

**TATANET SERVICES LIMITED**

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

**2010 - 2011**



NOTICE


The Twenty Fourth Annual General Meeting of Tatanet Services Limited will be held on Monday, 29<sup>th</sup> August 2011 at 11.00 a.m. in the Conference Room, 1<sup>st</sup> floor, MIDC, Plot no. EL 6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400 710 to transact the following business :-

1. To receive consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March 2011 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. K. A. Mahashur who retires by rotation and is eligible for re-appoint.
3. To appoint a Director in place of Mr. R. B. Upadhyay who retires by rotation and is eligible for re-appoint.
4. To appoint Auditors and fix their remuneration.

Notes : (a) 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

(b) To Register of Members and Share Transfer Books of the Company will remain closed from Monday 22<sup>nd</sup> August 2011 to Monday 29<sup>th</sup> August 2011

By Order of the Board of Directors

  
Uday Banerjee  
Director

Mumbai : 18<sup>th</sup> May 2011

Registered office :  
MIDC, Plot no. EL 6, TTC Industrial Area,  
Electronics Zone, Mahape, Navi Mumbai – 400 710

**TATANET SERVICES LIMITED**

Works and Registered Office : EL 6 TTC Industrial Area MIDC Electronics Zone Mahape Navi Mumbai 400 710 India

Tel 91 22 6791 8728 Fax 91 22 6791 8787 website www.tatanet.co.in

# TATANET SERVICES LIMITED

## 24<sup>TH</sup> ANNUAL REPORT 2010 - 2011

Board of Directors :

K.. A. Mahashur

Z. J. Engineer

R. B. Upadhyay

Uday Banerjee

Banking Channel :

Bank of India, Mumbai

Axis Bank Ltd, Mumbai

Auditors :

M. H. Dalal & Associates, Mumbai

Registered Office :

MIDC, EL-6 TT Industrial Area,  
Electronics Zone, Mahape,  
Navi Mumbai – 400 710



## TATANET SERVICES LIMITED

### DIRECTORS' REPORT

#### To the Members

The Directors present their Twenty Fourth Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2011

#### 1. FINANCIAL RESULTS:

During the year under review, the Company recorded a Turnover of INR 321.52 million (previous year INR 289.87 million) and a net profit after tax (P.A.T) of INR 5.20 million (previous year INR 5.04 million).

The summarized financial results are indicated below:

	(Rupees in 000')	
	For the year ended 31.03.2011	For the year ended 31.03.2010
Net Service Income from Operations	321,524	289,870
Operating Expenditure	285,172	257,555
Operating Profit	36,352	32,315
Add: Other Income	778	105
Less: Interest	39	513
<b>Profit Before Tax and Depreciation and Exceptional Items</b>	<b>37,091</b>	<b>31,907</b>
Less: Depreciation	29,012	24,825
<b>Profit Before Tax and Exceptional Items</b>	<b>8,079</b>	<b>7,082</b>
Exceptional Items	-	-
<b>Profit Before Tax</b>	<b>8,079</b>	<b>7,082</b>
Less : Provision for Tax(including provision for Deferred Tax)	2,880	2,040
<b>Net Profit After Tax</b>	<b>5,199</b>	<b>5,042</b>
Balance Brought Forward	8,108	3,067
<b>Balance Available for appropriation</b>	<b>13,308</b>	<b>8,108</b>
Appropriations as under:		
Adjustment to General Reserve	-	-
Other appropriations	-	-
<b>Balance to be Carried Forward</b>	<b>13,308</b>	<b>8,108</b>

#### 2. DIVIDEND

In order to conserve resources, the Board of Directors regret their inability to recommend dividend for the financial year ended 31<sup>st</sup> March 2011



### 3. BUSINESS OVERVIEW:

The Company has successfully continued its operations in the highly competitive VSAT market. The trend of continual decline in selling prices of bandwidth was observed in the current fiscal. The Company could however make up this decline with an increase in the volume of business through the additional bandwidth sold for 3925 VSAT's which got added to the network for the financial year 2010-11.

There was an addition of 32 new customers in the network in the current financial year. The total number of customers in the network is now 245. There is however a drop in the total number of customers as compared to the previous year attributed to a considerable churn out in the current fiscal.

The Company has made a mark in gaining substantial orders from customers in the Education and Oil & Gas (Rigs) Segment in the current financial year thereby boosting the revenues of the company. There was a further expansion in the banking segment in the form of additional orders received from the existing customers.

### 4. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The statement containing particulars pursuant to the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 as required under section 217 (I) (a) of the Companies Act, 1956 is not attached as it is not applicable to the Company.

The Company has no exports.

The foreign exchange earned during the period under review was NIL.

Total outgo of foreign currency was INR. 26.04 Million.

### 5. SAFETY, HEALTH & ENVIRONMENT:

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

### 6. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. K.A. Mahashur & Mr. R B Upadhyay retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

### 7. 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.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating management, confirm that:

(i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there were no material departures;

(ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. 31st March 2011 and of the profit of the Company for the year ended on that date;

(iii) they have taken proper and sufficient care to the best of their knowledge and information, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis.



**9. EMPLOYEE DETAILS:**

During the year under review, the Company has not employed any employee whose particulars are required to be disclosed in this report pursuant to section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975

**10. ACKNOWLEDGEMENTS:**

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

BY ORDER OF THE BOARD OF DIRECTORS

Zal Engineer  
Director

K.A. Mahashur  
Director

R B Upadhyay  
Director

Uday Banerjee  
Director

MUMBAI - 18.05.2011



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

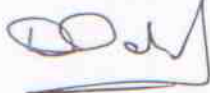
1. We have audited the attached Balance Sheet of TATANET SERVICES LIMITED as on *31<sup>st</sup> March, 2011* and also the attached Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) 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 the books of account.
  - (iii) The Profit & Loss Account and the Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account.



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

- (iv) In our opinion, the Profit & loss Account and the Balance Sheet and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- (v) On the basis of written representation received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March 2011, from being appointed as a director u/s. 274(1) (g) of the Companies Act, 1956
- (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts subject to notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- In the case of the Balance Sheet of the State of Affairs of the Company as on 31<sup>st</sup> March, 2011 and
  - In case of Profit & Loss Account of the profit for the year ended on that date.
  - In case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

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



**D.M. DALAL**  
**PARTNER**  
Membership No.:109049



Place : Mumbai  
Date :



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

Annexure to Auditors report of even date to the members of TATANET SERVICES LIMITED

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details & situation of Fixed Assets.
- (b) 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.
- (c) None of the assets are disposed off during the year.
- (ii) Clauses (ii)(a), (b), (c) are not applicable, since the company has no stock.
- (iii) (a) During the year the company has not granted any loans to the parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not taken loans from the parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (c) In our opinion, it is not prejudicial to the interest of the company.
- (iv) In our opinion & according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company & the nature of its business with regard to purchase of fixed assets. During the course of our audit we have not observed any continuing failure to correct major weaknesses in Internal Control.
- (v) No transactions have been entered during the period in the register maintained in pursuance of section 301 of the Companies Act, 1956 and based on the audit procedures applied by us and according to the information and explanations given and the representations made to us, we have not come across any transaction that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, sub-clause (b) is not applicable.
- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the internal audit functions carried out during the year have been commensurate with the size of the company and the nature of its business.
- (viii) 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 cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the

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

prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

- (ix) In respect of statutory dues:
  - (a) The Company is 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 explanations given to us, no undisputed amounts payable in respect of the aforesaid dues for outstanding as at 31.03.2011 for the period of more than 6 months from the date of becoming payable
  - (b) According to the records made available to us and the information and explanations given by the management, there are no dues of sales tax / income tax / custom duty / wealth tax / service tax / excise duty / cess, as at 31.03.2011 which have not been deposited with the authorities on account of any dispute.
- (x) In our opinion the Company has no accumulated losses at the end of the financial year and in the immediately preceding financial year. The Company has not incurred cash losses at the end of the financial year and in the immediately preceding financial year.
- (xi) In our opinion & according to the information and explanations given to us, the company has availed the cash credit facility from Axis Bank for working capital requirement. The company has not defaulted in repayment of dues to the bank.
- (xii) The company has not granted any loans on the basis of the security by the way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us and records made available to us, the company has not given any guarantee for the loans taken by banks or financial institutions.
- (xvi) In our opinion no term loans have been raised by the company during the year.



**M. H. DALAL & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) There was no issue of debentures by the company during the year.
- (xx) The company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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



**D.M. DALAL  
PARTNER  
Membership No.:109049**



**Place : Mumbai  
Date :**

# TATANET SERVICES LIMITED

BALANCE SHEET AS AT 31st March, 2011

(Rupees in 000' )

	Schedule	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	A	600	600
(b) Reserves & Surplus	B	13,308	8,108
<b>2. DEFERRED TAX LIABILITY (Net)</b>		5,588	6,817
<b>TOTAL</b>		<b>19,496</b>	<b>15,525</b>
<b>APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
(a) Gross Block	C	293,595	273,844
(b) Less: Depreciation		128,290	99,278
(c) Net Block		165,305	174,366
(d) Capital work-in-progress		2,352	796
		167,658	175,162
<b>2. CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Sundry Debtors	D	59,823	63,193
(b) Cash and Bank Balances	E	13,680	23,995
(c) Loans and Advances	F	68,236	44,539
Less:		141,740	131,727
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
(a) Current Liabilities & Provisions	G	289,901	291,364
		289,901	291,364
<b>3. NET CURRENT ASSETS</b>		(148,161)	(159,637)
<b>TOTAL</b>		<b>19,496</b>	<b>15,525</b>
<b>NOTES FORMING PART OF THE ACCOUNTS</b>	2		

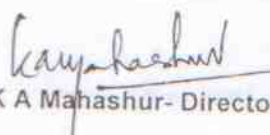
As per our report attached  
For M.H.Dalal & Associates.  
Chartered Accountants

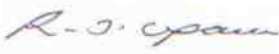
  
Devang M. Dalal  
Partner  
Membership No: 109049




For and on behalf of the Board

  
Zal Engineer - Director

  
K A Mahashur - Director

  
R B Upadhyay - Director

  
Uday Banerjee - Director

# TATANET SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

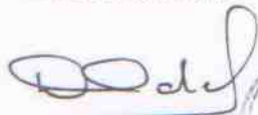
(Rupees in 000' )

INCOME	Schedule	For the year ended 31.03.2011	For the year ended 31.03.2010
1. Service Income		320,956	289,686
2. Internet Revenue		568	-
3. Sale of Goods - Managed Services		-	184
4. Other Income		778	105
<b>5. Total Income</b>		<b>322,302</b>	<b>289,975</b>
<b>EXPENDITURE</b>			
6. Operating and Other Expenses	1	285,172	257,435
7. Purchase of finished goods		-	120
8. Interest Expenses		39	513
9. Depreciation & Amortisation	C	29,012	24,825
<b>10. Total Expenditure</b>		<b>314,223</b>	<b>282,893</b>
<b>11. PROFIT / (LOSS) BEFORE TAXATION</b>		<b>8,079</b>	<b>7,082</b>
12. Provision For Taxation			
1. Current Tax		4,109	2,500
2. Short tax provision for earlier year		-	-
3. Deferred Tax		(1,229)	(460)
<b>13. PROFIT / (LOSS) AFTER TAXATION</b>		<b>5,199</b>	<b>5,042</b>
14. Balance Brought Forward		8,108	3,067
<b>15. AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>13,308</b>	<b>8,108</b>
<b>APPROPRIATIONS</b>			
16. Balance Carried to Balance Sheet		13,308	8,108
<b>Earnings Per Share Rs. (Basic &amp; Diluted) - Face Value Rs. 100 per share (Note 2)</b>		<b>866.58</b>	<b>840.28</b>

**NOTES FORMING PART OF THE ACCOUNTS 2**

As per our report attached

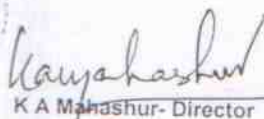
For M.H.Dalal & Associates,  
Chartered Accountants




Devang M. Dalal  
Partner  
Membership No: 109049



  
Zal Engineer - Director

  
K A Mahashur - Director

  
R B Upadhyay - Director

  
Uday Banerjee - Director

# TATANET SERVICES LIMITED

Schedules forming part of the Balance Sheet as at 31st March, 2011  
(Rupees in 000' )

## SCHEDULE A

### SHARE CAPITAL

#### AUTHORISED :

- ✓ 18 Non-Cumulative Redeemable Preference Shares of Rs.100/- each
- ✓ 9982 Equity Shares of Rs. 100/- each

10,000

#### ISSUED , SUBSCRIBED & PAID UP:

- ✓ 6000 Equity Shares of Rs. 100/- each fully paid

6,000

**TOTAL**

	As at 31.03.2011	As at 31.03.2010
	✓ 2	2
	✓ 998	998
	✓ 1,000	1,000
	✓ 600	600
	✓ 600	600

Note : Of the above:

6,000 (100%) Equity Shares are held by Nelco Limited - The Holding Company

(Rupees in 000' )

## SCHEDULE B

### RESERVES & SURPLUS

- Profit & Loss Account
- Opening Balance
- Add:
- Profit for period

	As at 31.03.2011	As at 31.03.2010
	8,108	3,067
	5,199	5,042
	13,308	8,108



**TATANET SERVICES LIMITED**  
Schedules forming part of the Balance Sheet as at 31st March, 2011

(Rupees in 000' )

	DEPRECIATION & AMORTISATION						NET BLOCK
	AS AT 31.03.2011	DEDUCTIONS	ADDITIONS/ ADJUSTMENTS	DEDUCTIONS	FOR THE year ended 31.03.2011	UPTO 31.03.2011	
Gross Block as at 01.04.2010					Accumulated Depreciation upto 01.04.2010		
268,644	-	19,952	-	-	97,817	28,729	162,050
(204,129)	(64,514)	(64,514)	-	-	(73,275)	(24,542)	(170,827)
3,000	-	-	-	-	1,200	150	1,650
(3,000)	-	-	-	-	(1,050)	(150)	(1,800)
2,000	-	-	-	-	261	133	1,605
(2,000)	-	-	-	-	(128)	(133)	(1,739)
<b>273,644</b>	<b>19,952</b>	<b>19,952</b>	<b>-</b>	<b>-</b>	<b>99,278</b>	<b>29,012</b>	<b>165,305</b>
(209,129)	(64,514)	(64,514)	-	-	(74,453)	(24,825)	(174,366)
<b>Capital Work in Progress</b>							<b>2,352</b>
							<b>(796)</b>

Figures given in the bracket indicate previous year's/period's figures



# TATANET SERVICES LIMITED

Schedules forming part of the Balance Sheet as at 31st March 2011

(Rupees in 000')

**SCHEDULE D**

**SUNDRY DEBTORS**  
(Unsecured - Considered Good)

1. Debts outstanding for a period exceeding six months
  - Considered Good
  - Considered Doubtful
- Less: Provision for Doubtful Debts
2. Other debts

**SCHEDULE E**

**CASH AND BANK BALANCES**

- 1 In Current Accounts with Scheduled Banks
- 2 Cash Credit with Bank

**TOTAL**

**Note:** Cash Credit with Bank are covered by first charge on current assets of the Company and extension of first hypothecation charge over fixed assets and negative lien on the commercial VSAT License This is backed by Corporate Guarantee of Nelco Limited

**SCHEDULE F**

**DEBTS AND ADVANCES**  
(Unsecured - Considered good)

- 1 Advances recoverable in cash or kind or for value to be received
- 2 Other Recoverables
- 3 Advance payment of Tax ( Net of Provision)

**TOTAL**

	As at 31.03.2011	As at 31.03.2010
<b>SCHEDULE D</b>		
<b>SUNDRY DEBTORS</b> (Unsecured - Considered Good)		
1. Debts outstanding for a period exceeding six months		
- Considered Good	10,562	24,160
- Considered Doubtful	776	1,749
Less: Provision for Doubtful Debts	776	1,749
2. Other debts	10,562	24,160
	49,261	39,033
	59,823	63,193
<b>SCHEDULE E</b>		
<b>CASH AND BANK BALANCES</b>		
1 In Current Accounts with Scheduled Banks	13,597	23,995
2 Cash Credit with Bank	84	-
	13,680	23,995
<b>SCHEDULE F</b>		
<b>DEBTS AND ADVANCES</b> (Unsecured - Considered good)		
1 Advances recoverable in cash or kind or for value to be received	32,487	27,574
2 Other Recoverables	1,769	1,086
3 Advance payment of Tax ( Net of Provision)	33,981	15,879
	68,236	44,539





# TATANET SERVICES LIMITED

Schedules forming part of the Balance Sheet as at 31st March, 2011

(Rupees in 000' )

## SCHEDULE G

### CURRENT LIABILITIES

1. Sundry Creditors
2. Liabilities for expenses
3. Deposits from Holding Company - (Nelco Limited)
4. Other Liabilities
5. Deposits & Advances

TOTAL

	As at 31.03.2011	As at 31.03.2010
	77,785	76,315
	3,779	3,308
	192,606	196,187
	10,536	15,553
	5,195	-
	289,901	291,364



# TATANET SERVICES LIMITED

Schedule forming part of the Profit & Loss Account for the year ended 31st  
March, 2011

(Rupees in 000' )

For the            For the  
year ended    year ended  
31.03.2011    31.03.2010

**SCHEDULE 1**

**OPERATING AND OTHER EXPENSES**

Licence Fees to D.O.T	31,095	27,598
Transponder Charges	109,298	99,246
Connectivity Charges	8,274	7,068
Internet Charges	305	-
Network Management Fees	62,700	53,400
Marketing Services Fees	63,000	59,400
Power and fuel	1,224	1,228
Repairs and Maintenance - Plant	4,249	2,652
Repairs and Maintenance - Others	764	726
Insurance	131	123
Bank charges	1,581	1,833
Bad Debts Written off	1,473	-
Less: Provision for Doubtful Debts made in earlier year	<u>1,473</u>	-
Provision for Doubtful Debts	500	1,749
Professional and Legal Charges	1,395	1,341
Training Expenses	-	476
Audit Fees	75	70
Auditors Other Remuneration	47	47
Exchange Rate Fluctuations	(29)	(3)
Social Welfare Expenses	393	254
Other Expenses	170	226
<b>TOTAL</b>	<b>285,172</b>	<b>257,435</b>



# TATANET SERVICES LIMITED

## Cash Flow Statement For The Year Ended 31st March 2011

(Rupees '000)

	For The Year Ended 31.03.2011		For The Year Ended 31.03.2010	
<b>A. NET PROFIT BEFORE TAX</b>		8,079		7,082
<b>ADJUSTED FOR</b>				
Interest on Cash Credit Facility	16		-	
Depreciation and Amortisation	29,012		24,825	
<b>OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES</b>		29,028		24,825
Changes in		37,108		31,907
Trade & Other Receivables				
Trade Payables	(20,327)		(12,564)	
<b>CASH GENERATED FROM OPERATIONS</b>	(1,464)	(21,791)	59,430	46,866
Direct taxes paid		15,317		78,774
<b>CASH FLOW BEFORE EXTRA ORDINARY ITEMS</b>		(4,109)		(2,500)
<b>EXTRA ORDINARY ITEMS</b>		11,209		76,274
		-		-
<b>NET CASH FROM OPERATING ACTIVITIES (a)</b>		11,209		76,274
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets		(21,507)		(58,863)
Purchase of Business (Refer Note 2 of Schedule 2)		-		-
Interest received		-		-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (b)</b>		(21,507)		(58,863)
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings		-		-
Interest paid		(16)		-
<b>NET CASH FROM FINANCING ACTIVITIES (c)</b>		(16)		-
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (a+b+c)</b>		(10,315)		17,411
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR</b>		23,995		6,585
<b>CASH AND CASH EQUIVALENTS OF ACQUIRED BUSINESS TAKEN OVER</b>		13,680		23,995
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD</b>		(10,315)		17,411

Previous period's figures have been regrouped wherever necessary

As per our report attached

For M.H Dalal & Associates  
Chartered Accountants

Devang M. Dalal  
Partner  
Membership No: 109049



MUMBAI : 18.05.2011

For and on behalf of the Board

*K. A. Mathur*  
K. A. Mathur  
Director

*R. B. Upadhyay*  
R B Upadhyay  
Director

*Zal Engineer*  
Zal Engineer  
Director

*Uday Banerjee*  
Uday Banerjee  
Director

SCHEDULE 2

1. Significant Accounting Policies

1.1 System of Accounting

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India and the Accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

1.2 Fixed Assets and Depreciation

- 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.
- b) Depreciation for the year has been provided on the straight line method on all fixed assets at the rates specified as per Schedule-XIV of the Companies Act, 1956 except for License Fees which is amortized over the License period and Foreign Exchange (loss)/gain which is amortized over a period of the balance life of the fixed assets as per amended AS-11 dated 31.03.2009

1.3 Revenue Recognition

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

1.4 Foreign Currency Transactions

Transactions in foreign currencies (other than those covered by forward contracts) are recorded at the exchange rate prevailing on transaction date. Assets and Liabilities denominated in foreign currency are restated at the year end rate.

1.5 Taxes on Income

- 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)



## 1.6 Segment Reporting

The Company has two segments:

- 1 VSAT Commercial
2. Internet Service Provision (ISP).

Since the ISP Segment doesn't fall under the criteria of reportable segment as per Accounting Standard (AS-17) on 'Segment Reporting' issued by the Institute of Chartered Accountants of India, it has not been shown separately

## 2. Earnings per share (EPS)

	(In Rupees)	
	2010-11 12 mnths	2009-10 12 mnths
a) Weighted Average Number of Shares at the beginning and end of the period (Nos.)	6,000	6,000
b) Net Profit / (Loss) after Tax available for Equity Share holders(Rupees)	51,99,480	50,41,651
c) Basic and diluted earnings Per Share (Rupees)- Face value	866.58	840.28

## 3. Value of Imports calculated on CIF basis

	(In Rupees)	
	2010-11 12mths	2009-10 12mths
i) Capital Goods	1,79,89,843	4,81,70,723

## 4. Related Party Disclosure

The disclosure pertaining to the related party transactions as required by the Accounting Standards 18 (AS-18) issued by the Institute of Chartered Accountants of India, as applicable are, indicated below.



**Details of Related Party Transactions**

Sr. No	Particulars	Nelco Limited (Holding Company)
1)	Purchases :	-
a)	Goods	-
b)	Fixed Assets	-
c)	Expenses (Services Received)	125,700,000
		(112,800,000)
2)	Investments :	-
a)	Sale of Investment	-
3)	Deputation of Personnel :	
	To Related Parties	-
4)	Finance :	
a)	Inter Corporate Loans taken	-
b)	Inter Corporate Loans Repayment	-
c)	Interest Paid	-
d)	Security Dep. received during the period	28,535,529
		(48,363,723)
e)	Security Dep. given during the period	32,116,164
		(7,642,000)
5)	Guarantees and collaterals received	30,000,000
		(10,000,000)
6)	Other Transactions :	
a)	Reimbursements made to parties	1,584,000
b)	Reimbursements received from parties	-
7)	<b>Balance o/s as on 31.03.2011</b>	
a)	Creditors (Net)	72,229,610
		(66,851,368)
b)	Debtors (Net)	-
c)	Inter Corporate Loans	-
d)	Interest Accrued, but not due	-
e)	Deposits received	192,606,483
		(196,187,118)
f)	Guarantees and collaterals	140,000,000
		(110,000,000)
g)	Other Recoverable	-

Note : Figures in brackets pertain to the previous period of 12 months i.e. (April 2009 to March 2010)



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

	(Rupees in '000)	
	2010-11	2009-10
Deferred Tax Assets		
(a) Provision for Doubtful Debts	-	541
Less: - Deferred Tax Liability		
(a) Difference between Book and Income Tax Depreciation	5258	7358
(b) Provision for Doubtful debts (Reversed)	330	-
Net Deferred Tax Assets / (Liabilities)	<b>(5588)</b>	<b>(6817)</b>

6. **Additions to Fixed Assets:**

Additions made to Fixed Assets during the F.Y. 2010-11 amounted to **1.99 crores** (net) (This includes capitalization of exchange loss/ (gain) as per amendment to AS-11)

7. **Audit Fees:**

	(In Rupees)	
	2010-11 12 mnths	2009-10 12 mnths
Payable to Auditor as		
Audit Fees -		
Other Services -	65000	65000
Reimbursement of Expenses -	35000	35000
	12300	12000
<b>TOTAL</b>	<b>112300</b>	<b>112000</b>

8. **Foreign Currency Outgo:**

		2010-11	2009-10
		Amount in Foreign Currency	
Particulars	Foreign Currency	Twelve Mths	Twelve Mths
Paid	US Dollars	388,628	69,868
Paid	AU Dollars	5,494	4,292
Paid	EURO	19,600	-

9. **Capital Commitment**

(Rs in 000')

2010-11	2009-10
12mths	12mths

Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)

2,942

10. **Effect of Amended AS-11 on Consolidated Accounts for the twelve months period ended 31.03.2011**

Tatanet Services Limited has 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

Due to this change in the accounting policy the depreciation for the period is higher by Rs. 31,951/- & loss on foreign currency translation is lower by Rs. 3,80,737/- resulting in the profit for the period being higher by Rs. 3,48,786/-

11. **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, 2011. 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.

12. Previous years' figures have been regrouped wherever necessary to conform to current period's classification.
13. Balance Sheet Abstract and Company's General Business profile is annexed herewith.

Signature to Schedules "A" to "G" and "1" to "2"

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



*K.A. Mahashur*  
K.A. Mahashur  
Director

*Zal Engineer*  
Zal Engineer  
Director

*R.B. Upadhyay*  
R.B. Upadhyay  
Director

*Uday Banerjee*  
Uday Banerjee



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
(in terms of amendment of Schedule VI Part IV)

**I Registration Details**

Registration No. 

4	4	3	5	1
---	---	---	---	---

 State Code 

1	1
---	---

  
Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

**II Capital raised during the year**

Public Issue 

											N	I	L
--	--	--	--	--	--	--	--	--	--	--	---	---	---

 Rights Issue 

												N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

  
Bonus Issue 

												N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

 Private Placement 

													N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

**III Position of Mobilisation and Deployment of Funds : (Rupees in 000')**

Total Liabilities 

								1	9	4	9	6
--	--	--	--	--	--	--	--	---	---	---	---	---

 Total Assets 

								1	9	4	9	6
--	--	--	--	--	--	--	--	---	---	---	---	---

  
Source of Funds :  
Paid up Capital 

								6	0	0
--	--	--	--	--	--	--	--	---	---	---

 Reserves & Surplus 

								1	3	3	0	8
--	--	--	--	--	--	--	--	---	---	---	---	---

  
Secured Loans 

											N	I	L
--	--	--	--	--	--	--	--	--	--	--	---	---	---

 Unsecured Loans 

												N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

  
Deffered Tax Liability 

								5	5	8	8
--	--	--	--	--	--	--	--	---	---	---	---

  
Application of Funds :  
Net Fixed Assets 

								1	6	5	3	0	5
--	--	--	--	--	--	--	--	---	---	---	---	---	---

 Investments 

												N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

  
Net Current Assets 

								(	1	4	8	1	6	1	)
--	--	--	--	--	--	--	--	---	---	---	---	---	---	---	---

 Miscellaneous Expenditure 

													N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

**IV Performance of the Company (Rupees in 000')**

Turnover ( Total Income) 

								3	2	2	3	0	2
--	--	--	--	--	--	--	--	---	---	---	---	---	---

 Total Expenditure 

								3	1	4	2	2	3
--	--	--	--	--	--	--	--	---	---	---	---	---	---

  
+ - Profit/Loss Before Tax 

								8	0	7	9
--	--	--	--	--	--	--	--	---	---	---	---

 + - Profit/Loss After Tax 

								5	1	9	9
--	--	--	--	--	--	--	--	---	---	---	---

  
Earnings per Share in Rupees (Rs.) 

								8	6	6	5	8
--	--	--	--	--	--	--	--	---	---	---	---	---

 Dividend Rate (%) 

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

**V Generic Names of Principal Products/ Services of Company (As per Monetary terms)**

Item Code Nos. (ITC Codes) 

N	A
---	---

  
Product Descriptions/Services 

V	S	A	T		N	E	T	W	O	R	K	I	N	G					
S	E	R	V	I	C	E	S												

FOR M.H.DALAL & ASSOCIATES  
CHARTERED ACCOUNTANTS

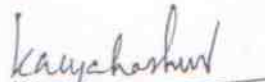
  

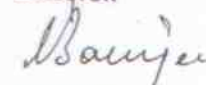

DEVANG M.DALAL  
PARTNER ( M No: 109049)  
MUMBAI, DATED : 18.05.2011

FOR TATANET SERVICES LIMITED

  
Zal Engineer  
DIRECTOR

  
R.B. Upadhyay  
DIRECTOR

  
K.A. Maheshur  
DIRECTOR

  
Uday Banerjee  
DIRECTOR