the Company will remain closed from Monday, 24<sup>th</sup> August, 2015 to Friday, 28<sup>th</sup> August, 2015 both days inclusive.

By Order of Board of Directors

  
Uday Banerjee  
Director

Navi Mumbai, 24<sup>th</sup> July 2015  
CIN No.U67120MH1987PLC044351

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

## EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 ("Act"), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.4 to 6 of the accompanying Notice dated 24<sup>th</sup> July 2015.

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

### Item No.3

Mr. R.B.Upadhyay has been on the Board of the Company since 12<sup>th</sup> February 2008. Pursuant to Section 152 of the Companies Act 2013, Mr.Upadhyay retires by rotation at the forthcoming Annual General Meeting and eligible for reappointment. However, he has not offered himself for reappointment due to his other preoccupations. The Board places on record its sincere appreciation and recognition of the valuable contribution and services rendered by Mr.Upadhyay during his tenure as a Director on the Board of the Company. The Board proposes that the vacancy caused by his retirement by rotation be not filled-up none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolutions at Item No.3 of the accompanying Notice. The Board recommends the resolution for your approval.

### Item No.5

Ms.Hema Hattangady was appointed as an Additional Director of the Company with effect from 22<sup>nd</sup> April 2015 by the Board of Directors under Section 161 of the Act and Article 129 of the Company's Articles of Association. In terms of Section 161(1) of the Act, Ms.Hattangady holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying his intention to propose the appointment of Ms.Hattangady as a Director.

Other than Ms.Hattangady, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution at Item No.5 of the accompanying Notice. Ms.Hattangady is not related to any other Director of the Company.

### Item Nos. 6

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. The Board of Directors has approved the appointment of P.D.Dani and Co.(PDD) as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2015-16 at a remuneration of Rs.75,000/- plus service tax and actual out of pocket expenses.

PDD have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have conducted the audit of cost records of the Company for the previous year under the provisions of the Companies Act, 2013.

The Board commends the resolution at item no.6 of the accompanying notice for ratification by the members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the resolution at item no.6 of accompanying notice.

By Order of the Board of Directors

  
Uday Banerjee  
Director

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Navi Mumbai, 24<sup>th</sup> July 2015  
CIN No.U67120MH1987PLC044351

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

**DIRECTORS' REPORT**

To The Members,

The Directors are pleased to present the Twenty Eighth Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2015.

**1. FINANCIAL RESULTS (SUMMARIZED)**

Figures Rs in '000

	<b>FY15</b>	<b>FY14</b>
(a) Net Service Income from Operations	5,08,214	4,62,639
(b) Operating Expenditure	4,81,435	3,95,976
(c) <b>Operating Profit</b>	<b>26,779</b>	<b>66,663</b>
(d) Add: Other Income	49	1,519
(e) Less: Finance Cost	23,614	25,118
(f) Profit before Depreciation and Tax	<b>3,214</b>	<b>43,064</b>
(g) Less: Depreciation / Amortisation / Impairment	41,889	29,519
(h) <b>Profit before Tax</b>	<b>(38,675)</b>	<b>13,545</b>
(i) Tax Expenses	0	5,200
(j) <b>Net Profit / (Loss) after Tax</b>	<b>(38,675)</b>	<b>8,345</b>

**2. DIVIDEND**

In view of the loss incurred during the year under review, the Board of Directors regrets their inability to recommend dividend for the financial year ended 31<sup>st</sup> March 2015

**3. BUSINESS OVERVIEW**

The Company is a leading VSAT Service Provider in the country catering to a large market segment. The Company has a major presence in the BFSI, Manufacturing and Oil & Gas sector.

The Company achieved growth of **9.85%** in revenue over the previous year. The Company set up a new hub at Dehradun (leased premises owned by Tata Communications Limited) which was operational from December 2014. New Space capacity of 36 MHz was procured from Antrix Corp. Ltd (Antrix). This additional capacity will boost the Company's revenue.

**Opportunities:**

The Company has continued its focus on the expansion in the Banking and Oil & Gas segments by targeting existing as well as new customers in the respective sectors. Additionally Company procured good orders from the Government & Enterprise segments. The Company is getting its fair share of business from the Banking Sector, which is the largest market for the VSAT industry in India and which has strong potentials for growth due to initiatives of the Govt. to increase the financial inclusion.

**Threats:**

The main threats for the VSAT industry come from availability of alternate technology at lower costs and scarcity of Satellite bandwidth coupled with high prices. The terrestrial Telecom industry could pose a threat to VSAT services if Telecom operators are able to roll out fibre infrastructure across remote locations of the country and offer reliable services at low costs. Considering the high capex, this threat may not be very pronounced for the next 3-4 years.




The fast evolving 3G and 4G services could also pose a threat for the VSAT industry, if the Telecom industry is able to obtain adequate spectrum in the appropriate frequencies and at competitive spectrum prices. However, in the current scenario, this is unlikely to be a major threat for the next 3-4 years.

Another major threat for the VSAT industry comes from the increasing prices of satellite transponder space, for which the industry is dependent only on one procurement agency – Antrix. In the past, the foreign satellite operators from whom Antrix procures capacities have increased or attempting to increase their prices.

#### **4. DIRECTORS**

Ms Hema Hattangady was appointed as an additional director with effect from 22<sup>nd</sup> April 2015. She holds office upto the forthcoming Annual General Meeting. A notice under section 160 of the companies Act, 2013 has been received from a Member signifying his intension to propose the appointment of Ms. Hattangady as a Director.

In accordance with the requirements of the Companies Act 2013, Mr. R.R.Bhingre retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

In accordance with the requirements of the Companies Act 2013, Mr. R.B. Upadhyay retires by rotation at the forthcoming Annual General Meeting and eligible for reappointment. However he has not offered himself for reappointment due to his other preoccupations.

Mr.R.B.Upadhyay has been on the Board of the Company since 12<sup>th</sup> February 2008. The Board places on record its appreciation and recognition of the valuable contribution and services rendered by Mr.Upadhyay during his tenure as a Director on the Board of the Company.

#### **5. REGULATORY AND LEGAL**

##### **5.1. REGULATORY ENVIRONMENT**

There is no change in the regulatory environment.

##### **5.2. REGULATORY ORDERS OF RELEVANCE**

There are no new tariff orders etc.

#### **6. SUSTAINABILITY**

##### **6.1. SAFETY**

The Company accords high priority to health, safety and environment, treating these as integral part of all its activities. The operations of the Company are not of a hazardous nature. However, the Company emphasizes on maintaining a healthy and safe environment in and around its facilities as well as contract sites where projects are under execution.

##### **6.2. CARE FOR OUR ENVIRONMENT**

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

#### **7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

Annexure not attached as it is not applicable to the Company.  
The Company has no exports.

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The foreign exchange earned during the period under review was Nil.  
Total outgo of foreign currency was Rs. 30,970 (000')

**8. HUMAN RESOURCES**

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

**9. CREDIT RATING**

Total Bank Loan Facilities Rated: **Rs. 250 Million**  
Long Term Rating: CRISIL A-/Negative (Reaffirmed)  
Short Term Rating: CRISIL A2+ (Reaffirmed)

**10. AUDITORS**

M/s M. H Dalal & Associates, Chartered Accountants, who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**11. COST AUDITOR AND COST AUDIT REPORT**

In accordance with the requirement of the Central Government and pursuant to section 148 of the Companies Act 2013, the Company has carried out an audit of cost accounts for the year 2013-14 relating to its telecommunication business.

**12. DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the statutory and cost auditors and the reviews performed by Management the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2014-15. 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, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

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

**13. ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation for the support and assistance received from Customers, Business Associates, Bankers, Vendors and Regulatory & Governmental Authorities. The Board also acknowledges the continued support and guidance from Tata Group.

On behalf of the Board of Directors,



R.R. Bhinge  
Chairman

Mumbai, 24<sup>th</sup> July 2015

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURNS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2015

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	U67120MH1987PLC044351
ii.	Registration Date	12 <sup>th</sup> August 1987
iii.	Name of the Company	Tatanet Services Limited
iv.	Category / Sub-Category of the Company	Company Limited by share/ Indian Non Government - Company
v.	Address of the Registered office and contact details	MIDC, Plot No. EL-6, TTC Industrial Area, Electronic Zone, Mahape , Navi Mumbai - 400710
vi.	Whether listed Company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	VSAT Bandwidth Connectivity Service	5020	99.85%
2	Internet Services	5020	0.15%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section(s)
1.	Nelco Limited MIDC, Plot No. EL-6, TTC Industrial Area, Electronic Zone, Mahape , Navi Mumbai - 400710	L32200MH1940PLC003164	Holding Company	100.00%	2(46) 2(87)






**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	0	7	7	0.12	0	70	70	0.01	-0.11
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp	0	5993	5993	99.88	0	4899930	4899930	99.99	0.11
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):-	0	6000	6000	100.00	0	4900000	4900000	100.00	0
<b>2) Foreign</b>									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0
h) Other-Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corp.	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	0	0	0	0	0	0	0	0	0
<b>2. Non Institutions</b>									
a) Bodies Corp. (i) Indian (ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									

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(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others(Specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	6000	6000	100.00	0	4900000	4900000	100.00	0

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Nelco Limited	5993	99.88	0	4899930	99.99	0	0.11
2.	Mr. M. Shah (Jointly With Nelco Ltd.)	1	0.02	0	10	0.01	0	-0.11
3.	Mr. P.J.Nath (Jointly With Nelco Ltd.)	1	0.02	0	10	0.00	0	0
4.	Mr. G.V. Kirkinde (Jointly With Nelco Ltd.)	1	0.02	0	10	0.00	0	0
5.	Mr. R.B. Upadhyay (Jointly With Nelco Ltd.)	1	0.02	0	10	0.00	0	0

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6.	Mr. Uday Banerjee (Jointly With Nelco Ltd.)	1	0.02	0	10	0.00	0	0
7.	Mr. Kingshuk Basak (Jointly With Nelco Ltd.)	1	0.01	0	10	0.00	0	0
8.	Mr. K. Mandal (Jointly With Nelco Ltd.)	1	0.01	0	10	0.00	0	0
<b>Total</b>		<b>6000</b>	<b>100</b>	<b>0</b>	<b>4900000</b>	<b>100</b>	<b>0</b>	<b>0</b>

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

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year*	60000	100.00	60000	100.00
	25 <sup>th</sup> March 2015 allotment on right basis	4840000	100.00	4900000	100.00
	At the End of the year	4900000	100.00	4900000	100.00

\*6000 Equity shares of Rs. 100/- each sub divided in to 60,000 of equity share of Rs 10/- each.

**V.INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	Term Loan from ZCBL	Nil	Nil	
i) Principal Amount	419.10 L			419.10 L
ii) Interest due but not paid				
iii) Interest accrued but not				
<b>Total (i+ii+iii)</b>	<b>419.10 L</b>	<b>Nil</b>	<b>Nil</b>	<b>419.10 L</b>
Change in Indebtedness during the financial year				
- Addition				
- Reduction				
<b>Net Change</b>	<b>188.46 L</b>	<b>Nil</b>	<b>Nil</b>	<b>188.46 L</b>
Indebtedness at the end of the financial year				
i) Principal Amount	607.57 L			607.57 L
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>607.57 L</b>	<b>Nil</b>	<b>Nil</b>	<b>607.57 L</b>

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**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil	Nil
6.	Total (A)	Nil	Nil	Nil	Nil	Nil
	Ceiling as per the Act					

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount (Rs)
	<b>Independent Directors</b>					
	- Fee for attending board committee meetings (Sitting Fees)	Mr. R R.Bhinge				60,000/-
		Mr. Sanjay Dube				60,000/-
	- Commission - Others, please specify					
	Total (1)					1,20,000/-
	<b>Other Non-Executive Directors</b>	Nil	Nil	Nil	Nil	Nil
	- Fee for attending board committee meetings - Commission - Others, please specify					
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)					1,20,000/-
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

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**C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
6.	Total	Nil	Nil	Nil	Nil

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
<b>A. Company</b>					
Penalty		Nil			
Punishment		Nil			
Compounding		Nil			
<b>B. Directors</b>					
Penalty		Nil			
Punishment		Nil			
Compounding		Nil			
<b>C. Other Officers In Default</b>					
Penalty		Nil			
Punishment		Nil			
Compounding		Nil			

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**INDEPENDENT AUDITOR'S REPORT**

**TO**  
**THE MEMBERS OF**  
**TATANET SERVICES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **TATANET SERVICES LIMITED**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015 & the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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



# M. H. DALAL & ASSOCIATES

## CHARTERED ACCOUNTANTS

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date;
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

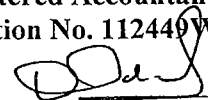
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.



**M. H. DALAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

For M.H.DALAL & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 112449W)



(Devang M. Dalal)  
(Partner)  
(Membership No. 109049)



MAHAPE  
DATE: 21 APR 2015



**M. H. DALAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**Annexure to the Auditors Report**

The Annexure referred to in our report to the members of TATANET SERVICES LIMITED for the year ended 31<sup>ST</sup> MARCH,2015. We report that:

(i)	<p>(a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;</p> <p>(b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;</p>	<p>Yes, The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.</p> <p>Yes, A major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets by the management is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>None of the assets are disposed off during the year</p>
(ii)	<p>(a) whether physical verification or inventory has been conducted at reasonable intervals by the management;</p> <p>(b) are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business If not, the inadequacies in such procedures should be reported;</p> <p>(c) whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account;</p>	<p>The Company has no inventory hence, matters specified in terms (a),(b),and (c) of clause (2) of the said order is not applicable to the company.</p>



# M. H. DALAL & ASSOCIATES

## CHARTERED ACCOUNTANTS

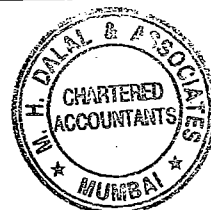
(iii)	whether the company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. If so, whether receipt or the principal amount and interest are also regular; and (a) if overdue amount is more than rupees one lakh, whether reasonable steps have been taken by the company for recovery of the principal and interest;	As per information provided to us the company has neither granted or nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 189 of the companies Act, accordingly clause (iii) of the said order is not applicable to the Company.
(iv)	is there an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Whether there is a continuing failure to correct major weaknesses in internal control system.	Yes, There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase fixed assets and sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weakness in the internal control.
(v)	in case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with? if not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	The Company has not accepted any deposits from public.
(vi)	where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, whether such accounts and records have been made and maintained	We have broadly reviewed the books of account and records maintained by the company relating to Telecommunication services, Pursuant to the order made by the central Government for the maintenance of the cost record under sub (1) of section 148 of the companies Act, and are the opinion that prima facie the prescribed accounts and records have been made maintained. We have, however not made a detailed



# M. H. DALAL & ASSOCIATES

## CHARTERED ACCOUNTANTS

		examination of records with a view to determining whether they are accurate or complete.
(vii)	(a) is the company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor	Yes, The Company has been regular in depositing with appropriate authorities undisputed statutory dues including Income tax, and other material statutory dues applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues for outstanding at 31 <sup>st</sup> March, 2015 for the period more than 6 months from the date of becoming payable.
	(b) in case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).	According to the records made available to us and the information and explanation given by management, There are no dues of income tax/Custom duty/Wealth tax, Service tax/Excise duty/cess except Sales tax, as at 31 <sup>st</sup> March, 2015 which have not been deposited with the authorities on amount of disputes. Sales Tax demand for F. Yr. : 2006-07:- Rs.5,66,43,424 2007-08 :- Rs.7,98,61,193 2008-09 :- Rs.5,16,56,575 2009-10 :- Rs.9,45,31,850 2010-11:-Rs.10,08,63,599 are pending on account of dispute.
	(c) whether the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 ( 1 of 1956) and rules made thereunder has been transferred to such fund within time.	No, As per information & explanation given to us, no such transfer has been made during the financial year.
(viii)	whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year;	Yes, The Company is registered for a period more than five years and it has accumulated losses at the end of financial year exceeding 50% of its Net worth and it has not incurred any cash losses during the financial year and in the immediately preceding financial year.




# M. H. DALAL & ASSOCIATES

## CHARTERED ACCOUNTANTS

(ix)	whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders? If yes, the period and amount of default to be reported;	In our opinion & According to the information and explanation given to us, the Company has availed the term loan from Zoroastrian Co-operative Bank. The company has not defaulted in repayment of dues to the Bank.
(x)	whether the company has given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company;	According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
(xi)	whether term loans were applied for the purpose for which the loans were obtained;	On the basis of review of utilization of funds, which is based on overall examination of the balance sheet of the company, related information as made available to us and as represented to us by the Management, funds raised on term loan basis have been used for the purpose for which it was obtained.
(xii)	whether any fraud on or by the company has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated.	As per the information and explanations given to us and on the basis of examination of records, no fraud on or by the company has been noticed or reported during the financial year.

For M.H.DALAL & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 112449W)



(Devang M. Dalal)  
(Partner)

(Membership No. 109049)



MAHAPE  
DATE : 21 APR 2015

**TATANET SERVICES LIMITED**  
Balance Sheet as at 31st March 2015

(Rupees in 000')

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	4	49,600	600
(b) Reserves and Surplus	5	(32,237)	15,797
		<b>16,763</b>	<b>16,397</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	6	45,134	32,238
(b) Deferred tax liabilities (Net)	3.4		-
(c) Other Long term liabilities	7	113,032	133,932
		<b>158,166</b>	<b>166,170</b>
<b>(3) Current liabilities</b>			
(a) Trade Payables		71,908	56,401
(b) Other Current liabilities	8	32,419	46,012
		<b>154,328</b>	<b>102,412</b>
<b>TOTAL</b>		<b>329,257</b>	<b>284,979</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible Assets	9	134,279	149,346
(ii) Intangible Assets	9	4,872	4,219
(b) Non-current investments	10	50	50
(c) Long-term loans and advances	11	93,412	49,715
(d) Other non-current assets	12	183	305
		<b>232,297</b>	<b>203,635</b>
<b>(2) Current assets</b>			
(a) Trade receivables	13	47,011	42,218
(b) Cash and cash equivalents	14	13,564	11,997
(c) Short-term loans and advances	15	26,557	24,357
(d) Other current assets	16	6,332	2,773
		<b>96,960</b>	<b>81,345</b>
<b>TOTAL</b>		<b>329,257</b>	<b>284,979</b>

Significant Accounting Policies & Notes to Accounts

1, 2 & 3

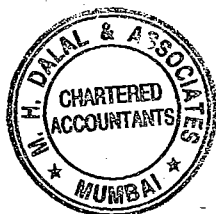
In terms of our report attached

For and on behalf of the Board

For M H Dalal & Associates  
Chartered Accountants  
Firm Registration Number: 112449W

Devang M Dalal  
Partner  
Membership No: 109049

Place: Mahape  
Date: 21st April, 2015



*P. J. Nath*  
P. J. Nath  
Director  
DIN: 05118177

*Uday Banerjee*  
Uday Banerjee  
Director  
DIN: 01474194

## Statement of Profit &amp; Loss for the year ended 31st March 2015

(Rupees in 000', except per share data)

Particulars		Note No.	For the year ended 31.03.2015	For the year ended 31.03.2014
I.	Revenue from Operations	17	508,214	462,639
II.	Other Income	18	49	-1,519
III.	<b>Total Revenue (I + II)</b>		<b>508,262</b>	<b>464,157</b>
IV.	<b>Expenses:</b>			
	Operating Expenses	19	442,687	380,242
	Finance Costs	20	23,613	25,117
	Depreciation and Amortization expense	9	41,888	29,519
	Other Expenses	21	38,748	15,734
	<b>Total expenses</b>		<b>546,937</b>	<b>450,612</b>
V.	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>(38,675)</b>	<b>13,545</b>
VI.	Exceptional items			
VII.	<b>Profit before extraordinary items and tax (V - VI)</b>		<b>(38,675)</b>	<b>13,545</b>
VIII.	Extraordinary Items			
IX.	<b>Profit before tax (VII- VIII)</b>		<b>(38,675)</b>	<b>13,545</b>
X	Tax expense:			
	(1) Current tax			5,200
	(2) Deferred tax			-
XI	<b>Profit (Loss) for the period from continuing operations (IX-X)</b>		<b>(38,675)</b>	<b>8,345</b>
XII	<b>Profit (Loss) for the period</b>		<b>(38,675)</b>	<b>8,345</b>
XIII	<b>Earnings per equity share:</b>			
	(1) Basic	3.1	(7.39)	1,391
	(2) Diluted	3.1	(7.39)	1,391

Significant Accounting Policies & Notes to Accounts  
In terms of our report attached

1,2 &amp; 3

For and on behalf of the Board

For M H Dalal & Associates  
Chartered Accountants  
Firm Registration Number: 112449W

Devang M Dalal  
Partner  
Membership No: 109049

Place: Mahape  
Date: 21st April, 2015



*P. J. Nath*  
P. J. Nath  
Director  
DIN: 05118177

*Uday Bajerjee*  
Uday Bajerjee  
Director  
DIN: 01474194

# TATANET SERVICES LIMITED

## Cash Flow Statement for the year ended 31st March, 2015

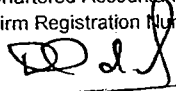
(Rupees in 000')

	For the year ended 31-03-2015		For the year ended 31-03-2014
<b>A. Cash flow from operating activities</b>			
NET PROFIT / (LOSS) BEFORE TAX		(33,675)	13,545
<b>ADJUSTMENTS FOR</b>			
Finance Costs	23,613		25,117
Dividend Income on Long Term Investment	(8)		
Depreciation and Amortisation	41,888		29,519
<b>OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES</b>		65,494	54,636
Changes in working capital		26,820	68,181
Adjustments for increase / (decrease) in operating assets:			
Trade Receivables	(4,793)		21,446
Short Term Loans & Advances	(2,201)		(2,269)
Long Term Loans & Advances	(43,697)		(8,433)
Other non-current assets	122		122
Other current assets	(4,058)		(656)
Adjustments for increase / (decrease) in operating liabilities:			
Trade Payables	9,557		(388)
Other current liabilities	35,291		12,725
<b>CASH GENERATED / (USED IN) FROM OPERATIONS</b>		(9,773)	22,548
Direct taxes paid		(7,042)	90,730
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		(17,042)	85,530
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets		(35,218)	(39,502)
<b>NET CASH FLOW (USED) IN INVESTING ACTIVITIES (B)</b>		(35,218)	(39,502)
<b>C. Cash flow from financing activities</b>			
Term Loan from The Zoroastrian Co-Op Bank Ltd		16,846	27,792
Issue of Equity Shares to Nelco Ltd		48,400	-
Dividend Income on Long Term Investment		8	-
Security Deposit received from Nelco Ltd		27,500	(57,500)
Security Deposit refunded to Nelco Ltd		(48,400)	-
Finance Costs		(23,613)	(25,117)
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>		22,740	(54,825)
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		4,564	(8,798)
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR</b>		11,997	20,794
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>		16,561	11,997
		4,564	(8,798)

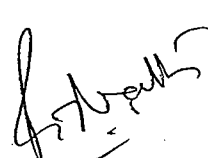
In terms of our report attached

For and on behalf of the Board

For M H Dalal & Associates  
Chartered Accountants  
Firm Registration Number: 112449W

  
Devang M Dalal  
Partner  
Membership No: 109049



  
P. J. Nath  
Director  
DIN: 05118177

  
Uday Banerjee  
Director  
DIN: 01474194

Place: Mahape  
Date: 21st April, 2015

# NOTES TO ACCOUNTS

## 1. Corporate information

Tatanet Services Limited (TNSL) is a 100% subsidiary of Nelco Limited (a subsidiary of Tata Power Company Limited)

TNSL is in the business of providing connectivity services to Closed User Group (CUG) networks using satellite bandwidth through VSAT's at customer premises equipment and central hub at Mahape under the VSAT Commercial License and also provides Internet Services under the PAN India ISP License

## 2. Significant Accounting Policies

### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

### 2.2 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 2.3 Fixed Assets, Depreciation & Amortization

- a) Fixed Assets are stated at cost less depreciation. Cost comprises cost of acquisition, cost of improvements and any attributable cost of bringing the asset to the condition of its intended use.

Foreign Exchange (loss)/gain is amortized over a period of the balance life of the fixed assets as per amended AS-11 dated 31.03.2009

- b) Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule II Part "C" (Section 123) to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under:

VSAT remotes: Depreciation on VSAT remotes is provided on the straight line method over the useful life as estimated by the Management. The Management estimates the useful life to be 5 years.





Intangible assets are amortized over their useful life as follows:

- License Fees – VSAT : 20 years (8 years remaining as at the Balance sheet date)
- License Fees – ISP : 15 years (7 years remaining as at the Balance sheet date)
- Testing Software : 5years (4 years remaining as at the Balance sheet date)

**Note:** During the year ended 31.03.2015 the company has revised the depreciation rates as per the new Companies Act 2013. Difference of Rs. 9,359 (000') on revision is charged to the opening Profit and Loss A/c.

#### 2.4 Revenue Recognition

Sales from services are recognized on rendering of services to the customers.

#### 2.5 Income Taxes

- a) **Current Tax:** Provision for Income Tax is determined in accordance with the provisions of the Income Tax Act 1961.
- b) **Deferred Tax Provision:** Deferred Tax is recognized on timing differences being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s)

#### 2.6 Segment Reporting

As per AS- 17, a segment can be either a Business Segment or a Geographical Segment.

**Business Segment** is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments

**Geographical Segment** is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Revenues from provision of VSAT Bandwidth and Internet Service does not constitute a segment whether business or geographical within the meaning of segment as per AS-17



## 2.7 Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on date of transaction. Monetary items are translated at the year-end rates. Any premium or discount arising at the inception of a forward exchange contract is recognised as income or expense over the life of contract.

## 3. Notes to Accounts (All figures are rupees in 000' except per share data)

### 3.1 Earnings per share (EPS)

	2014-15 12 mths	2013-14 12 mths
a) Weighted Average Number of Shares at the beginning and end of the period (Nos.)	49,00,000	6,000
b) Net Profit / (Loss) after Tax available for Equity Share holders	(38,675)	8,345
c) Basic and diluted earnings Per Share (Rupees) – Face value	(7.89)	1,391

### 3.2 Value of Imports calculated on CIF basis

Particulars	2014-15 12mths	2013-14 12mths
i) Capital Goods	30,566	36,162

### 3.3 Contingent Liabilities:

Rs in '000			
	Particulars	2014-15	2013-14
a)	Claims against the company not acknowledged as debt comprises of:		
	i) Sales Tax claims disputed by the company relating to issues of applicability	3,83,557	2,02,832
	Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authorities		



**3.4 Major components of Deferred Tax Assets/ (Liabilities) are:**

	2014-15	2013-14
<b>Deferred Tax Assets</b>		
(a) Provision for Doubtful Debts ***	2,205	2,306
(b) Difference between Book and IT Block ***	8,352	505
Less: - <b>Deferred Tax Liability</b>		
(a) Difference between Book and Income Tax		
Depreciation	-	-
Net Deferred Tax Assets / (Liabilities)		

**Note:** \*\*\* Deferred Tax assets are recognized only to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Since the company doesn't have a virtual certainty that sufficient future taxable income will be available, deferred tax asset has not been recognized.

**3.5 Auditor's Remuneration:**

The Auditor's Remuneration as appearing in Note 21 – Other Expenses is the amount payable to Auditor as follows:

	2014-15 12 mths	2013-14 12 mths
As Auditor	130	130
For Taxation Matters	93	50
For other services	42	56
For reimbursement of expenses	60	-
<b>TOTAL</b>	<b>325</b>	<b>236</b>

**3.6 Foreign Currency Outgo:**

		2014-15	2013-14
		Amount in Foreign Currency	
Particulars	Foreign Currency	Twelve Mths	Twelve Mths
Paid	USD	4,98,700	6,26,622
Paid	EUR	3,700	-
Paid	AUD	1,994	1,994



The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2015		As at 31 March, 2014	
Particulars	(Payable) in Foreign currency	Particulars	(Payable) in Foreign currency
Payable	US\$ 13,700	Payable	US\$ 4,450

### 3.7 Capital & Other Commitments

	2014-15 12mths	2013-14 12mths
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	Nil	22,402
Estimated amount of contracts remaining to be executed on other account and not provided for (net of advances paid)	532	Nil

### 3.8 Effect of Amended AS-11 on the loss for the year ending 31.03.2015

Tatanet Services Limited had chosen to avail option to the Amended AS 11 relating to the effects of changes in Foreign Exchange Rates notified under the Companies Accounting Standard Rules 2009 whereby foreign exchange fluctuations pertaining to fixed assets/Capital Work in Progress are capitalized and depreciated over the remaining useful life of the fixed asset.

Due to this, the depreciation for the period is higher by Rs. 1,849/- & loss on foreign currency translation is lower by Rs. 82,976/- resulting in the profit for the period being higher by Rs. 81,127/-.

### 3.9 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act):

There are no Micro and Small Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the company owes dues which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2015. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.



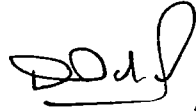
3.10 Previous year's figures have been re-stated wherever necessary to conform to current period's classification.

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As per our report attached

For and on behalf of the Board

For M. H. Dalal & Associates  
Chartered Accountants



Devang M. Dalal  
Partner  
M No: 109049

Mumbai - 21.04.2015



P. J. Nath  
Director  
DIN: 05118177



Uday Banerjee  
Director  
DIN: 01474194

**TATANET SERVICES LIMITED**
**Note 4**

(Rupees in 000')

Share Capital	As at 31.03.2015		As at 31.03.2014	
	Number	AMT	Number	AMT
<b>Authorised:-</b>				
Non-Cumulative Redeemable Preference Shares of Rs.100/- each			18	2
Equity Shares of Rs. 10/- each	5,000,000	50,000	9,982	998
<b>TOTAL</b>	<b>5,000,000</b>	<b>50,000</b>	<b>10,000</b>	<b>1,000</b>

During the Reporting period Authorised Share Capital has been reclassified and increased from Rs. 10 Lakhs to Rs. 5 Crores

<b>Issued, Subscribed &amp; Paid up:-</b>				
Equity Shares of Rs. 10/- each fully paid	4,900,000	49,000	6,000	600
<b>TOTAL</b>	<b>4,900,000</b>	<b>49,000</b>	<b>6,000</b>	<b>600</b>

During the Reporting period with the approval of Shareholders at the EGM held on 27.02.2015, the face value of Equity Shares has been reduced from Rs. 100/- to Rs. 10/- per share. The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each Shareholder is eligible for one vote per share. In the event of liquidation of the company, the holders of shares shall be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of Equity Shares held by the Shareholders.

**Note 4.1**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Equity Shares		Preference Shares	
	Number	Number	Number	Number
	31.03.15	31.03.14	31.03.15	31.03.14
Shares outstanding at the beginning of the year (6000 Equity Shares of Rs. 100/- each have been reclassified into 60000 Equity Shares of Rs. 10/- each)	60,000	6,000	-	-
Shares Issued during the period	4,840,000	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	4,900,000	6,000	-	-

**Note 4.2**

Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Name of Shareholder	As at 31st March 2015		As at 31st March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Nelco Limited - Holding Company	4,900,000	100%	6,000	100%



**TATANET SERVICES LIMITED****Note 5****(Rupees in 000')**

<b>Reserves &amp; Surplus</b>	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
<b>Surplus</b>		
Opening Balance	15,797	7,452
<b>Add / (Less):</b>		
Adjustment in retained earnings (** Refer note below)	(9,359)	-
<b>Add / (Less):</b>		
Profit/(Loss) for period	(33,675)	8,345
<b>TOTAL</b>	<b>(32,237)</b>	<b>15,797</b>

\*\*\* Note: During the year ended 31.03.2015 the company has revised the depreciation rates as per new Companies Act-2013. Difference of Rs.9,359 (000') on revision is charged to the opening statement of Profit and Loss.

**Note 6****(Rupees in 000')**

<b>Long Term Borrowings</b>	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
<b>(a) Term Loan from Bank</b>		
Secured - Considered Good		
From The Zoroastrian Co-op Bank Ltd	45,134	32,238
(Term of Payment: Payable in 5 years)		
(Secured by hypothecation by way of first charge on the Equipments purchased out of the Bank's Term Loan and Corporate Guarantee of the Parent Company - Nelco Ltd)		
<b>TOTAL</b>	<b>45,134</b>	<b>32,238</b>

Note: For the current maturities of long-term borrowings, refer item (a) in Note 8-Other current liabilities.

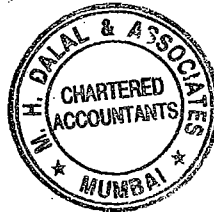
**Note 7****(Rupees in 000')**

<b>Other Long Term Liabilities</b>	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
<b>(b) Deposits</b>		
Unsecured - Considered Good		
(i) Security Deposit from Holding Company - Nelco Limited	113,932	133,932
<b>TOTAL</b>	<b>113,932</b>	<b>133,932</b>



**TATANET SERVICES LIMITED****Note 8****(Rupees in 000')**

<b>Other Current Liabilities</b>	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
(a) Current maturities of Long-Term debt	15,623	9,672
(b) Income received in advance	56,496	25,533
(c) Other payables		
(i) Statutory remittances		
(a) Tax deducted at source	2,668	2,897
(ii) On purchase of fixed assets	7,379	6,263
(iii) Liability for SACFA		1,618
(iv) D.O.T Revenue Share	254	28
<b>TOTAL</b>	<b>82,419</b>	<b>46,012</b>





TATANET SERVICES LIMITED

Note 9.

	Gross Block						Accumulated depreciation				NET BLOCK	
	Balance as at 01.04.2014	Additions/ (Disposals)	Capitalisation of Exchange (Gain)/Loss	Deductions	Balance as at 31.03.2015	Balance as at 01.04.2014	Depreciation for the year ended 31-03-2015	Depreciation on Capitalisation of Exchange (Gain)/Loss	Adjustment	Note		Balance as at 31.03.2015
I												
Tangible Assets												
Plant and Equipment	369,731 (327,462)	33,976 (41,998)	83 (272)	-	403,790 (369,731)	220,385 (191,184)	21,013 (29,185)	2 (6)	9,359	***	270,758 (220,385)	133,031 (149,346)
Office Equipment	-	952	-	-	952	-	71	-	-	-	71	880
Computers/ Laptops	-	443	-	-	443	-	75	-	-	-	75	368
Intangible Assets												
Licence Fees - VSAT	3,000 (3,000)	-	-	-	3,000 (3,000)	1,800 (1,650)	50 (150)	-	-	-	1,950 (1,800)	1,050 (1,200)
Licence Fees - ISP	2,000 (2,000)	-	-	-	2,000 (2,000)	795 (661)	133 (133)	-	-	-	928 (795)	1,072 (1,205)
Testing Software	1,848	865 (1,848)	16	-	2,729 (1,848)	34	24 (34)	-	-	-	479 (34)	2,251 (1,814)
<b>TOTAL</b>	<b>376,579 (332,462)</b>	<b>36,235 (43,845)</b>	<b>99 (272)</b>	<b>-</b>	<b>412,913 (376,579)</b>	<b>223,014 (193,495)</b>	<b>41,886 (29,503)</b>	<b>3 (16)</b>	<b>9,359</b>		<b>274,261 (223,014)</b>	<b>138,652 (153,565)</b>
III												
Capital Work in Progress												

1 During the year ended 31.03.2015 net exchange loss of Rs. 83 (000) (Previous year - 272 (000)) has been capitalised which has been added to the cost of fixed asset and depreciated prospectively over the remaining useful life of the fixed asset as per amended AS-11

2 Figures given in the bracket indicate figures as on 31.03.2014

Note \*\*\* During the year ended 31.03.2015 the company has revised the depreciation rates as per new Companies Act 2013. Difference of 9,359 (000) on revision is charged to opening Profit and Loss A/c and the same has been deducted from the block of Plant & Machinery



**TATANET SERVICES LIMITED****Note 10****(Rupees in 000')**

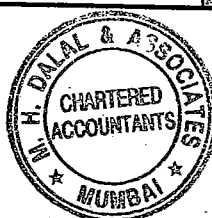
<b>Non-Current Investments</b>	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
(a) Non-Trade - Unquoted Investment in equity shares (i) of The Zoroastrian Bank Ltd (2,000 shares of Rs 25/- each fully paid up as per the terms of the sanction letter of The Zoroastrian Co-op Bank Ltd)	50	50
<b>TOTAL</b>	<b>50</b>	<b>50</b>

**Note 11****(Rupees in 000')**

<b>Long Term Loans and Advances</b>	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
(a) Security deposits		
(i) Caution Deposit with Antrix Corporation Limited Unsecured, considered good	12,014	-
(b) Advance Tax (Net of Provision) Unsecured, considered good	31,398	49,715
<b>TOTAL</b>	<b>93,412</b>	<b>49,715</b>

**Note 12****(Rupees in 000')**

<b>Other Non-Current Assets</b>	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
(a) Others Unamortised portion of Term Loan Processing fees	183	305
<b>TOTAL</b>	<b>183</b>	<b>305</b>



**TATANET SERVICES LIMITED**

**Note 13**

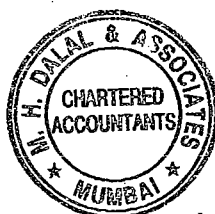
(Rupees in 000')

Trade Receivables	As at 31-03-2015	As at 31-03-2014
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, Considered Good	521	3,413
- Considered Doubtful	6,797	7,107
Less: Provision for Doubtful Debts	6,797	7,107
	<b>521</b>	<b>3,413</b>
(b) Other Trade receivables		
- Unsecured, Considered Good	46,489	38,805
- Considered Doubtful		-
Less: Provision for Doubtful Debts		-
	<b>46,489</b>	<b>38,805</b>
<b>TOTAL</b>	<b>47,011</b>	<b>42,218</b>

**Note 14**

(Rupees in 000')

Cash and Bank Balances	As at 31-03-2015	As at 31-03-2014
(a) Balances with Bank		
(i) In current accounts	16,561	11,997
<b>TOTAL</b>	<b>16,561</b>	<b>11,997</b>



**TATANET SERVICES LIMITED**

**Note 15**

(Rupees in 000')

Short Term Loans & Advances	As at 31.03.2015	As at 31.03.2014
(a) Prepaid Expenses Secured, considered good	10,101	6,738
(b) Security Deposits Secured, considered good	322	845
(c) Balance with government authorities	10,423	7,583
(i) Service Tax credit receivable Unsecured, considered good	13,177	13,865
(ii) Cenvat Credit Unsecured, considered good	2,313	3,214
(d) Others	15,490	17,078
SACFA Deposits	644	-
	644	-
<b>TOTAL</b>	<b>26,557</b>	<b>24,662</b>

**Note 16**

(Rupees in 000')

Other Current Assets	As at 31.03.2015	As at 31.03.2014
(a) Unbilled Revenue	6,832	2,773
<b>TOTAL</b>	<b>6,832</b>	<b>2,773</b>

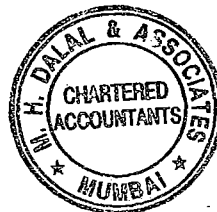


**TATANET SERVICES LIMITED****Note 17****(Rupees in 000')**

<b>Revenue from Operations</b>	<b>For the year ended 31.03.2015</b>	<b>For the year ended 31.03.2014</b>
<b>(a) Sale of Services</b>		
VSAT Bandwidth Services	507,476	462,021
Internet Services	738	617
<b>TOTAL</b>	<b>508,214</b>	<b>462,639</b>

**Note 18****(Rupees in 000')**

<b>Other Income</b>	<b>For the year ended 31.03.2015</b>	<b>For the year ended 31.03.2014</b>
<b>(a) Interest Income</b>		
Interest received on Income Tax Refund		1,514
<b>(b) Dividend Income</b>		
On Shares of The Zoroastrian Co-op Bank	8	4
<b>(c) Other Income</b>		
Interest on FD with Bank	41	-
<b>TOTAL</b>	<b>49</b>	<b>1,519</b>



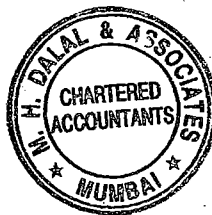
**TATANET SERVICES LIMITED****Note 19****(Rupees in 000')**

<b>Operating Expenses</b>	<b>For the year ended 31.03.2015</b>	<b>For the year ended 31.03.2014</b>
Licence Fees to D.O.T (As Revenue Share)	60,956	55,494
Transponder Charges	205,345	150,233
Connectivity Charges	7,636	5,859
ISP Monitoring & Support Charges	325	325
Internet Charges	425	332
Network Management Fees	115,200	115,200
Marketing Services Fees	52,800	52,800
<b>TOTAL</b>	<b>442,687</b>	<b>380,242</b>

**Note 20****(Rupees in 000')**

<b>Finance Costs</b>	<b>For the year ended 31.03.2015</b>	<b>For the year ended 31.03.2014</b>
Interest Expense		
(i) On borrowings	21,352	22,738
(ii) Other Interest	31	467
Other Borrowing Costs*	2,230	1,911
<b>TOTAL</b>	<b>23,613</b>	<b>25,117</b>

\* Note - Other borrowing cost includes bank charges for guarantees and loan processing



**TATANET SERVICES LIMITED**

**Note 21**

(Rupees in 000')

Other Expenses	For the year ended 31.03.2015		For the year ended 31.03.2014
Power and fuel	5,012		3,238
Space Charges (Rent)	6,781		-
Repairs to machinery	4,731		3,534
Migration Charges	10,520		-
Insurance	114		103
Expenses for increase in Share Capital	568		-
Directors Sitting Fees	120		50
<b>(i) Miscellaneous expenses.</b>			
Provision for Doubtful Debts	3,223		3,456
Bad Debts Written Off	3,533	2,135	
Less: Prov for Doubtful Debts made in earlier years	3,533	2,135	-
Professional & Legal Charges	3,026		2,569
Auditors Remuneration (Refer Note No 3.5)	325		236
Commission	2,757		1,872
Other Expenses	1,573		1,677
<b>TOTAL</b>	<b>38,748</b>		<b>15,734</b>

