



TATANET SERVICES LIMITED

27TH ANNUAL REPORT

2013-2014

TATANET SERVICES LIMITED

27TH ANNUAL REPORT 2013-14

Board of Directors : Mr.R.R.Bhinge
Mr.P.J.Nath
Mr.R.B.Upadhyay
Mr.Uday Banerjee
Mr. Sanjay Dube

Bankers : Bank of India, Mumbai
Axis Bank Limited, Mumbai

Auditors : M.H.Dalal & Associates, Mumbai

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

TATANET SERVICES LIMITED
Balance Sheet as at 31st March 2014

(Rupees in 000')

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds	4	600	600
(a) Share Capital	5	15,797	7,452
(b) Reserves and Surplus		16,397	8,052
(2) Non-current liabilities	6	32,238	11,062
(a) Long-term borrowings	3.4	-	-
(b) Deferred tax liabilities (Net)	7	133,932	191,432
(c) Other Long term liabilities		166,170	202,495
(3) Current liabilities		55,391	49,162
(a) Trade Payables	8	47,022	29,682
(b) Other Current liabilities		102,412	78,844
TOTAL		284,979	289,390
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	9	149,346	136,278
(i) Tangible Assets	9	4,219	2,689
(ii) Intangible Assets		50	50
(b) Non-current investments	10	49,715	41,282
(c) Long-term loans and advances	11	305	427
(d) Other non-current assets	12	203,635	180,726
(2) Current assets		42,218	63,664
(a) Trade receivables	13	11,997	20,794
(b) Cash and cash equivalents	14	24,357	22,088
(c) Short-term loans and advances	15	2,773	2,118
(d) Other current assets	16	81,345	108,664
TOTAL		284,979	289,390

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

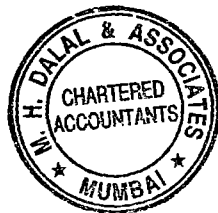
1, 2 & 3

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: 28th April, 2014



R. B. Upadhyay
R. B. Upadhyay
Director

Uday Banerjee
Uday Banerjee
Director

TATANET SERVICES LIMITED
Statement of Profit & Loss for the year ended 31st March 2014

(Rupees in 000, except per share data)

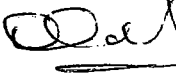
Particulars	Note No.	For the year ended 31.03.2014	For the year ended 31.03.2013
I. Revenue from Operations	17	462,639	403,900
II. Other Income	18	1,519	2,626
III. Total Revenue (I + II)		464,157	406,525
IV. Expenses:			
Operating Expenses	19	380,242	371,968
Finance Costs	20	25,117	2,820
Depreciation and Amortization expense	9	29,519	34,260
Other Expenses	21	15,734	11,776
Total expenses		450,612	420,823
V. Profit before exceptional and extraordinary items and tax (III-IV)		13,545	(14,298)
VI. Exceptional items			-
VII. Profit before extraordinary items and tax (V - VI)		13,545	(14,298)
VIII. Extraordinary Items			-
IX. Profit before tax (VII- VIII)		13,545	(14,298)
X Tax expense:			
(1) Current tax		5,200	-
(2) Deferred tax			(2,669)
XI Profit (Loss) for the period from continuing operations (IX-X)		8,345	(11,629)
XII Profit (Loss) for the period		8,345	(11,629)
XIII Earnings per equity share:			
(1) Basic	3.1	1,391	(1,938)
(2) Diluted	3.1	1,391	(1,938)

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

1,2 & 3

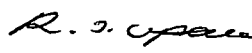
For and on behalf of the Board

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


Devang M Dalal
Partner
Membership No: 109049

Place: Mahape
Date: 28th April, 2014




R. B. Upadhyay
Director


Uday Banerjee
Director

TATANET SERVICES LIMITED

Cash Flow Statement for the year ended 31st March, 2014

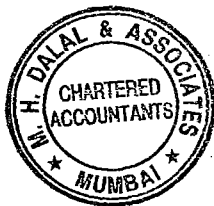
(Rupees in 000')

	For the year ended 31.03.2014		For the year ended 31.03.2013	
Cash flow from operating activities				
T PROFIT / (LOSS) BEFORE TAX		13,545		(14,298)
ADJUSTED FOR				
Finance Costs	25,117		2,820	
Depreciation and Amortisation	29,519		34,260	
		54,636		37,080
OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES		68,181		22,782
Changes in working capital				
Trade Receivables	21,446		(1,563)	
Short Term Loans & Advances	(2,269)		5,934	
Long Term Loans & Advances	(8,433)		(8,899)	
Other current assets	122		-	
Other non-current assets	(656)		(427)	
		10,211		(4,955)
Adjustments for increase / (decrease) in liabilities:				
Trade Payables	(388)		(5,165)	
Other current liabilities	12,725		(5,260)	
Long Term provisions	-		(1,494)	
		12,337		(11,919)
CASH GENERATED FROM OPERATIONS		90,730		5,908
Direct taxes paid		(5,200)		-
CASH FLOW BEFORE EXTRA ORDINARY ITEMS		85,530		5,908
EXTRA ORDINARY ITEMS		-		-
T CASH FROM OPERATING ACTIVITIES (A)		85,530		5,908
Cash flow from investing activities				
Purchase of fixed assets		(39,502)		(10,670)
Purchase of Equity Shares of Zoroastrian Bank		-		(50)
Interest received		-		-
T CASH FLOW FROM INVESTING ACTIVITIES (B)		(39,502)		(10,720)
Cash flow from financing activities				
Term Loan from Zoroastrian Bank		27,792		14,118
Security Deposit received / (refunded) to Nelco Ltd		(57,500)		3,629
Finance Costs		(25,117)		(2,820)
T CASH FROM FINANCING ACTIVITIES (C)		(54,825)		14,928
T NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(8,798)		10,115
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		20,794		10,679
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		11,997		20,794
		(8,798)		10,115

terms of our report attached

For and on behalf of the Board

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



M H Dalal
Uday M Dalal
Partner
Membership No: 109049

R. B. Upadhyay
R. B. Upadhyay
Director

Uday Banerjee
Uday Banerjee
Director

Place: Mahape
Date: 28th April, 2014

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 (9 years remaining as at the Balance sheet date)
- License Fees – ISP : 15 years (9 years remaining as at the Balance sheet date)
- Testing Software : 5years (5 years remaining as at the Balance sheet date)

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)

	2013-14 12 mths	2012-13 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	8,345	(11,629)
c) Basic and diluted earnings Per Share (Rupees) – Face value	1,391	(1,938)

3.2 Value of imports calculated on CIF basis

	2013-14 12mths	2012-13 12mths
i) Capital Goods	36,162	7,216

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. R.R. Bhinge 3. Mr. Sanjay Dube 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 01.04.2013 to 31.03.2014

Details of Related Party Transactions

(Rupees in 000')

Sr.No.	Particulars	Nelco Limited
1)	Purchases :	-
a)	Goods	-
b)	Fixed Assets	-
		-
c)	Expenses	168,000
		(185,600)
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	19,768
		-
d)	Security Dep. received during the period	2,500
		(3,629)
e)	Security Dep. paid during the period	60,000
		-
5)	Guarantees and collaterals recd/(refunded)	-
		(80,000)
6)	Other Transactions :	
a)	Reimbursements made to parties	3,708
		(2,915)
b)	Reimbursements received from parties	-
		-
7)	Balance o/s as on 31.03.2014	
a)	Creditors (Net)	36,778
		(29,055)
b)	Debtors (Net)	-



		-
c)	Inter Corporate Loans	-
		-
d)	Interest Accrued, but not due	-
e)	Deposits received	133,932
		(191,432)
f)	Guarantees and collaterals	200,000
		(200,000)
g)	Other Recoverable	-
		-

Note : Figures in brackets pertain to the previous period of 12 months
i.e. (April 2012 to March 2013)

During the year Mr. R. R. Bhinge – Independent Director has been paid sitting fees of Rs 40' ('000) (previous year – 40' ('000)) & Mr. Sanjay Dube – Director has been paid sitting fees of Rs. 10' (000) (previous year – Nil)

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

	2013-14	2012-13
Deferred Tax Assets		
(a) Provision for Doubtful Debts ***	429	-
(b) Difference between Book and IT Block of Fixed assets ***	998	-
Less: - Deferred Tax Liability		
(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 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 be recognized.

3.5 Auditor's Remuneration:

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

	2013-14 12 mths	2012-13 12 mths
As Auditor	130	100
For Taxation Matters	50	50
For other services -	56	34
For reimbursement of expenses -	-	20
TOTAL	236	204



3.6 Foreign Currency Outgo:

		2013-14	2012-13
		Amount in Foreign Currency	
Particulars	Foreign Currency	Twelve Mths	Twelve Mths
Paid	USD \$	6,26,622	3,93,800
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, 2014		As at 31 March, 2013	
Particulars	(Payable) in Foreign currency	Particulars	(Payable) in Foreign currency
Payable	US\$ 4,450	Payable	Nil

3.7 Contingent Liabilities:

	Particulars	2013-14	2012-13
			Rs in '000
a)	Claims against the company not acknowledged as debt comprises of:		
	i) Sales Tax claims disputed by the company relating to issues of applicability	2,02,832	
	Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authorities		

3.8 Capital & Other Commitments

	2013-14 12mths	2012-13 12mths
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	22,402	20,494
Estimated amount of contracts remaining to be executed on other account and not provided for (net of advances paid)	Nil	Nil



3.9 Effect of Amended AS-11 on the loss for the year ending 31.03.2014

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. 16,248/- & loss on foreign currency translation is lower by Rs. 2,71,648/- resulting in the profit for the period being higher by Rs. 2,55,400/-

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

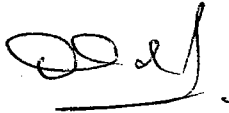
There are no Micro and Small Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the company owes dues which are outstanding for more than 45 days as at 31st March, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises 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.

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

As per our report attached

For and on behalf of the Board

For M. H. Dalal & Associates
Chartered Accountants

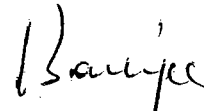


Devang M. Dalal
Partner
M No: 109049

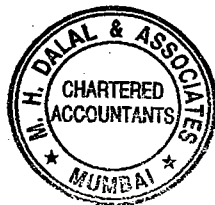
Mumbai - 28.04.2014



R.B. Upadhyay
Director



Uday Banerjee
Director



ATANET SERVICES LIMITED

ote 4

(Rupees in 000')

Share Capital	As at 31.03.2014		As at 31.03.2013	
	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

ote 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
	31.03.14	31.03.13	31.03.14	31.03.13
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	-	-

ote 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 2014		As at 31 March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Atanet Services Limited - Holding Company	6,000	100%	6,000	100%



TATANET SERVICES LIMITED**Note 5**

(Rupees in 000')		
Reserves & Surplus	As at 31.03.2014	As at 31.03.2013
Surplus		
Opening Balance	7,452	19,081
Add:		
Profit/(Loss) for period	8,345	(11,629)
TOTAL	15,797	7,452

Note 6

(Rupees in 000)		
Long Term Borrowings	As at 31.03.2014	As at 31.03.2013
(a) Term Loan from Bank		
Secured - Considered Good		
From The Zoroastrian Co-op Bank Ltd	32,238	11,062
(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)		
TOTAL	32,238	11,062

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

Note 7

(Rupees in 000')		
Other Long Term Liabilities	As at 31.03.2014	As at 31.03.2013
(b) Deposits		
Unsecured - Considered Good		
(i) Security Deposit from Holding Company - Nelco Limited	133,932	191,432
TOTAL	133,932	191,432



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

Other Current Liabilities	As at 31.03.2014	As at 31.03.2013
(a) Current maturities of Long-Term debt	9,672	3,056
(b) Income received in advance	25,533	20,291
(c) Other payables		
(i) Statutory remittances		
(a) Tax deducted at source	2,897	1,864
(ii) On purchase of fixed assets	6,263	1,648
(iii) Liability for SACFA	1,618	2,448
(iv) D.O.T Revenue Share	28	4
(v) For Other Expenses	1,010	373
TOTAL	47,022	29,682



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

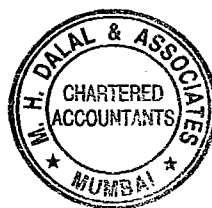
Non-Current Investments	As at 31.03.2014	As at 31.03.2013
(a) Non-Trade - Unquoted Investment in equity shares (i) of The Zoroastrian Bank Ltd (2,000 shares of Rs 25/- each fully paid up as per the terms of the sanction letter of The Zoroastrian Co-op Bank Ltd)	50	50
TOTAL	50	50

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

Long Term Loans and Advances	As at 31.03.2014	As at 31.03.2013
a. Other loans and advances		
(i) Prepaid Expenses Secured, considered good	-	150
	-	150
Advance Tax (Net of Provision) Unsecured, considered good	49,715	41,132
TOTAL	49,715	41,282

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

Other Non-Current Assets	As at 31.03.2014	As at 31.03.2013
(a) Others Unamortised portion of Term Loan Processing fees	305	427
TOTAL	305	427

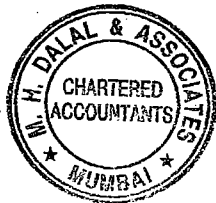


TATANET SERVICES LIMITED**Note 13****(Rupees in 000')**

Trade Receivables	As at 31.03.2014	As at 31.03.2013
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, Considered Good	3,413	4,391
- Considered Doubtful	7,107	5,785
Less: Provision for Doubtful Debts	7,107	5,785
	3,413	4,391
(b) Other Trade receivables		
- Unsecured, Considered Good	38,805	59,274
- Considered Doubtful	-	-
Less: Provision for Doubtful Debts	-	-
	38,805	59,274
TOTAL	42,218	63,664

Note 14**(Rupees in 000')**

Cash and Bank Balances	As at 31.03.2014	As at 31.03.2013
(a) Balances with Bank		
(i) In current accounts	11,997	20,794
TOTAL	11,997	20,794



TATANET SERVICES LIMITED

Note 15

(Rupees in 000')

Short Term Loans & Advances	As at 31.03.2014	As at 31.03.2013
(a) Prepaid Expenses		
Secured, considered good	5,433	8,421
(b) Security Deposits		
Secured, considered good	845	1,752
	7,278	10,173
(c) Balance with government authorities		
(i) Service Tax credit receivable		
Unsecured, considered good	13,865	9,563
(ii) Cenvat Credit		
Unsecured, considered good	3,214	2,351
	17,078	11,914
TOTAL	24,357	22,088

Note 16

(Rupees in 000')

Other Current Assets	As at 31.03.2014	As at 31.03.2013
(a) Unbilled Revenue	2,773	2,118
TOTAL	2,773	2,118



ATANET SERVICES LIMITED

Note 17

(Rupees in 000')

Revenue from Operations	For the year ended 31.03.2014	For the year ended 31.03.2013
(a) Sale of Services		
VSAT Bandwidth Services	462,021	403,155
Internet Services	617	745
TOTAL	462,639	403,900

Note 18

(Rupees in 000')

Other Income	For the year ended 31.03.2014	For the year ended 31.03.2013
(a) Interest Income		
Interest received on Income Tax Refund	1,514	1,132
(b) Dividend Income		
On Shares of The Zoroastrian Co-op Bank	4	-
(c) Other Income		
Miscellaneous Income		1,494
TOTAL	1,519	2,626



TATANET SERVICES LIMITED**Note 19**

(Rupees in 000')

Operating Expenses	For the year ended 31.03.2014	For the year ended 31.03.2013
Licence Fees to D.O.T (As Revenue Share)	55,494	43,382
Transponder Charges	150,233	137,442
Connectivity Charges	5,859	4,863
ISP Monitoring & Support Charges	325	377
Internet Charges	332	305
Network Management Fees	115,200	115,200
Marketing Services Fees	52,800	70,400
TOTAL	380,242	371,968

Note 20

(Rupees in 000')

Finance Costs	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest Expense		
(i) On borrowings	22,738	782
(ii) Other interest	467	101
Other Borrowing Costs*	1,911	1,936
TOTAL	25,117	2,820

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



ANET SERVICES LIMITED

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(Rupees in 000')

Other Expenses	For the year ended 31.03.2014	For the year ended 31.03.2013
Power and fuel	3,238	2,555
Repairs to machinery	3,534	2,724
Insurance	103	95
Directors Sitting Fees	50	40
Miscellaneous expenses,		
Provision for Doubtful Debts	3,456	4,274
Bad Debts Written Off	2,135	955
Less: Prov for Doubtful Debts made in earlier years	2,135	955
Professional & Legal Charges	2,569	470
Auditors Remuneration (Refer Note 3.5)	236	204
Commission	1,872	981
Other Expenses	677	432
TOTAL	15,734	11,776

