



TATANET SERVICES LIMITED

DIRECTORS' REPORT

To the Members

The Directors present their Twenty Fifth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2012

1. FINANCIAL RESULTS:

During the year under review, the Company recorded a Turnover of INR 380.26 million (previous year INR 321.52 million) and a net profit after tax (P.A.T) of INR 5.77 million (previous year INR 5.20 million).

The summarized financial results are indicated below:

	(Rupees in 000')	
	For the year ended 31.03.2012	For the year ended 31.03.2011
Net Service Income from Operations	380,259	321,524
Operating Expenditure	342,003	285,172
Operating Profit	38,256	36,352
Add: Other Income	1,870	778
Less: Interest	0	39
Profit Before Tax and Depreciation and Exceptional Items	40,126	37,091
Less: Depreciation	30,945	29,012
Profit Before Tax and Exceptional Items	9,181	8,079
Exceptional Items	-	-
Profit Before Tax	9,181	8,079
Less : Provision for Tax(including provision for Deferred Tax)	3,408	2,880
Net Profit After Tax	5,773	5,199
Balance Brought Forward	13,308	8,108
Balance Available for appropriation	19,081	13,308
Appropriations as under:		
Adjustment to General Reserve	-	-
Other appropriations	-	-
Balance to be Carried Forward	19,081	13,308

2. DIVIDEND

In order to conserve resources, the Board of Directors regret their inability to recommend dividend for the financial year ended 31st March 2012

TATANET SERVICES LIMITED

Works and Registered Office : E1-5 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



3. BUSINESS OVERVIEW:

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

The Company saw a spurt in the volume of business through the additional bandwidth sold for 8471 VSAT's (previous year – 3925 VSAT's) which got added to the network for the financial year 2011-12. There was an addition of 15 new customers' in the network during the period under review. There are 236 customers in the Company's network. The company has continued its focus on the expansion in the banking segment by targeting existing and new 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 (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. 11.87 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. Zal Engineer & Mr. Uday Banerjee retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Mr. R. R. Bhinge & Mr. P. J. Nath were appointed by the Board as additional directors with effect from 14th September 2011 & 11th November 2011 respectively. They hold office upto the forth coming Annual General Meeting.

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 2012 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

TATANET SERVICES LIMITED

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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

A handwritten signature in dark ink, appearing to read "R. B. Upadhyay".

R. B. Upadhyay
Director

A handwritten signature in dark ink, appearing to read "Uday Banerjee".

Uday Banerjee
Director

Navi Mumbai: 12th June 2012

TATANET SERVICES LIMITED

Works and Registered Office : EL 6 TTC Industrial Area MIDC Electronics Zone Mahape Navi Mumbai 400 710 India
Tel: 01 22 6291 8728 Fax: 01 22 6291 3787 website: www.tatanet.co.in



**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 *31st March, 2012* 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, 2012, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012, 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:
- a) In the case of the Balance Sheet of the State of Affairs of the Company as on 31st March, 2012 and
 - b) In case of Profit & Loss Account of the profit for the year ended on that date.
 - c) 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 : 12/6/12

M. H. DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS

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

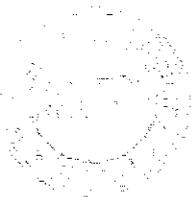
- (i) (a) The Company has maintained proper records showing full particulars including quantitative details & situation of Fixed Assets.
- (b) A major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets 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 (i) (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 31st March, 2012 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 31st March, 2012 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
Firm Rg.112449W



D.M. DALAL
PARTNER
Membership No.:109049



Place : Mumbai

Date : 12/6/12

TATANET SERVICES LIMITED
Balance Sheet as at 31st March, 2012

(Rupees in 000')

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	4	600	600
(b) Reserves and Surplus	5	19,081	13,308
(c) Money received against share warrants		-	-
		19,681	13,908
(2) Non-current liabilities			
(a) Long-term borrowings	6	187,803	192,606
(b) Deferred tax liabilities (Net)	3.4	2,669	5,588
(c) Other Long term liabilities		-	-
(d) Long-Term provisions	7	1,494	647
		191,966	198,842
(3) Current liabilities			
(a) Short-Term borrowings		-	-
(b) Trade Payables		54,327	77,757
(c) Other Current liabilities	8	31,886	19,403
(d) Short-Term Provisions		-	-
		86,213	97,160
TOTAL		297,859	309,909
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	9	151,153	162,050
(ii) Intangible Assets	9	2,972	3,255
(iii) Capital Work-in-progress	9	8,431	2,352
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	10	17,286	18,308
(e) Other non-current assets		-	-
		179,842	185,965
(2) Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables	11	64,220	60,335
(d) Cash and cash equivalents	12	10,679	13,680
(e) Short-term loans and advances	13	24,430	38,263
(f) Other current assets	14	18,689	11,666
		118,017	123,944
TOTAL		297,859	309,909

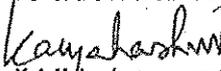
Significant Accounting Policies & Notes to Accounts

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


K A Mahashur
Director

Zal Engineer
Director

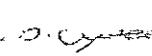
Devang M Dalal
Partner
Membership No: 109049

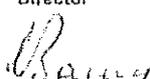
R. R. Bhinge
Director

P. J. Nath
Director

Place, Mahape

Date: 12 JUN 2012


R. B. Upadhyay
Director


Uday Banerjee
Director



TATANET SERVICES LIMITED
Statement of Profit & Loss for the year ended 31.03.2012

(Rupees in 000', except per share data)

Particulars	Note No.	For the year ended 31.03.2012	For the year ended 31.03.2011
I. Revenue from Operations	15	380,259	321,524
II. Other Income	16	1,870	778
III. Total Revenue (I + II)		382,129	322,302
IV. Expenses:			
Operating Expenses	17	329,982	274,672
Finance Costs	18	1,806	1,546
Depreciation and Amortization expense	9	30,945	29,012
Other Expenses	19	10,216	8,993
Total expenses		372,948	314,223
V. Profit before exceptional and extraordinary items and tax (III-IV)		9,181	8,079
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		9,181	8,079
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		9,181	8,079
X. Tax expense.			
(1) Current tax		6,328	4,109
(2) Deferred tax		(2919)	(1229)
XI. Profit (Loss) for the period from continuing operations (IX-X)		5,773	5,199
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI + XIV)		5,773	5,199
XVI. Earnings per equity share:			
(1) Basic	3.1	962.11	866.58
(2) Diluted	3.1	962.11	866.58

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

K A Mahashur
K A Mahashur
Director

Zal Engineer
Director

Devang M Dalal
Devang M Dalal
Partner
Membership No: 109049

R. R. Bhinge
Director

P. J. Nath
Director

Place: Mahape
Date: 12 JUN 2012

R. B. Upadhyay
R. B. Upadhyay
Director

Uday Banerjee
Uday Banerjee
Director



TATANET SERVICES LIMITED

Cash Flow Statement for the year ended 31st March 2012

(Rupees in 000')

	For The Year Ended 31.03.2012		For The Year Ended 31.03.2011	
A. Cash flow from operating activities				
NET PROFIT BEFORE TAX		9,181		8,079
<u>ADJUSTED FOR</u>				
Finance Costs	1,806		1,546	
Depreciation and Amortisation	30,945		29,012	
		32,751		30,558
OPERATING PROFIT/ (LOSS) BEFORE WORKING CAPITAL CHANGES		41,932		38,638
Changes in working capital				
Trade Receivables	(3,885)		3,370	
Loans and advances and other assets	7,832		(23,698)	
		3,947		(20,327)
Adjustments for Increase / (decrease) in liabilities: Liabilities & Provisions	(10,100)		2,118	
		(10,100)		2,118
CASH GENERATED FROM OPERATIONS		35,779		20,428
Direct taxes paid		(6,328)		(4,109)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS		29,451		16,320
EXTRA ORDINARY ITEMS				
NET CASH FROM OPERATING ACTIVITIES (A)		29,451		16,320
B. Cash flow from investing activities				
Purchase of fixed assets		(25,844)		(21,507)
Interest received				
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		(25,844)		(21,507)
C. Cash flow from financing activities				
Repayment of Advance to Nelco		(4,804)		(3,581)
Finance Costs		(1,806)		(1,546)
NET CASH FROM FINANCING ACTIVITIES (C)		(6,609)		(5,127)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(3,002)		(10,315)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		13,680		23,995
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		10,679		13,680
		(3,002)		(10,315)

In terms of our report attached

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

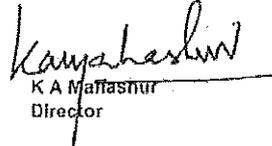


Devang M Dalal
Partner
Membership No: 109049



Place: Mahape
Date: 2 JUN 2012

For and on behalf of the Board

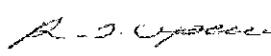


K A Maffashur
Director

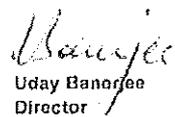
Zal Engineer
Director

R. R. Bhinge
Director

P. J. Nath
Director



R. B. Upadhyay
Director



Uday Banerjee
Director

NOTES TO ACCOUNTS

1. Corporate information

Tatanet Services Limited (TNSL) 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.



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

3.1 Earnings per share (EPS)

	2011-12 12 mths	2010-11 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	5773	5199
c) Basic and diluted earnings Per Share (Rupees) – Face value	962.11	866.58

3.2 Value of Imports calculated on CIF basis

	2011-12 12mths	2010-11 12mths
i) Capital Goods	21,888	17,990

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. Zai 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 01.04.2011 to 31.03.2012

Details of Related Party Transactions

Sr No	Particulars	Nelco Limited
1)	Purchases :	
a)	Goods	
b)	Fixed Assets	
c)	Expenses	169,200 (125,700)
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	3,667 (28,536)
e)	Security Dep. given during the period	8,471 (32,116)
5)	Guarantees and collaterals refunded	20,000 (30,000)
6)	Other Transactions :	
a)	Reimbursements made to parties	2,074 (1,584)
b)	Reimbursements received from parties	
7)	Balance o/s as on 31.03.2012	
a)	Creditors (Net)	45,427 (72,230)
b)	Debtors (Net)	
c)	Inter Corporate Loans	



d)	Interest Accrued, but not due	-
e)	Deposits received	187,803
		(192,606)
f)	Guarantees and collaterals	120,000
		(140,000)
g)	Other Recoverable	

Note : Figures in brackets pertain to the previous period of 12 months
i.e. (April 2010 to March 2011)

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

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

	2011-12	2010-11
Deferred Tax Assets		
(a) Provision for Doubtful Debts	245	210
Less: - Deferred Tax Liability		
(a) Difference between Book and Income Tax Depreciation	2914	5798
Net Deferred Tax Assets / (Liabilities)	(2669)	(5588)

3.5.1 Auditor's Remuneration:

The Auditor's Remuneration as appearing in Note 19 is the amount payable to Auditor as follows:

	2011-12 12 mths	2010-11 12 mths
As Auditor	65	65
For Taxation Matters	35	35
For other services -	68	10
For reimbursement of expenses -	16	12
TOTAL	184	122



3.5.2 Payments to Auditor

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

	2011-12 12 mths	2010-11 12 mths
As Auditor	65	65
For Taxation Matters	35	35
For other services -	79	36
For reimbursement of expenses -	16	12
TOTAL	195	148

3.6 Foreign Currency Outgo:

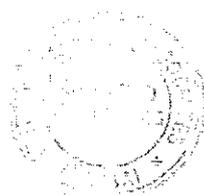
Particulars	Foreign Currency	2011-12	2010-11
		Amount in Foreign Currency	
		Twelve Mths	Twelve Mths
Paid	USD	239,700	382,628
Paid	AUD	1,994	5,494
Paid	EURO	-	19,600

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

As at 31 March, 2012		As at 31 March, 2011	
Particulars	(Payable) in Foreign currency	Particulars	(Payable) in Foreign currency
Payable	US \$ 2,44,500	Payable	US \$ 33,000

3.7 Capital & Other Commitments

	2011-12 12mths	2010-11 12mths
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	3,919	2,942



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 profit for the year ending 31.03.2012

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. 13,690/- & loss on foreign currency translation is lower by Rs. 76,417/- resulting in the profit for the period being higher by Rs. 62,727/-

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, 2012. 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 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

3.11 Balance Sheet Abstract and Company's General Business profile is annexed herewith.

As per our report attached

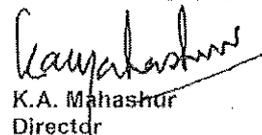
For M. H. Dalal & Associates
Chartered Accountants



Devang M. Dalal
Partner
M No: 109049
Mumbai



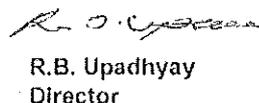
For and on behalf of the Board


K.A. Mahashur
Director

Zal Engineer
Director

R.R. Bhinge
Director

P. J. Nath
Director


R.B. Upadhyay
Director

Uday Banerjee
Director

TATANET SERVICES LIMITED

Note 4

(Rupees in 000')

Share Capital	As at 31.03.2012		As at 31.03.2011	
	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
	2012	2011	2012	2011
Shares outstanding at the beginning of the year	6,000	6,000	18	18
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	6,000	6,000	18	18

Note 4.2

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

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Nelco Limited - Holding	6,000	100%	6,000	100%
The Tata Power Company Limited - Ultimate Holding	11,099,630	49%	11,099,630	49%



TATANET SERVICES LIMITED

Note 5

(Rupees in 000')

Reserves & Surplus	As at 31.03.2012	As at 31.03.2011
Surplus		
Opening Balance	13,308	8,108
<u>Add:</u>		
Profit for period	5,773	5,199
TOTAL	19,081	13,308



TATANET SERVICES LIMITED

Note 6

(Rupees in 000')

Long Term Borrowings	As at 31 March 2012	As at 31 March 2011
(a) Loans and advances from related parties Unsecured - Considered Good (i) Advance from Nelco Limited	187,803	192,606
Total	187,803	192,606

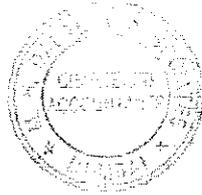


TATANET SERVICES LIMITED

Note 7

(Rupees in 000')

Long Term Provisions	As at 31 March 2012	As at 31 March 2011
(a) Others		
(i) Akshar Family Education Scholarship Scheme	1,494	647
Total	1,494	647

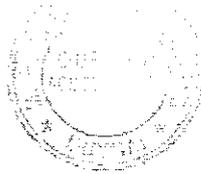


TATANET SERVICES LIMITED

Note 8

(Rupees in 000')

Other Current Liabilities	As at 31.03.2012	As at 31.03.2011
(a) Income received in advance	11,677	6,020
(b) Other payables		
Service Tax Liability	-	7,034
TDS Payable	2,997	2,542
Payables on purchase of fixed assets	15,666	3,670
Liability for SACFA	1,400	-
Others	145	136
TOTAL	31,886	19,403



TATANET SERVICES LIMITED

Note 9

	(Rupees in 000')						NET BLOCK		
	FIXED ASSETS			Gross Block			Accumulated depreciation		
	Balance as at 01.04.2011	Additions/ (Disposals)	Capitalisation of Exchange (Gain)/ Loss	Deductions	Balance as at 31.03.2012	Balance as at 01.04.2011	Depreciation for the year ended 31.03.2012	Depreciation on Capitalisation of Exchange (Gain)/Loss	Balance as at 31.03.2012
I									
	288,595	19,688	76	-	308,360	126,545	30,648	14	151,153
	(268,644)	(20,287)	(336)	-	(288,595)	(97,817)	(28,685)	(44)	(162,050)
II									
	3,000	-	-	-	3,000	1,350	150	-	1,500
	(3,000)	-	-	-	(3,000)	(1,200)	(150)	-	(1,350)
	2,000	-	-	-	2,000	395	133	-	528
	(2,000)	-	-	-	(2,000)	(261)	(133)	-	(395)
	293,595	19,688	76	-	313,360	128,290	30,331	14	159,235
	(273,644)	(20,287)	(336)	-	(293,595)	(99,278)	(28,968)	(44)	(128,290)
III									
									8,431
									(2,352)

1 During the current year 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

2 During the previous year net exchange gain of 336 (000') has been capitalised which has been deducted from the cost of fixed asset and depreciated prospectively over the remaining useful life of the fixed asset as per amended AS-11

3 Depreciation on all tangible fixed assets has been provided at the rates specified in Schedule XIV to the Companies Act, 1956 except on VSAT remotes included in Plant & Equipment which has been depreciated over a period of 5 years i.e @ 20% p.a.

4 Refer Note 2.3 (b)

5 Figures given in the bracket indicate previous year's figures.



TATANET SERVICES LIMITED

Note 10

(Rupees in 000')

Long Term Loans and Advances	As at 31.03.2012	As at 31.03.2011
a. Other loans and advances		
Prepaid Expenses		
Secured, considered good	18	20
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for _____	-	-
	18	20
Advance Tax (Net of Provision)		
Unsecured, considered good	14,915	15,097
Balances with government authorities		
Cenvat credit receivable		
Unsecured, considered good	2,353	3,191
TOTAL	17,286	18,308



TATANET SERVICES LIMITED

Note 11

(Rupees in 000')

Trade Receivables	As at 31.03.2012	As at 31.03.2011
(a) Trade receivable outstanding for a period exceeding six months from the date they were due for payment		
- Considered Good	6,743	9,589
- Considered Doubtful	1,555	464
Less: Provision for Doubtful Debts	1,555	464
	6,743	9,589
(b) Other Trade receivables		
- Considered Good	57,476	50,745
- Considered Doubtful	912	312
Less: Provision for Doubtful Debts	912	312
	57,476	50,745
TOTAL	64,220	60,335

Note 12

(Rupees in 000')

Cash and cash equivalents	As at 31.03.2012	As at 31.03.2011
(a) Balances with Bank	10,679	13,597
(b) Cash Credit with Bank	-	84
TOTAL	10,679	13,680

NOTE: - As on 31st March 2011, the Cash Credit facility availed by the company from Axis Bank was 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 was backed by Corporate Guarantee of Nelco Limited



TATANET SERVICES LIMITED

Note 13

(Rupees in 000')

Short Term Loans & Advances	As at 31.03.2012	As at 31.03.2011
(a) Balance with government authorities		
Service Tax credit receivable Unsecured, considered good	7,774	16,951
Cenvat Credit Unsecured, considered good	1,559	908
Advance Tax (Net of Provision) Unsecured, considered good	15,097	18,884
	24,430	36,743
(b) Others		
SACFA Deposits		
Secured, considered good	-	-
Unsecured, considered good	-	1,024
Doubtful	-	-
Less: Provision for _____	-	-
	-	1,024
Other Advances		
Secured, considered good	-	-
Unsecured, considered good	-	496
Doubtful	-	-
Less: Provision for _____	-	-
	-	496
TOTAL	24,430	38,263



TATANET SERVICES LIMITED

Note 14

(Rupees in 000')

Other current assets	As at 31.03.2012	As at 31.03.2011
Prepaid Expenses		
Secured, considered good	17,464	11,417
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for _____	-	-
	17,464	11,417
Security Deposits		
Secured, considered good	1,225	249
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for _____	-	-
	1,225	249
TOTAL	18,689	11,666



TATANET SERVICES LIMITED

Note 15

(Rupees in 000')

Revenue from operations	For the year ended 31.03.2012	For the year ended 31.03.2011
(a) Sale of Services		
VSAT Bandwidth Service Income	379,430	320,956
Internet Revenue Service Income	829	568
TOTAL	380,259	321,524

Note 16

(Rupees in 000')

Other Income	For the year ended 31.03.2012	For the year ended 31.03.2011
(a) Interest Income		
Interest received on Income Tax Refund	1,870	778
TOTAL	1,870	778



TATANET SERVICES LIMITED

Note 17

(Rupees in 000')

Operating Expenses	For the year ended 31.03.2012	For the year ended 31.03.2011
Licence Fees to D.O.T	38,098	31,095
Transponder Charges	114,932	109,298
Connectivity Charges	7,230	8,274
ISP Monitoring & Support Charges	216	-
Internet Charges	305	305
Network Management Fees	95,400	62,700
Marketing Services Fees	73,800	63,000
TOTAL	329,982	274,672

Note 18

(Rupees in 000')

Finance Costs	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest Expense	8	39
Net (gain) /loss on foreign currency transactions	34	(29)
Other Borrowing Costs - Bank Charges	1,764	1,536
TOTAL	1,806	1,546



TATANET SERVICES LIMITED

Note 19

(Rupees in 000')

Other Expenses	For the year ended 31.03.2012	For the year ended 31.03.2011
Power and fuel	1,714	1,224
Repairs to machinery	2,926	5,014
Insurance	114	131
Directors Sitting Fees	20	-
<u>(i) Miscellaneous expenses,</u>		
Provision for Doubtful Debts	1,690	500
Professional & Legal Charges	1,470	1,395
Auditors Remuneration (Refer Note 3.5.1)	184	122
Social Welfare Expense	847	393
Other Expenses	1,250	215
TOTAL	10,216	8,993

