

TATANET SERVICES LIMITED

26TH ANNUAL REPORT

2012-2013

TATANET SERVICES LIMITED
26TH ANNUAL REPORT 2012-13

Board of Directors : Mr.R.R.Bhinge
(As on 25th April 2013) Mr.Z.J.Engineer
Mr.P.J.Nath
Mr.R.B.Upadhyay
Mr.Uday Banerjee

Banking Channel : Bank of India, Mumbai
Axis Bank Ltd

Auditors : M.H.Dalal & Associates, Mumbai

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



NOTICE

The Twenty Sixth Annual General Meeting of Tatanet Services Limited will be held on Monday, 17th June 2013 at 11.00 a.m. at the Registered Office 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 Profit & Loss Account for the year ended 31st March 2013 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. R.B. Upadhyay who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. R.R. Bhingre who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.
5. Increase in borrowing limits

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

“RESOLVED that in supersession of all the Resolutions previously passed in this regard, the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 60.00 crores (Rupees sixty crores only).”

6. Creation of Charges

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

"RESOLVED that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of banks/financial institutions, other investing agencies and trustees for the holders of debentures/ bonds/ other instruments to secure loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/or securities convertible into Shares (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans, shall not, at any time exceed Rs. 60.00 crores (Rupees sixty crores only)."

"RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.

NOTES:

- (a) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 ("the Act") in respect of the business as set out in Item 5 & 6 above is annexed hereto.
- (b) 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.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 10th June 2013 to Monday, 17th June 2013 (both days inclusive).

By Order of the Board of Directors



Uday Banerjee
Director

Mumbai, 25th April 2013

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



EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956 ("The Act") the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No.5 and 6 of the accompanying Notice dated 25th April 2013.

Item no. 5 and 6

Under Section 293(1)(d) of the Companies Act, 1956 ("Act"), the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose. Taking into consideration the requirements of additional funds to meet the capital expenditure programs as also additional long term working capital requirements of the Company, it is expected that the borrowing limit prescribed under the Act (without obtaining the consent of the Company) will not be adequate. The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Act, to increase the borrowing limits to enable the Directors to borrow monies, provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 60.00 crores (Rupees sixty crores only) The Resolution under Item No.5 is to obtain the consent of the shareholders for this purpose.

The proposed borrowings of the Company may, if necessary, be secured by way of charge/ mortgage/ hypothecation on the Company's assets in favour of the lenders/ holders of securities / trustees for the holders of the said securities as mentioned in the Resolution at Item No.6. As the documents to be executed between the lenders/security holders/ trustees for the holders of the said securities and the Company may contain provisions to take over substantial assets of the Company in certain events, it is necessary to pass a resolution under Section 293(1)(a) of the Act, for creation of charges/mortgages/hypothecations for an amount not exceeding Rs. 60.00 crores. The above proposals are in the interest of the Company and the Directors commend the Resolutions in Item Nos. 5 and 6 of the Notice for approval by the Shareholders.

None of the Directors is interested in the Resolutions at Item Nos. 5 and 6 of the accompanying Notice.

By Order of the Board of Directors


Uday Banerjee
Director

Mumbai, 25th April 2013

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



TATANET SERVICES LIMITED

DIRECTORS' REPORT

To the Members

The Directors present their Twenty Sixth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2013

1. FINANCIAL RESULTS:

During the year under review, the Company recorded a Turnover of INR 403.90 million (previous year INR 380.26 million) and a net loss after tax of INR 11.63 million (previous year profit of INR 5.77 million).

The summarized financial results are indicated below:

	(Rupees in 000')	
	For the year ended 31.03.2013	For the year ended 31.03.2012
Net Service Income from Operations	403,900	380,259
Operating Expenditure	386,563	342,003
Operating Profit	17,337	38,256
Add: Other Income	2,626	1,870
Less: Interest	0	0
Profit Before Tax and Depreciation and Exceptional Items	19,963	40,126
Less: Depreciation	34,250	30,945
Profit(Loss) Before Tax and Exceptional Items	(14,298)	9,181
Exceptional Items	-	-
Profit(Loss) Before Tax	(14,298)	9,181
Less: Provision for Tax(including provision for Deferred Tax)	(2,669)	3,408
Net Profit/ (Loss) After Tax	(11,629)	5,773
Balance Brought Forward	19,081	13,308
Balance Available for appropriation	7,452	19,081
Appropriations as under:		
Adjustment to General Reserve	-	-
Other appropriations	-	-
Balance to be Carried Forward	7,452	19,081

2. DIVIDEND

In view of the loss incurred during the year under review, the Board of Directors regret their inability to recommend dividend for the financial year ended 31st March 2013

TATANET SERVICES LIMITED

Works and Registered Office: ELS TIL Industrial Area, 5/10th Electronics Zone, Marapet, Namakkal-640 719, India
Tel: 91 22 6799 8728 Fax: 91 22 6 91 8767 website: www.tatanet.com



3. BUSINESS OVERVIEW:

Tatanet Services Limited is now emerging as a leading VSAT service provider in the country catering to a large segment of the market. The Company has now a major presence in the BFSI, Education, Telecom and Oil & Gas sectors.

The Company saw a growth in the volume of business through the additional bandwidth sold for 8,523 VSAT's (previous year – 8471 VSAT's) which got added to the network during the financial year 2012-13. The company has continued its focus on the expansion in the banking segment by targeting existing and new customers.

Opportunities and Threats

Opportunities:

The Banking & Finance Industry has been the major growth driver for the VSAT industry in FY 13 and the trend is likely to continue in the coming year too. Major revamp is expected in the number of ATM's in the coming next 3 years. The VSAT services industry is likely to get a major fillip due to this, as VSATs is the preferred mode of connectivity for ATM's in India thus far. The company is in the process of procuring new orders for ATM connectivity of Public sector banks through various Managed Service Providers (MSP's) as also for various e-governance projects.

Digital cinema and signage are also industry applications which have growth potential for usage of VSAT services.

Threats:

There is an acute shortage of bandwidth to cater to the requirements of these additional VSAT's in the network as the additional capacity applied for is not allocated to us by Antrix Corporation Limited – our space segment service provider.

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 (l) (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. 21.66 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. R. B. Upadhyay & Mr. R. R. Bhinge 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.

In accordance with the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company has carried out an audit of cost accounts for the year 2012-13 relating to its telecommunication business.

TATANET SERVICES LIMITED

Website: www.tatanet.com and Office: TEL: 3110 Industrial Area, MIDC, Electronics Zone, Malad, New Mumbai 400 710, India
Tel: 01 22 6791 8778 Fax: 01 22 6791 8787 website: www.tatanet.com



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 2013 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, and 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



R. B. Upadhyay
Director

Uday Banerjee
Director

Mahape: 25th April 2013

TATANET SERVICES LIMITED

Works and Registered Office: E-6 TTC Industrial Area MIDC, Electronics Zone, Mahape, Navi Mumbai 400 710, India
Tel: 91 22 6791 8708 Fax: 91 22 6791 8737 website: www.tatanet.co.in

TATANET SERVICES LIMITED
Balance Sheet as at 31st March 2013

(Rupees in 000')

Particulars		Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES				
(1) Shareholders' funds				
(a) Share Capital		4	600	600
(b) Reserves and Surplus		5	7,452	19,081
			8,052	19,681
(2) Non-current liabilities				
(a) Long-term borrowings		6	11,062	-
(b) Deferred tax liabilities (Net)		3.4	-	2,669
(c) Other Long term liabilities		7	161,432	167,803
(d) Long-Term provisions		8	-	1,494
			202,495	191,966
(3) Current liabilities				
(a) Short-Term borrowings			-	-
(b) Trade Payables			49,162	54,327
(c) Other Current liabilities		9	29,882	31,886
(d) Short-Term Provisions			-	-
			78,844	86,213
TOTAL			289,390	297,859
II. ASSETS				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible Assets		10	136,278	151,153
(ii) Intangible Assets		10	2,689	2,972
(iii) Capital Work-in-progress		10	-	8,431
(b) Non-current investments		11	50	-
(c) Long-term loans and advances		12	41,282	32,363
(e) Other non-current assets		13	427	-
			180,726	194,939
(2) Current assets				
(a) Trade receivables		14	65,782	64,220
(b) Cash and cash equivalents		15	20,794	10,679
(c) Short-term loans and advances		16	22,088	28,022
(d) Other current assets			-	-
			108,664	102,920
TOTAL			289,390	297,859

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: 25th April, 2013



R.R. Bhinge
R.R. Bhinge
Director

P.J. Nath
P.J. Nath
Director

Uday Banerjee
Uday Banerjee
Director

Jal Engineer
Jal Engineer
Director

R. B. Upadhyay
R. B. Upadhyay
Director

TATANET SERVICES LIMITED
Statement of Profit & Loss for the year ended 31st March 2013

(Rupees in ₹00')

Particulars	Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
I. Revenue from Operations	17	403,900	380,259
II. Other Income	18	2,626	1,670
III. Total Revenue (I + II)		406,525	382,129
IV. Expenses:			
Operating Expenses	19	371,968	329,982
Finance Costs	20	2,710	1,836
Depreciation and Amortization expense	10	34,260	30,945
Other Expenses	21	11,885	10,216
Total expenses		420,823	372,948
V. Profit before exceptional and extraordinary items and tax (III-IV)		(14,298)	9,181
VI. Exceptional Items			-
VII. Profit before extraordinary items and tax (V - VI)		(14,298)	9,181
VIII. Extraordinary Items			-
IX. Profit before tax (VII- VIII)		(14,298)	9,181
X. Tax expense:			
(1) Current tax			6,328
(2) Deferred tax		(2609)	(2619)
XI. Profit (Loss) for the period from continuing operations (X-X)		(11,629)	5,773
XII. Profit/(loss) from discontinued operations			-
XIII. Tax expense of discontinued operations			-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			-
XV. Profit (Loss) for the period (XI + XIV)		(11,629)	5,773
XVI. Earnings per equity share:			
(1) Basic	3.1	(1938.13)	962.11
(2) Diluted	3.1	(1938.13)	962.11

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: 25th April, 2013



R.R. Bhinge

R.R. Bhinge
Director

P.J. Nath

P.J. Nath
Director

Uday Banerjee
Uday Banerjee
Director

Z. Engineer

Z. Engineer
Director

R. B. Upadhyay

R. B. Upadhyay
Director

TATANET SERVICES LIMITED

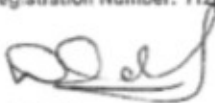
Cash Flow Statement for the year ended 31st March, 2013

(Rupees in 000')

	For the year ended 31.03.2013	For the year ended 31.03.2012
A. Cash flow from operating activities		
NET PROFIT BEFORE TAX	(14,298)	9,181
ADJUSTED FOR		
Finance Costs	2,710	1,808
Depreciation and Amortisation	34,260	30,545
OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES	38,970	32,751
Changes in working capital		
Trade Receivables	(1,563)	(3,885)
Loans and advances and other assets	(6,448)	7,832
	(8,011)	3,947
Adjustments for increase / (decrease) in liabilities: Liabilities & Provisions	(8,863)	(10,100)
	(8,863)	(10,100)
CASH GENERATED FROM OPERATIONS	5,799	35,779
Direct taxes paid	-	(5,329)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	5,799	29,451
EXTRA ORDINARY ITEMS		-
NET CASH FROM OPERATING ACTIVITIES (A)	5,799	29,451
B. Cash flow from investing activities		
Purchase of fixed assets	(10,670)	(25,844)
Purchase of Equity Shares of Zoroastrian Bank	(50)	-
Interest received	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(10,720)	(25,844)
C. Cash flow from financing activities		
Term Loan from Zoroastrian Bank	14,118	-
Security Deposit from Nelco	3,629	(4,804)
Finance Costs	(2,710)	(1,808)
NET CASH FROM FINANCING ACTIVITIES (C)	15,037	(6,609)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	10,115	(3,002)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	10,679	13,680
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	20,794	10,679
	10,115	(3,002)

In terms of our report attached

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

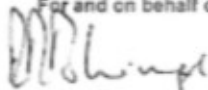


Devang M Dalal
Partner
Membership No: 109049

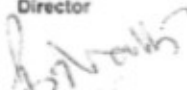


Place: Mahape
Date: 25th April, 2013

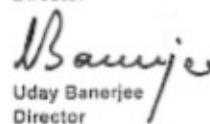
For and on behalf of the Board



R.R. Bhinge
Director



P.J. Nath
Director



Uday Banerjee
Director



Zal Engineer
Director



R. B. Upadhyay
Director

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.

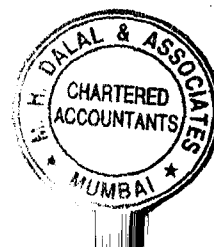
2.3 Fixed Assets, Depreciation & Amortization

- 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 XIV to the Companies Act, 1956 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 (10 years remaining as at the Balance sheet date)
- License Fees – ISP : 15 years (10 years remaining as at the Balance sheet date)

c) Capital work-in-progress:

Capital work-in-progress is carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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



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

3.1 Earnings per share (EPS)

	2012-13 12 mths	2011-12 12 mths
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	(11,629)	5773
c) Basic and diluted earnings Per Share (Rupees) – Face value	(1938.13)	962.11

3.2 Value of Imports calculated on CIF basis

	2012-13 12mths	2011-12 12mths
i) Capital Goods	7,216	21,888

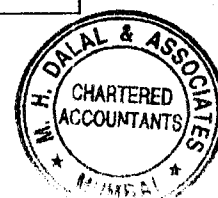
3.3 Related Party Disclosure

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 parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Tata Power Company Limited
Holding Company	Nelco Limited
Key Management Personnel (KMP)	1. Mr. Zal Engineer 2. Mr. K A Mahashur 3. Mr. R.R. Bhinge 4. Mr. P. J. Nath 5. Mr. R. B. Upadhyay 6. Mr. Uday Banerjee

Note: Related parties have been identified by the Management.

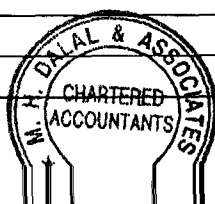


Transactions with the related parties as identified above are as follows:

Period 01.04.2012 to 31.03.2013

Details of Related Party Transactions

Sr No	Particulars	Nelco Limited
1)	Purchases :	-
a)	Goods	-
b)	Fixed Assets	-
c)	Expenses	185,600
		(169,200)
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	3,629
		(3,667)
e)	Security Dep. given during the period	-
		(8,471)
5)	Guarantees and collaterals received	80,000
		(20,000)
6)	Other Transactions :	
a)	Reimbursements made to parties	2,915
		(2,074)
b)	Reimbursements received from parties	-
		-
7)	Balance o/s as on 31.03.2013	
a)	Creditors (Net)	29,055
		(45,427)
b)	Debtors (Net)	-
		-
c)	Inter Corporate Loans	-



		-
d)	Interest Accrued, but not due	-
e)	Deposits received	191,432
		(187,803)
f)	Guarantees and collaterals	200,000
		(120,000)
g)	Other Recoverable	-
		-

Note : Figures in brackets pertain to the previous period of 12 months
i.e. (April 2011 to March 2012)

During the year Mr. R. R. Bhinge – Independent Director has been paid sitting fees of Rs 40' ('000) (previous year – 20' ('000)).

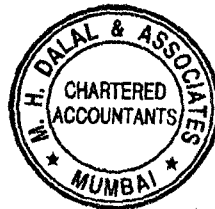
3.4 Major components of Deferred Tax Assets/ (Liabilities) are:

	2012-13	2011-12
Deferred Tax Assets		
(a) Provision for Doubtful Debts	(245)	245
Less: - Deferred Tax Liability		
(a) Difference between Book and Income Tax Depreciation	(2914)	2914
Net Deferred Tax Assets / (Liabilities)	(0)	(2669)

3.5.1 Auditor's Remuneration:

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

	2012-13 12 mths	2011-12 12 mths
As Auditor	100	65
For Taxation Matters	50	35
For other services -	34	68
For reimbursement of expenses -	20	16
TOTAL	204	184



3.5.2 Payments to Auditor

The Payments to Auditor during the current period and the corresponding last period are as follows:

	2012-13 12 mths	2011-12 12 mths
As Auditor	65	65
For Taxation Matters	35	35
For other services -	8	79
For reimbursement of expenses -	0	16
TOTAL	108	195

3.6 Foreign Currency Outgo:

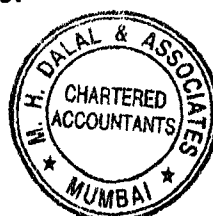
		2012-13	2011-12
		Amount in Foreign Currency	
Particulars	Foreign Currency	Twelve Mths	Twelve Mths
Paid	USD \$	3,93,800	239,700
Paid	AUD \$	1,994	1,994

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

As at 31 March, 2013		As at 31 March, 2012	
Particulars	(Payable) in Foreign currency	Particulars	(Payable) in Foreign currency
Payable	Nil	Payable	US \$ 2,44,500

3.7 Capital & Other Commitments

	2012-13 12mths	2011-12 12mths
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	20,494	3,919
Estimated amount of contracts remaining		



to be executed on **other account** and not
provided for (net of advances paid)

Nil

Nil

3.8 Effect of Amended AS-11 on the loss for the year ending 31.03.2013

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. 1,16,998/- & loss on foreign currency translation is lower by Rs. 8,89,519/- resulting in the loss for the period being lower by Rs. 7,72,521/-

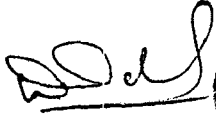
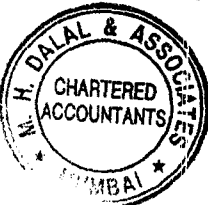
3.9 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act):

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 31st March, 2013. 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 Balance Sheet Abstract and Company's General Business profile is annexed herewith.

As per our report attached

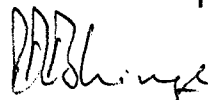
For M. H. Dalal & Associates
Chartered Accountants

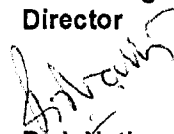
Devang M. Dalal
Partner
M No: 109049

Mumbai - 25.04.2013

For and on behalf of the Board



R.R. Bhinge
Director

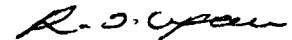


P. J. Nath
Director


Uday Banerjee
Director



Za Engineer
Director



R.B. Upadhyay
Director

TATANET SERVICES LIMITED

Note 4

(Rupees in 000')

Share Capital	As at 31.03.2013		As at 31.03.2012	
	Number	AMT	Number	AMT
Authorised:-				
Non-Cumulative Redeemable Preference Shares of Rs.100/- each	18	2	18	2
Equity Shares of Rs. 100/- each	9,982	998	9,982	998
TOTAL	10,000	1,000	10,000	1,000
Issued, Subscribed & Paid up:-				
Equity Shares of Rs. 100/- each fully paid	6,000	600	6,000	600
TOTAL	6,000	600	6,000	600

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
	31.03.13	31.03.12	31.03.13	31.03.12
Shares outstanding at the beginning of the year	6,000	6,000	-	-
Shares Issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	6,000	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 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Nelco Limited - Holding Company	6,000	100%	6,000	100%



TATANET SERVICES LIMITED

Note 5

(Rupees in 000')

Reserves & Surplus	As at 31.03.2013	As at 31.03.2012
Surplus		
Opening Balance	19,081	13,308
<u>Add:</u>		
Profit/(Loss) for period	(11,629)	5,773
TOTAL	7,452	19,081



TATANET SERVICES LIMITED

Note 6

(Rupees in 000')

Long Term Borrowings		
	As at 31.03.2013	As at 31.03.2012
(a) Term Loan from Bank Secured - Considered Good From The Zoroastrian Co-op Bank Ltd (Term of Payment: Payable in 5 years) (Secured by hypothecation by way of first charge on the Equipments to be purchased out of the Bank's Term Loan and Corporate Guarantee of the Parent Company - Neico Ltd)	11,062	-
Total	11,062	-

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



TATANET SERVICES LIMITED**Note 7****(Rupees in 000')**

Other Long Term Liabilities	As at 31.03.2013	As at 31.03.2012
(b) Deposits		
Unsecured - Considered Good		
(i) Security Deposit from Holding Company - Nelco Limited	191,432	187,803
Total	191,432	187,803



TATANET SERVICES LIMITED

Note 8

(Rupees in 000')

Long Term Provisions	As at 31.03.2013	As at 31.03.2012
(a) Others		
(i) Akshar Family Education Scholarship Scheme		1,494
Total		1,494



TATANET SERVICES LIMITED

Note 9

(Rupees in 000')

	Other Current Liabilities	As at 31.03.2013	As at 31.03.2012
(a) Current maturities of Long-Term debt		3,056	-
(b) Income received in advance		20,291	11,677
(c) Other payables			
(i) Statutory remittances			
(a) Tax deducted at source		1,864	2,997
(ii) On purchase of fixed assets		1,648	15,666
(iii) Liability for SACFA		2,448	1,400
(iv) D.O.T Revenue Share		4	-
(v) For Other Expenses		373	145
	TOTAL	29,682	31,886



(Rupees in 000')

FIXED ASSETS	Gross Block					Accumulated depreciation					NET BLOCK
	Balance as at 01.04.2012	Additions/ (Disposals)	Capitalisation of Exchange (Gain)/ Loss	Deductions	Balance as at 31.03.2013	Balance as at 01.04.2012	Depreciation for year ended 31.03.2013	Depreciation on Capitalisation of Exchange	Deductions	Balance as at 31.03.2013	Balance as at 31.03.2013
I Tangible Assets											
Plant and Equipment	308,360	18,212	890	-	327,462	157,207	33,860	117	-	191,184	136,278
	(288,595)	(19,688)	76	-	(308,360)	(126,545)	(30,648)	(14)	-	(157,207)	(151,153)
II Intangible Assets											
Licence Fees - VSAT	3,000	-	-	-	3,000	1,500	150	-	-	1,050	1,350
	(3,000)	-	-	-	(3,000)	(1,350)	(150)	-	-	(1,500)	(1,500)
Licence Fees - ISP	2,000	-	-	-	2,000	528	133	-	-	661	1,339
	(2,000)	-	-	-	(2,000)	(395)	(133)	-	-	(528)	(1,472)
TOTAL	313,360	18,212	890	-	332,462	159,235	34,143	117	-	193,495	138,966
	(293,595)	(19,688)	76	-	(313,360)	(128,290)	(30,931)	(14)	-	(159,235)	(154,125)
III Capital Work in Progress											
											(8,431)

During the current year ended 31.03.2013 net exchange loss of 890 (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

For the year ended 31.03.2012, net exchange loss of 76 (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

3 Figures given in the bracket indicate figures as on 31.03.2012



TATANET SERVICES LIMITED

Note 11

(Rupees in 000')

	Non-Current Investments	As at 31.03.2013	As at 31.03.2012
(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	-
	TOTAL	50	-



TATANET SERVICES LIMITED

Note 12

(Rupees in 000')

Long Term Loans and Advances	As at 31.03.2013	As at 31.03.2012
a. Other loans and advances		
(i) Prepaid Expenses		
Secured, considered good	150	18
	150	18
Advance Tax (Net of Provision)		
Unsecured, considered good	41,132	30,012
Balances with government authorities		
CENVAT credit receivable		
Unsecured, considered good		2,353
TOTAL	41,282	32,383



TATANET SERVICES LIMITED

Note 13

(Rupees in 000')

Other Non-Current Assets	As at 31/03/2010	As at 31/03/2012
(a) Others Unamortised portion of Term Loan Processing fees	427	-
TOTAL	427	-



TATANET SERVICES LIMITED

Note 14

(Rupees in 000')

Trade Receivables	As at 31.03.2013	As at 31.03.2012
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, Considered Good	4,391	6,743
- Considered Doubtful	5,765	1,555
Less: Provision for Doubtful Debts	5,765	1,555
	4,391	6,743
(b) Other Trade receivables		
- Unsecured, Considered Good	61,391	57,476
- Considered Doubtful		912
Less: Provision for Doubtful Debts		912
	61,391	57,476
TOTAL	65,782	64,220

Note 15

(Rupees in 000')

Cash and cash equivalents	As at 31.03.2013	As at 31.03.2012
(a) Balances with Bank	20,794	10,679
TOTAL	20,794	10,679



TATANET SERVICES LIMITED

Note 16

(Rupees in 000')

Short Term Loans & Advances	As at 31.03.2013	As at 31.03.2012
(a) Prepaid Expenses Secured, considered good	8,421	17,464
(b) Security Deposits Secured, considered good	1,752	1,225
	10,173	18,689
(c) Balance with government authorities		
(i) Service Tax credit receivable Unsecured, considered good	9,563	7,774
(ii) Cenvat Credit Unsecured, considered good	2,351	1,559
	11,914	9,333
TOTAL	22,088	28,022



TATANET SERVICES LIMITED

Note 17

(Rupees in 000')

Revenue from Operations	For the year ended 31.03.2013	For the year ended 31.03.2012
(a) Sale of Services		
VSAT Bandwidth Service Income	403,155	379,430
Internet Revenue Service Income	745	829
TOTAL	403,900	380,259

Note 18

(Rupees in 000')

Other Income	For the year ended 31.03.2013	For the year ended 31.03.2012
(a) Interest Income		
Interest received on Income Tax Refund	1,162	1,870
(a) Other Income		
Miscellaneous Income	1,464	-
TOTAL	2,626	1,870



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

Operating Expenses	For the year ended 31.03.2013	For the year ended 31.03.2012
Licence Fees to D.O.T	43,382	38,098
Transponder Charges	137,442	114,932
Connectivity Charges	4,883	7,230
ISP Monitoring & Support Charges	377	216
Internet Charges	305	305
Network Management Fees	115,200	95,400
Marketing Services Fees	70,400	73,800
TOTAL	371,958	329,982

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

Finance Costs	For the year ended 31.03.2013	For the year ended 31.03.2012
Interest Expense		
(i) On borrowings	782	-
(ii) Other Interest	101	8
Net (gain) / loss on foreign currency transactions	(109)	34
Other Borrowing Costs*	1,936	1,764
TOTAL	2,710	1,806

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



TATANET SERVICES LIMITED

Note 21

(Rupees in 000')

Other Expenses	For the year ended: 31.03.2013	For the year ended: 31.03.2012
Power and fuel	2,555	1,714
Repairs to machinery	2,724	2,926
Insurance	95	114
Directors Sitting Fees	40	20
(ii) Miscellaneous expenses,		
Provision for Doubtful Debts	4,274	1,690
Bad Debts Written Off	955	-
Less: Prov for Doubtful Debts made in earlier years	955	-
Professional & Legal Charges	470	1,470
Auditors Remuneration (Refer Note 3.5.1)	204	184
Social Welfare Expenses	-	847
Other Expenses	1,523	1,250
TOTAL	11,885	10,216

