TATANET SERVICES LIMITED

CIN :U67120MH1987PLC044351

32nd ANNUAL REPORT

2018-19

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CORPORATE INFORMATION
(As on 27th April 2019)

Board of Directors :	Mr.R.R.Bhinge
	Ms. Hema Hattangady
	Mr. J. V. Patil
	Mr. P. J. Nath
Bankers :	Axis Bank Limited, Mumbai
	Bank of India, Mumbai
Auditors :	Price Waterhouse Chartered Accountants LLP, Mumbai
Registered Office:	MIDC, EL-6 TTC Industrial Area,
	Electronics Zone, Mahape,
	Navi Mumbai – 400 710

DIRECTORS' REPORT

To The Members,

The Directors are pleased to present the 32nd Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the year ended 31st March 2019.

The Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench has approved, the Composite Scheme of Arrangement and Amalgamation (Scheme) involving the internal restructuring of the various businesses of the Nelco Ltd. and its two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) and Nelco Network Products Ltd. (NNPL). The approvals from Department of Telecommunications (DoT) is awaited after which the Scheme will become effective. In the first phase of the Scheme, Nelco will transfer its two businesses to NNPL on a going concern basis by way of slump sale. These businesses are (a) ISSS and (b) sale and maintenance of VSAT and related equipment. In the second phase 2, TNSL will amalgamate with Nelco. Post the said restructuring, the VSAT Communication service business will be in Nelco, which is the listed parent entity and the related equipment business will be in NNPL. The VSAT license will be transferred from TNSL to Nelco.

1. FINANCIAL RESULTS (SUMMARIZED)

Figures Rs in Lacs

		FY19	FY18
(a)	Net Service Income from Operations	9827	8788
(b)	Operating Expenditure	8631	7994
(c)	**Operating Profit**	**1196**	**794**
(d)	Add: Other Income	71	77
(e)	Less: Finance Cost	185	159
(f)	**Profit before Depreciation and Tax**	**1082**	**712**
(g)	Less: Depreciation / Amortisation / Impairment	429	388
(h)	**Profit before Tax**	**653**	**324**
(i)	Tax Expenses – Current & Deferred	185	113
(j)	**Net Profit / (Loss) after Tax**	**468**	**211**

2. DIVIDEND

In order to conserve resources, the Board of Directors has not recommended dividend for the financial year ended 31st March 2019.

3. STATE OF COMPANY'S AFFAIRS

During the period under review, the total income was Rs. 9827 Lacs as against Rs. 8788 Lacs in the previous year i.e. a 12% growth over the previous year. The profit before tax was Rs. 653 Lacs Lacs as against Rs. 324 Lacs in the previous year. The profit after tax was at Rs 468 Lacs as against Rs 211 Lacs in the previous year.

The Company is a major SatCom service provider in India, providing highly reliable B2B data connectivity solutions across the country. The Company has been playing an important role in the development and growth of important industry segments like Banking & Financial Services, Renewable Energy, Mining, offshore Oil & Gas exploration etc., by providing SatCom services for business-critical applications in the remotest locations through Very Small Aperture Terminals (VSATs) or SatCom terminals.

The company has added 23,436 SatCom terminals in its network during the year taking the total number to around 71,500.

The Company currently has four satellite gateways in Mahape (two each for Extended-C band and Ku band) and one satellite gateway in Dehradun for Ku band. The Company has deployed the latest technologies for these gateways, which is helping in catering to a wide range of market segments. The Company continues to drive performance improvement through TL9000, ISO 20000 and ISO27001 certifications.

MARKET OPPORTUNITIES:

In India, the SatCom continues to be the most preferred mode of B2B data communication in remote and rural locations due to its ability to offer predictable, reliable and high availability services at price points which are similar across the country.

Currently there are about 115,000 ATMs using SatCom terminals, which is likely to grow to around 200,000 in the next 4 years. This is making it possible to introduce newer digital applications in ATMs, which will give a further boost to SatCom.

Oil & gas exploration is likely to grow in future owing to the Government's drive to reduce import of crude oil. SatCom services play a major role in providing reliable data services for this sector.

The Government's mandate to automate and connect oil retail outlets across the country has created large opportunities for the SatCom services sector. The three major PSU Energy companies have already contracted for deploying approximately 45,000 SatCom terminals in their oil retail outlets. The Government has announced opening of another 50,000 oil retail outlets, which will have a positive impact for SatCom. The potential for deploying SatCom services in Government services is likely to increase in future due to the thrust on Panchayat connectivity, education, healthcare, public distribution system and water management especially in rural and remote locations.

There are multiple Enterprise segments which need reliable data connectivity in remote locations due to their business-critical needs. The Company's endeavour is to address these needs with its SatCom services. Segments like Renewable Energy, Oil Retail and Education services have large potential for deployment of Satcom services, on which the Company is focusing. The Company is also working on creating solutions for segments like telemedicine and mining, that seem attractive.

The prospects for SatCom services in India are also bright in the coming years due to the large potential for IFMC services - Maritime as well as Aero in-flight connectivity (Aero IFC) services. Aero IFC is a high growth segment globally. Of the 12,500 commercial aircrafts in the world, over 6,000 are connected today. India is likely to be the world's third largest air travel market by 2024, as per IATA reports. Increase in passenger air traffic and a growing aircraft fleet will drive the adoption of Aero IFC in India. Maritime is an established $2 billion services revenue market globally, as per various industry reports. Asia is one of the largest markets due to large volume of commercial shipping vessels operating in the region. The Maritime industry is also poised to grow in India. The Company believes that the IFMC services will give a significant boost to the growth of the Indian SatCom services sector in the next 4 – 5 years' time.

HTSs are likely to be available in India for commercial use within the next 1 – 2 years' time, with ISRO also planning to launch such satellites for commercial use. This will make many more applications viable using SatCom in the country in line with the global trend.

The availability of Low Earth Orbit (LEO) satellites in future will enhance growth of SatCom services due to availability of large capacity low-latency satellite bandwidth.

COMPANY STRATEGY:

The focus of the Company is to grow the Satellite Communication (SatCom) services business in India and beyond. The Company aims to bring the benefits of the digital revolution to unserved and under-served customers using SatCom in areas where it is difficult to offer these services by any other medium. The intent of the Company is to be the most customer-centric digital solutions provider using SatCom.

The Company is a major SatCom service provider in India, providing highly reliable B2B data connectivity solutions across the country. The Company has been playing an important role in the development and growth of important industry segments like Banking & Financial Services, Renewable Energy, Mining, offshore Oil & Gas exploration etc., by providing SatCom services for business-critical applications in the remotest locations through Very Small Aperture Terminals (VSATs) or SatCom terminals. The importance of SatCom services will further grow in the years to come for these industry segments.

The Company has further strengthened its presence in the Banking & Finance segment, particularly ATMs, and the offshore oil & gas exploration segment. The Company believes that there will be more SatCom deployment in ATMs and bank branches during FY 2019 – 20 and beyond, due to the expansion of the banking infrastructure to the remote unbanked areas.

The Oil exploration activities in the country will continue in the short to medium term, though there may not be increase in volumes. There will be approximately 50,000 new Oil Retail outlets opened by the PSU Energy companies within the next 3 years, a lot of which will use SatCom for establishing data communication network. The Company aims to get a fair share of these markets.

The outlook from some of the other Enterprise segments like Renewable Energy, Telemedicine, Education, Logistics and Mining also looks positive considering that these sectors are growing in the country and there is an increasing need for reliable data communication services spread across the country for these sectors.

The Company had identified digital communication services in Aircraft and Ships as important growth areas. During the year the Company has obtained the In-flight and Maritime Communication (IFMC) license from Government of India and will soon offer Internet services on aircrafts and ships in Indian airspace and water respectively, using SatCom technology.

The Company sees a large opportunity in providing Internet and allied services to Ships in Indian waters, starting from FY2019-20. The Company has already procured the necessary satellite transponder capacity to serve the needs of the market. It has signed roaming arrangements with some of the global maritime communications services providers to provide the Internet services to the Indian ships when they go beyond the Indian waters. There are about 1400 India flagged vessels and the Company believes that many of these vessels will eventually deploy these services over the next 5 years. This is over and above the foreign flagged vessels, which will use these services from the Indian IFMC service providers, while they are in the Indian waters.

The Company also sees a large opportunity for Internet services on-board aircraft in Indian skies over the next 5 years. The Company believes that these services will gain momentum in FY 2020-21 due to complexities involved in rolling out these services and current headwinds faced by the Indian aviation sector. The potential in this sector is high considering that the number of aircraft in India is likely to grow from current 650 to 1050 (as per announcements made by various airlines) in the next five years elicited by growth in passenger traffic.

The IFMC services also offer opportunities to serve markets beyond India, which the Company plans to pursue in the coming years.

The Company has been making continuous investment in augmenting its infrastructure for providing high quality SatCom services. The infrastructure is scalable and is continuously evolving to cater to the growth plans of the Company.

RISKS:

Volatility Risks

- **Exchange rate fluctuations:** The exchange rate fluctuations impact the profitability of operations. The contracts for capacities on foreign satellites have an exposure towards exchange rates, even though the transponder space is provided by Antrix.
- **Volatility of Demand:** The health and vagaries of the market segments like Banking & Finance and offshore oil & gas exploration impact the demand for the satellite communication services from these sectors. Since, the Company has a high dependence on these market segments for its revenue and profitability, any volatility can impact Company’s performance in the short term. The Company plans to soon offer Internet services on aircrafts in the Indian airspace. The health of the domestic airline industry can delay the offtake of these services.

Operating Risks

- **Technology Risk:** Due to the proprietary nature of the SatCom technology, the Company is dependent on limited number of technology providers. Any sudden obsolescence of technology or a disruption of supply poses a risk for the operations. While there are options available to migrate the services to alternative technologies, however the cost of control can impact profitability in short term.

- **Threat from alternate technology:** The expansion and spread of terrestrial telecom infrastructure to remote areas to offer MPLS services can shrink the addressable market for satellite communication services. In future, 4G and 5G services could also pose a threat if the services are rolled out across the country to cover the remote locations with high availability services, although this may not be very pronounced for the next 3 – 4 years considering high capex investment required for the same.

Environment Risks

- **Infrastructure:** The Company's infrastructure is vulnerable to interruptions caused by earthquakes, floods, heavy rainfall, power outages, fire and other similar events. Information technology system failures, security breaches or human errors can affect the quality of services and impact customer satisfaction. In addition, any major satellite failure can impact the entire network running on that satellite, till an alternate allocation is received from ISRO.

- **Regulatory Environment:** Since the SatCom industry is regulated by Department of Telecom and Department of Space, any major changes in the regulations could impact multiple areas like addressable market, profitability, etc. Any adverse regulation related to IFMC may reduce the addressable market. Any increase in bandwidth prices on a retrospective basis by Antrix/ISRO can also have an impact on profitability.

4. RESERVES

The Board of Directors has not proposed any amount for transfer to reserves for the period ended 31st March, 2019.

5. SUBSIDIARIES / ASSOCIATES

The Company has no subsidiaries or associates

6. DIRECTORS

Mr. J. V. Patil was appointed as an Additional Director w.e.f. 12th December 2018. He holds office upto the forthcoming Annual General Meeting. A notice under Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose the appointment of Mr. Patil as Director.

In order to facilitate reconstitution of the Board, Mr. Sanjay Dube resigned from the Directorship with effect from 21st August 2018.

Mr. Yogesh Agarwal was appointed as an Additional Director w.e.f. 21st August 2018. Due to other commitments, Mr. Agarwal resigned from the Directorship w.e.f. 14th November 2018.

The Board place on record its sincere appreciation for valuable guidance and continuation of Mr. Dube and Mr. Agarwal during their tenure as Director of the Company.

During the period under review, five meetings of the Board of Directors were held on 27th April 2018, 20th July 2018, 20th October 2018, 24th January 2019 and 27th March 2019.

Except for sitting fees for attending the meetings of the Board (as mentioned in Form MGT-9 attached), no other remuneration is paid to the Directors.

7. REGULATORY AND LEGAL

7.1. REGULATORY ENVIRONMENT

There is no change in the regulatory environment

7.2. REGULATORY ORDERS OF RELEVANCE

There are no new tariff orders etc.

7.3. LEGAL CASES

There were no significant and material orders passed by the Regulators / Courts or Tribunal which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by Regulators during the period under review.

Sales Tax Matter

Maharashtra Sales Tax Department (Dept.) has issued orders against the Company demanding payment of MVAT on the entire satellite communication services provided by the Company claiming "The facility to use the transponders is a property, is commercial in nature and goods and therefore, transaction of lease of facility to use the transponders is a deemed sale and accordingly MVAT is applicable." The orders issued are for financial year 2006-07 to 2010-11 and aggregate amount under dispute is Rs. 38.36 Crores. The Company filed writ petition in Bombay High Court for the financial year 2008-09. The said Writ Petition was disposed by the Bombay High Court and referred the matter to Maharashtra Sales Tax Tribunal (MSTT) to decide the above-mentioned matter.

MSTT in its order dated 29th April 2017, allowed the appeal of the Company and set aside the demand of the Dept. made for financial year 2008-09. However, the Dept. has filed appeal in Bombay High Court against the order passed by MSTT for the year 2008-09.

Since, the facts of the above matter are similar for other financial years viz. 2006-07, 2007-08, 2009-10 and 2010-11, the Joint Commissioner of Sales Tax (JCST) has passed order against the Company demanding payment of MVAT for these financial years also. The Company has filed Appeals to MSTT against the said orders of JCST.

8. RISK MANAGEMENT FRAMEWORK

The Company has a Risk Management framework to inform the Board members about risk assessment and minimization procedures. The Board reviews the Risks and the mitigation plans periodically. There are no elements of risk, which in the opinion of the Board may threaten the existence of the Company.

INTERNAL CONTROLS & SYSTEMS:

The Company has an adequate system of internal controls to ensure that all assets are safeguarded and accounted for and business transactions are authorized and recorded. The Company has designed, implemented & maintained adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business.

9. SUSTAINABILITY

9.1. SAFETY – CARE FOR OUR PEOPLE

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

9.2. CARE FOR OUR ENVIRONMENT

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

10. HUMAN RESOURCES

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

11. CREDIT RATING

During the year CARE Ratings has reaffirmed ratings for long term and short term bank facilities of the Company to CARE A/Stable and CARE 1 respectively.

12. FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has no exports.

The foreign exchange earned during the period under review was Rs. 302.64 Lacs

Total outgo of foreign currency was Rs. 436.24 Lacs

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The details are given in the Annexure-1 attached to this report.

14. RELATED PARTY TRANSACTIONS

All related party transactions entered into during the year under review were on an arm’s length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel and Body Corporate(s) which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of Related Party Transactions as required under Section 134 (3) (h) of the Act in Form AOC 2 is not applicable for the period under review. The Directors draw attention of the Members to Note no. 36 to the Financial Statements which sets out related party disclosures.

15. Extract of Annual Return

Pursuant to Section 92 of the Act and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9, is given in Annexure-II forming part of this report.

16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year under review the Company has not advanced any loans, given any guarantees or made any investments, the particulars of which are required to be given under Section 186

17. AUDITORS

At the 30th Annual General Meeting(AGM), the Members appointed Price Waterhouse Chartered Accountants LLP, Chartered Accountants (ICAI Firm Registration No. 012754N/N500016) as Statutory Auditors to hold the office for the period of five years from the conclusion of 30th AGM till the conclusion of 35th AGM of the Company to be held in the year 2022 on such remuneration as may mutually agreed between the Board of Directors of the Company and the Auditors.

18. Secretarial Audit Report

As required under Regulation 24A of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, the Company appointed M/s. Bhandari & Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit of records and documents of the Company for the year ended 31st March 2019. The Secretarial Audit Report confirms that the Company has generally complied with the provisions of the Act, Rules, Regulations, and Guidelines, etc. The Secretarial Audit Report is given in Annexure - III forming part of this report. There are no remarks, qualifications or reservations in the Secretarial Audit Report. The Company confirms compliance with the requirements of Secretarial Standards 1 and 2.

19. COST AUDITOR AND COST AUDIT REPORT

In accordance with the requirement of the Central Government and pursuant to section 148 of the Companies Act 2013, the company has carried out an audit of cost accounts for the financial year 2017-18 relating to its telecommunication business

20. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the statutory and cost auditors the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2018-19.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

(a) In the preparation of the annual accounts for the period ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) 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 for the period ended 31st March, 2019 and of the profit of the Company for that period;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the annual accounts on a going concern basis; and

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

21. ACKNOWLEDGEMENTS

On behalf of the Directors of the Company, I would like to place on record our deep appreciation to our Customers, Business Partners, Vendors, Bankers and Financial Institutions. The Directors are thankful to the Government of India and the various Ministries and Regulatory Authorities.

On behalf of the Board of Directors,

R. R. Bhinge
Chairman

Date: 27th April 2019
Place: Mumbai

Annexure 1 – Conservation of Energy and Technology Absorption
(Ref.: Board's Report, Section 13)

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy:
Although energy is not a major element of the cost for the Company, constant endeavors have been made to conserve energy and consequently minimize power and diesel costs.

(ii) The steps taken by the Company for utilizing alternate sources of energy:
Power requirement of Company is too low to utilize alternate sources of energy.

B. THE CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT: NIL

TECHNOLOGY ABSORPTION

Efforts made towards Technology Absorption: The major thrust of technology absorption has been in the areas of increasing and improving the VSAT services. The Company has set up a new Ex-C VSAT Hub in its existing facility in Mahape to increase its overall satellite bandwidth capacities. This additional capacities are also from a new satellite and thereby increasing diversity.

The Company has also deployed latest technologies for the baseband of the VSAT hub, which will help in catering to more market segments.

Future plan of action:
Setting up of one more Ku VSAT hub to further increase the satellite bandwidth operations, which is under procurement. The Company is making endeavor in building expertise in varied technologies for satellite communication, to prepare for adopting newer technologies in the future.

Technology absorption, adaptation and innovation:
Constant endeavors are being made towards technology absorption, adaptation and innovation. The focus has been on improving the quality of the services as well as creating new services and solutions adapted to suit the customers' requirements for specific industry segments.

(i) Benefits derived: The Company has increased its customer base in the different market segments, mainly Banking & Financial Services and Oil & Gas Exploration services, using the infrastructure created with these technologies.

(ii) Expenditure incurred on Research and Development
Revenue and recurring expenditure:Nil

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

a. Technology imported: The Company has not imported any technology in the last 3 years
b. Year of Import: NA
c. Has technology been fully absorbed: NA
d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action: NA

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2019

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	VSAT Bandwidth Connectivity Services	61309	99.98%
2	Internet Services	61309	0.02%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i. *Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	4900000	4900000	100.00	–	4900000	4900000	100.00	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total(A)(1):-	–	4900000	4900000	100.00	–	4900000	4900000	100.00	–
2) Foreign									
g) NRIs-Individuals	–	–	–	–	–	–	–	–	–
h) Other-Individuals	–	–	–	–	–	–	–	–	–
i) Bodies Corp.	–	–	–	–	–	–	–	–	–
j) Banks / FI	–	–	–	–	–	–	–	–	–
k) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	–

B. Public Shareholding									
1. *Institutions*									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp. (i) Indian (ii)Overseas	–	–	–	–	–	–	–	–	–
b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lacs (ii) individual shareholders holding nominal share capital in excess of Rs 1 lacs	–	–	–	–	–	–	–	–	–
c) Others (Specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding	–	–	–	–	–	–	–	–	–

(B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	_	_	_	_	_	_	_	_	_
Grand Total (A+B+C)	_	4900000	4900000	100.00	_	4900000	4900000	100.00	_

ii. ***Shareholding of Promoters***

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1.	Nelco Limited	4899930	99.99	_	4899930	99.99	_	_
2.	Mr. M. Shah (Jointly with Nelco Ltd.)	10	0.01	_	10	0.01	_	_
3.	Mr. P.J.Nath (Jointly with Nelco Ltd.)	10	0.00	_	10	0.00	_	_
4.	Mr. G.V. Kirkinde (Jointly with Nelco Ltd.)	10	0.00	_	10	0.00	_	_
5.	Mr. R.B. Upadhyay (Jointly with Nelco Ltd.)	10	0.00	_	10	0.00	_	_
6.	Mr. Uday Banerjee (Jointly with Nelco Ltd.)	10	0.00	_	10	0.00	_	_
7.	Mr. Kingshuk Basak (Jointly with Nelco Ltd.)	10	0.00	_	10	0.00	_	_
8.	Mr. K. Mandal (Jointly with Nelco Ltd.)	10	0.00	_	10	0.00	_	_
	Total	49000000	100	_	4900000	100	_	_

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

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year*	4900000	100.00	4900000	100.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease	NA	NA	NA	NA
	At the End of the year	4900000	100.00	4900000	100.00

V.INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year **i)** Principal Amount **ii)** Interest due but not paid **iii)** Interest accrued but not	504 L - -	- - -	- - -	504 L - -
Total (i+ii+iii)	503 L	-	-	503 L
Change in Indebtedness during the financial year - Addition - Reduction	338 L -368 L	- -	- -	338 L -368 L
Net Change	-30 L	-	-	-30 L
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	473 L - -	- - -	- - -	473 L - -
Total (i+ii+iii)	473 L	-	-	473 L

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Director	Total Amount (Rs)
	Independent Directors · Fee for attending board meetings (Sitting Fees) · Commission · Others, please specify	Mrs. Hema Hattangady - -	2,00,000/- - -
		Total (1)	2,00,000/-
	Other Non-Executive Non-Independent Directors · Fee for attending board meetings · Commission · Others, please specify	Mr. R R.Bhinge Mr. Sanjay Dube - -	1,60,000/- 40,000/- - -
		Total (2)	2,00,000/-
	Total (B)=(1+2)		4,00,000/-
	Total Managerial Remuneration		4,00,000/-
	Overall Ceiling as per the Act		N.A.

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

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	None				
Punishment					
Compounding					

BHANDARI & ASSOCIATES
Company Secretaries
901, Kamla Executive Park, Off. Andheri Kurla Road,
J. B. Nagar, Andheri East. Mumbai - 400 059
Tel: +91 22 4221 5300 Fax: +91 22 4221 5303
Email: mumbai@anilashok.com

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members,
TATANET SERVICES LIMITED
CIN: U67120MH1987PLC044351

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TATANET SERVICES LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder#;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011#;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015#;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client #;
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018# ;

 # The Regulations or Guidelines, as the case may be were not applicable for the period under review.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.
ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, if applicable#.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable.

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

BHANDARI & ASSOCIATES MUMBAI COMPANY SECRETARIES

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has undertaken following events/actions -

1. National Company Law Tribunal, Mumbai Bench ("NCLT") at its final hearing held on November 2, 2018 approved the Composite Scheme of Arrangement and Amalgamation amongst Nelco Limited (Transferor or amalgamated Company), Tatanet Services Limited (Amalgamating Company) and Nelco Network Products Limited (Transferee Company) and their respective Shareholders and Creditors (Scheme). The order approving the Scheme was received on December 13, 2018. As per the said order, the Company informed the Registrar of Companies (RoC) about the approval of the Scheme stating that approval of the Department of Telecommunications ("DoT") which is one of the conditions as per NCLT Order has not been received and hence the Scheme has not yet been effective. The RoC records on the MCA web portal were, however, updated to reflect the Scheme as effective which inter alia has also resulted into Tatanet Services Limited (TNSL) mentioning as "Amalgamated" with Nelco Limited. Based on the legal advice, the Company has approached NCLT to direct RoC to amend its records as if the Scheme has not been effective including to reinstate TNSL to its earlier status as "Active". The status of the Company on the MCA portal being reflected as 'Amalgamated' w.e.f. January 11, 2019 (i.e. the date of approval of Form INC-28 by ROC), the Company was unable to file any e-Forms on the MCA portal.

For **Bhandari & Associates**
Company Secretaries

BHANDARI & ASSOCIATES MUMBAI COMPANY SECRETARIES

S. N. Bhandari
Partner
FCS No: 761; C P No. : 366
Mumbai | April 27, 2019

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

'Annexure A'

To
The Members,
TATANET SERVICES LIMITED
CIN: U67120MH1987PLC044351

Our Secretarial Audit Report for the Financial Year ended on March 31, 2019 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Bhandari & Associates**
Company Secretaries

BHANDARI & ASSOCIATES MUMBAI COMPANY SECRETARIES

S. N. Bhandari
Partner

FCS No: 761; CP. No: 366
Mumbai | April 27, 2019

0/c

Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of Tatanet Services Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of Tatanet Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to note 40 to the financial statements regarding composite scheme of arrangement between the Company, Nelco Limited and Nelco Network Products Limited which was approved by the National Company Law Tribunal ("NCLT") vide its order dated November 2, 2018 (the "Scheme"). As per the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval was not yet obtained. The RoC records were, however, updated to reflect the Scheme as effective and the Company as "amalgamated" with Nelco Limited. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate the Company to its earlier status and cancel the effect of the Scheme with immediate effect. The decision of NCLT is awaited. Pending necessary approvals, the Scheme has not been considered effective. Our opinion is not modified in respect of this matter.

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition related to specific pricing arrangements with customers (Refer notes 2.11 and 3(a) to the Financial Statements) The Company recognises revenue from Bandwidth Services over the period of performance of the services. The prices charged are customer specific and the contracts with customers involve multiple performance obligations by the Company and other group companies. In view of involvement of multiple group companies and non-standard prices, the management exercises judgement to determine an appropriate standalone selling price for performance obligation relating to the Company for the purpose of recognition of revenue. The transaction price to each performance obligation is allocated on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. We considered this to be a Key Audit Matter due to involvement of significant management judgement in determination of performance obligations, the customer contracts being large, complex and the pricing terms being non-standard.	Our audit procedures in relation to revenue recognition included: • Understanding and evaluating the design and testing the operating effectiveness of key controls over revenue recognition; • Testing of contracts with customers on a sample basis to assess the contractual terms impacting identification of performance obligations and determination of the fair value of consideration relating to the performance obligation; • Testing the timing of fulfilment of performance obligations and recognition of revenue based on agreed pricing; • Performing tests related to non-standard manual journal entries related to revenue. Based on the above procedures performed, we did not note any significant exceptions regarding recognition of revenue in relation to specific pricing arrangements with customers.
Assessment of Contingent liabilities and provisions for litigations (Refer notes 2.17 and 3(e) to the Financial Statements) As at March 31, 2019, the Company disclosed Contingent liabilities (to the extent not provided for) of Rs. 4,004 lakhs in respect of certain tax and other litigations.	Our audit procedures included the following: • Understanding and evaluating processes and controls designed and implemented by the management for assessment of litigations and testing their operating effectiveness; • Obtaining the list of taxation and other litigation matters, inspecting the supporting evidence and critically assessing management's evaluation

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The Company faces challenges from tax authorities during tax assessment proceedings and from certain business service providers, during the normal course of business. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The management's assessment is supported by advice from independent tax and legal consultants obtained by the management.

We focused on this area as the outcome of the litigations is uncertain and the positions taken by the management are based on the application of material judgement, advice from tax/legal consultants and interpretation of law. The ultimate outcome of the litigations could be different from the positions taken by the management and may significantly impact the Company's financial position.

through discussions with management on both the probability of outcome and the magnitude of potential outflow of economic resources;

- Reading recent orders received from the tax authorities and other communication from the business service providers, and the Company's responses to such communications to assess the status of the litigations;
- Where relevant, reading most recent advice obtained by management from independent tax/legal consultants and evaluating the grounds presented therein;
- Evaluating independence, objectivity and competence of the management's tax/legal consultants;
- Obtaining direct confirmations from lawyers, where considered relevant;
- Understanding the current status of the tax assessments/ litigations;
- Together with auditors' tax experts, evaluating the management assessment of estimated potential tax exposures considering the applicable provisions of direct and indirect tax laws.

We did not identify any material exceptions as a result of above procedures.

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.
   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also

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includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
    e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 32 to the financial statements;
        ii. The Company has long-term contracts including derivative contracts as at March 31, 2019 for which there were no material foreseeable losses ;

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N / N500016

Nehal Upadhayay

Nehal Upadhayay
Partner
Membership Number: 115872

Mumbai
April 27, 2019

Annexure A to Independent Auditors' Report
Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of Tatanet Services Limited on the financial statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Tatanet Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as

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necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Nehal Upadhayay
Partner
Membership Number: 115872

Mumbai
April 27, 2019

Annexure B to Independent Auditors' Report
Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Tatanet Services Limited on the financial statements for the year ended March 31, 2019

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The Company does not own any immovable properties as disclosed in Note 4 on Property, plant and equipment to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of income tax, the Company is regular in depositing undisputed statutory dues, including service tax, value added tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2019, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.in lakhs)	Period to which the amount relates	Due date	Date of Payment
Income Tax Act 1961	Tax deducted at source	8	April 1, 2017 to March 31, 2018	July 7, 2017, March 7, 2018, April 30,2018	Not Paid

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(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, service tax, goods and service tax which have not been deposited on account of any dispute. The particulars of dues of value added tax, as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In lakhs)*	Period to which the amount relates	Forum where the dispute is pending
The Maharashtra Value Added Tax Act, 2002	Value Added tax including interest	3,319	2006-07, 2007-08, 2009-10, 2010-11	Sale Tax Tribunal
The Maharashtra Value Added Tax Act, 2002	Value Added tax including interest	517	2008-09	High Court

* Net of amounts paid under protest or otherwise.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. Further, the Company has not issued any debentures as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid/ provided for any managerial remuneration during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

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Annexure B to Independent Auditor's Report
Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Tatanet Services Limited on the financial statements for the year ended March 31, 2019

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Nehal Upadhayay
Partner
Membership Number: 115872

Mumbai
April 27, 2019

Tatanet Services Limited
Balance Sheet as at March 31, 2019

(Rs. in Lakhs)

PARTICULARS	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	2,021	2,264
(b) Capital Work-in-Progress	4	294	-
(c) Intangible assets	4	163	184
(d) Financial assets			
(i) Investments	5	5	5
(ii) Other financial assets	12(a)	16	-
(e) Deferred tax assets (net)	6	71	62
(f) Income tax assets (net)	7	816	821
(g) Other non-current assets	8	5	-
Total non-current assets		3,391	3,336
Current assets			
(a) Financial assets			
(i) Trade receivables	9	2,437	2,217
(ii) Cash & cash equivalents	10	283	267
(iii) Loans	11	53	11
(iv) Other financial assets	12(b)	252	221
(b) Other current assets	14	179	133
Total current assets		3,204	2,849
TOTAL ASSETS		**6,595**	**6,185**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	490	490
(b) Other equity			
Reserve and surplus	16	997	529
Other reserve	16 (a)	1	1
Total equity		1,488	1,020
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17(a)	282	169
Total non-current liabilities		282	169
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17(b)	547	890
(ii) Trade payables	18		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		1,793	1,550
(iii) Other financial liabilities	19	517	591
(b) Contract liabilities	13	1,867	-
(c) Other current liabilities	20	101	1,965
Total current liabilities		4,825	4,996
Total liabilities		5,107	5,165
TOTAL EQUITY AND LIABILITIES		**6,595**	**6,185**

The above balance sheet should be read in conjunction with the accompanying notes

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

Nehal Upadhayay
Partner
Membership No. 115872

Place : Mumbai
Date : April 27, 2019

For and on behalf of the Board of Directors of
Tatanet Services Limited
CIN- U67120MH1987PLC044351

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : April 27, 2019

Tatanet Services Limited
Statement of Profit and Loss for the year ended March 31, 2019

(Rs. in Lakhs)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	21	9,827	8,788
Other income	22	71	77
Total revenue		**9,898**	**8,865**
Expenses			
(a) Operating expenses	23	8,167	7,507
(b) Finance costs	24	185	159
(c) Depreciation and amortisation expense	4	429	387
(d) Other expenses	25	464	488
Total expenses		**9,245**	**8,541**
Profit before tax		**653**	**324**
Income tax expense			
- Current tax	35(a)	194	97
- Deferred tax	35(a)	(9)	16
		185	**113**
Profit after tax		**468**	**211**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Changes in fair value of FVOCI equity instruments		*	*
- Income tax relating to the above		*	*
Total other comprehensive income		*	*
Total comprehensive income for the year		**468**	**211**
Earnings per equity share (Face Value Rs 10/- per share):(Basic and Diluted)		9.54	4.31

*figures are below rounding off norm adopted by the company

The above statement of profit and loss should be read in conjunction with the accompanying notes

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

Nehal Upadhayay
Partner
Membership No.115872

Place : Mumbai
Date : April 27, 2019

For and on behalf of the Board of Directors of
Tatanet Services Limited
CIN- U67120MH1987PLC044351

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : April 27, 2019

Tatanet Services Limited
Statement of Cash Flows for the year ended March 31, 2019

(Rs In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**653**	**324**
Adjustments for:		
Depreciation and amortisation	429	387
Finance costs	185	159
Interest Income	(34)	(75)
Foreign exchange loss /(gain)	(7)	(1)
Bad debts/ sundry balances written off	6	31
Provision for doubtful debts (net off write back)	(17)	(41)
Sundry balances and deposits written back	(37)	(1)
Operating profit before working capital changes	1,178	783
Working capital adjustments :		
- Decrease/(Increase) in trade receivables	(209)	(1,231)
- (Increase) in loans	(42)	(10)
- (Increase) in other current financial assets	(31)	(66)
- (Decrease)/Increase in other assets	(51)	225
- Increase in contract liabilities	1,867	-
- (Decrease)/Increase in other current liabilities	(1,827)	1,161
- Increase in trade payables	250	493
Cash generated from operations	1,135	1,355
Income taxes paid/(refund received)	(188)	70
Net cash inflow from operating activities (A)	**947**	**1,425**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(459)	(822)
Interest received	34	75
Deposits placed	(16)	-
Proceeds on maturity of deposits	-	21
Net cash (used in) investing activities	**(441)**	**(726)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,185	955
Repayments of borrowings	(1,442)	(1,297)
Finance cost paid	(185)	(159)
Net cash (used in) financing activities	**(442)**	**(501)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**65**	**198**
Cash and cash equivalents at the beginning of the year	218	20
Cash and cash equivalents at the end of the year (refer note 1 below)	**283**	**218**

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Tatanet Services Limited
Statement of Cash Flows for the year ended March 31, 2019
Notes 1:
Cash and cash equivalents as per above comprise of the following

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a)Balances with banks :-		
On Current accounts	240	188
(b)Cheques on hand	43	79
(c)Bank Overdraft	-	(49)
Total - Cash and cash equivalents as per statement of cash flows	**283**	218

2) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in IND AS - 7 "Statement of Cash Flows".
The above statement of cash flows should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

Nehal Upadhayay
Partner
Membership No. 115872

Place : Mumbai
Date : April 27, 2019

For and on behalf of the Board of Directors of
Tatanet Services Limited
CIN- U67120MH1987PLC044351

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : April 27, 2019

Tatanet Services Limited
Statement of Changes in Equity for the year ended March 31, 2019

A. Equity share capital

(Rs. in Lakhs)

Particulars	Amount
As at April 1, 2017	490
Change in equity share capital	-
As at March 31, 2018	490
Change in equity share capital	-
As at March 31, 2019	**490**

B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves & Surplus	Other Reserves	Total
	Retained earnings	FVOCI Equity instrument	
As at April 1, 2017	318	1	319
Profit for the year	211	-	211
Other comprehensive income for the year	-	*	-
As at March 31, 2018	**529**	1	**530**
Profit for the year	468	-	468
Other comprehensive income for the year	-	*	-
As at March 31, 2019	**997**	**1**	**998**

*figures are below rounding off norm adopted by the company

The above statement of changes in equity should be read in conjunction with the accompanying Notes

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

Nehal Upadhayay
Partner
Membership No.115872

Place : Mumbai
Date : April 27, 2019

For and on behalf of the Board of Directors of Tatanet Services Limited
CIN- U67120MH1987PLC044351

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : April 27, 2019

Tatanet Services Limited
Notes annexed to and forming part of Financial Statements for the year ended March 31, 2019

1. Corporate Information

Tatanet Services Limited (herein after referred to as "TNSL") is a 100% subsidiary of Nelco Limited (a subsidiary of Tata Power Company Limited)

TNSL is in the business of providing VSAT domestic data network service to closed user group (CUG) networks via Satellite System on non-exclusive basis within the territorial boundary of India under the VSAT License granted by Department of Telecommunications (D.O.T.), Government of India.

TNSL provides service through its central hubs located at Mahape & Dehradun. TNSL also provides Internet Services under the PAN India ISP License.

2. Summary of Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

a. Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

b. Historical Cost Convention

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities that is measured at fair value.

c. New and amended Standards adopted by the Company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115, Revenue from Contracts with Customers
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes

The company had to change its accounting policies following the adoption of Ind AS 115. This is disclosed in note 37. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2. a. Property, plant and equipment

All items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction, including duties and non-refundable taxes and expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use. Subsequent expenditure are added to existing assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

b. Capital work-in-progress

Projects under which property, plant and equipment which are not ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

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c. Depreciation methods, estimated useful lives and residual value
Depreciation is calculated using the straight-line method to allocate their cost, net of their estimated residual value, over their estimated useful lives.

The useful lives and residual values are as prescribed under schedule II to Companies Act, 2013 except for the following type of assets where useful life is considered as per management estimate, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, replacements generally required from the point of view of operational effectiveness.

Type of Assets	Useful Life
Plant & Machinery	
RF and Baseband	10-12 years
Networking devices	6 years
VSAT Antenna and parts	15 years
Office Equipment	
Computer Hardware	3 Years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within Other Income / Other Expenses.

2.3 Intangible assets
Intangible assets purchased are measured at cost as of the date of acquisition less accumulated amortisation and accumulated impairment, if any. The Company amortises intangible assets using straight line method over the following periods.

License Fees – VSAT	: Over the license period of 20 years
License Fees – ISP	: Over the license period of 15 years
Testing software	: 5 years

2.4 Impairment of non-financial Assets
Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.5 Investments and other financial assets
a. Classification
The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or through the statement of profit and loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

b. Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset

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not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity Instruments
The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

c. Impairment of financial assets
The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, except for specifically identified cases, Company follows a simplified approach permitted by the IND AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

d. Derecognition of financial assets
A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

e. Income Recognition
Interest Income
Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

f. Dividend
Dividend income from investments is recognised when the right to receive dividend is established.

2.6 Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft. Bank overdraft are shown within borrowings in current liabilities in the balance sheet.

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Tatanet Services Limited
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2.7 Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.8 Financial Liabilities

a.Classification

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

b. Measurement

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through statement of profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through statement of profit and loss.

c.Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

2.9 Trade and other payables

These amounts represent liabilities for goods and services received by the Company prior to the end of reporting period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using effective interest method.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Revenue recognition

The Company earns revenue from providing VSAT domestic data network service to closed user group (CUG) networks via Satellite System on non-exclusive basis (Bandwidth Services).

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

Revenue from bandwidth services is provided over the period of time, where it is received and consumed simultaneously by the customers and accordingly revenue is recognized over the period of performance and in the accounting period in which the services are rendered.

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TATANET SERVICES LIMITED
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The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

2.12 Foreign currency translation

a. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statement is presented in Indian rupee (INR), which is TNSL's functional and presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income / other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

2.13 Income Tax

The Income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

a. Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax assets and liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is

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TATANET SERVICES LIMITED
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realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise these temporary differences and losses.

Deferred tax positions are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

2.14 Leases

As a Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight- line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.15 Borrowing

Borrowing are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is breach of a material provision of a long-term loan agreement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

2.16 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2.17 Provisions and contingent liabilities

a. Provisions

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Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditure arising from the restructuring, which are both necessary entailed by the restructuring and not associated with the ongoing activities of the Company.

b. Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle, or a reliable estimate of the amount cannot be made.

c. Contingent Assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.

2.18 Segment reporting

The board of directors assesses performance of the Company as Chief Operating Decision Maker.
The Company has identified one reportable segment "Network System" based on information reviewed by CODM. Refer Note No. 38 For segment information presented.

2.19 Contributed equity

Equity shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.21 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

3. Critical estimates and judgments

In the application of the Company's accounting policies, which are described in note 2 above, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to

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be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the following areas the management of the Company has made critical judgements and estimates.

a) Revenue recognition

- The Company along with its Group Companies, contracts with customers for transfer multiple goods and services. The Company assesses the goods / services promised in a contract which relates to Group Company and identifies it's own distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- In view of the contracts involving the performance obligation by the Company and the Group Companies, management uses judgement to determine an appropriate standalone selling price for its' performance obligation. The transaction price to each performance obligation is allocated on the basis of the relative standalone selling price of each distinct goods or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered.

- Contract fulfilment costs are expensed as incurred.

b. Useful lives of property, plant and equipment and Intangible assets

The Company reviews the useful lives and carrying amount of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

c. Recognition of deferred tax assets

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

d. Expected Credit Loss on trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables. (Refer Note 9).

e. Estimation of Provisions & Contingent Liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in

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assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the original estimated as provision or contingent liability. (Refer Note 32).

3.1 Recent accounting pronouncements - Standards Issued but not yet effective:

The Ministry of Corporate Affairs ("MCA") notified Ind AS 116, the new leases accounting standard, and certain other amendments to Indian Accounting Standards (Ind AS) on March 30, 2019, to be effective from reporting periods beginning April 01, 2019.

(a) Ind AS 116, Leases

This standard will replace the current guidance in Ind AS-17, Leases.

Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease.

The company is in process of assessing the impact of the standard on the financial position, results of operation and cash flow.

(b) Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income Taxes'

The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. These amendments will be applicable on or after April 1,2019. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company does not expect to have a material impact on its financial statements pursuant to the aforesaid amendment.

(c) Amendment to Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

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The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all Income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

These amendments are not expected to have any material impact on the financial statements of the Company.

(d) Amendment to Ind AS 23 – Borrowing Cost

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its Intended use or sale, it becomes part of general borrowings.

The Comapany's current practice is in line with these amendments and accordingly these amendments are not expected to have any material impact on its financial statements.

(e) Other standards, changes in standards and interpretation

There are no other standards, changes in standards and interpretations that are not in force that the Company expects to have a material impact arising from its application in its financial statements.

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Note 4: Property, plant and equipment, intangible assets and capital work in progress

(Rs. in Lakhs)

Description	Cost				Accumulated Depreciation / Amortisation				Net Block	
	As at April 01, 2018	Additions	Disposals	As at March 31, 2019	As at April 01, 2018	Depreciation / Amortisation for the year	Disposals	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
i. Property, plant and equipment										
Plant and machinery	3,165	153	19	3,299	911	374	1	1,284	2,015	2,254
	(2,175)	*(990)*	-	*(3,165)*	*(569)*	*(342)*	-	*(911)*	*(2,254)*	*(1,606)*
Office equipment	22	-	-	22	12	4	-	16	6	10
	(19)	*(3)*	-	*(22)*	*(6)*	*(6)*	-	*(12)*	*(10)*	*(13)*
Total - Property, plant and equipment (i)	**3,187**	**153**	**19**	**3,321**	**923**	**378**	**1**	**1,300**	**2,021**	**2,264**
	(2,194)	*(993)*	-	*(3,187)*	*(575)*	*(348)*	-	*(923)*	*(2,264)*	*(1,619)*
ii. Intangible assets										
Testing software	233	30	-	263	61	48	-	109	154	172
	(118)	*(115)*	-	*(233)*	*(25)*	*(36)*	-	*(61)*	*(172)*	*(93)*
Licenses	21	-	-	21	9	3	-	12	9	12
	(21)	-	-	*(21)*	*(6)*	*(3)*	-	*(9)*	*(12)*	*(15)*
Total intangible assets (ii)	**254**	**30**	-	**284**	**70**	**51**	-	**121**	**163**	**184**
	(139)	*(115)*	-	*(254)*	*(31)*	*(39)*	-	*(70)*	*(184)*	*(108)*
Total - Property, plant and equipment and intangible assets (i + ii)	**3,441**	**183**	**19**	**3,605**	**993**	**429**	**1**	**1,421**	**2,184**	**2,448**
	(2,333)	*(1,108)*	-	*(3,441)*	*(606)*	*(387)*	-	*(993)*	*(2,448)*	*(1,727)*
iii. Capital work-in-progress									**294**	-
									-	-
Grand total (i+ii+iii)									**2,478**	**2,448**
									(2,448)	*(1,727)*

Figures in (brackets) represents previous year's figures

Notes :

(i) Property, plant and equipment pledged as security

Refer to note 30 for information on property, plant and equipment pledged as security by the Company.

(ii) Contractual obligations

Refer to note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Capital work-in-progress

Capital work-in-progress mainly comprises of new hub equipment.

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Note 5: Investments - Non current

(Rs. in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments (unquoted, fully paid, carried at FVOCI)				
Equity shares in Zoroastrian Co-operative Bank Limited	2,000	5	2,000	5
Total equity instruments		5		5
Total investments		5		5
Aggregate amount of unquoted investments		5		5
Aggregate amount of impairment in the value of investments		-		-

Note 6: Deferred tax assets (net)

The balance comprises temporary differences attributable to:

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets		
Allowance for doubtful debts - trade receivables	7	11
Disallowance under Section 40(a)(ia) of The Income Tax Act 1961	14	7
Depreciation on Property plant and equipment and intangible assets	51	44
Expenditure incurred on proposed merger and amalgamation u/s 35 DD	1	-
Total	73	62
Deferred tax liability		
Disallowance of unrealised forex gain	2	-
	2	-
Total	71	62

Deferred tax is recognised at 27.82 % (Previous year at 27.55%) which is the applicable corporate tax rate substantially enacted as at year end.

Movement in deferred tax assets

Particulars	Allowance for doubtful debts-trade receivables	Disallowance under section 40(a)(ia) of The Income Tax Act, 1961	Property Plant and Equipment and Intangible Assets	Expenditure Incurred on proposed merger and amalgamation	Disallowance of unrealised forex gain	Total
At April 1, 2017	19	-	59	-	-	78
(Charged)/credited to statement of profit and loss	(8)	7	(15)	-	-	(16)
At March 31, 2018	11	7	44	-	-	62
(Charged)/credited to statement of profit and loss	(4)	7	7	1	(2)	9
At March 31, 2019	7	14	51	1	(2)	71

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Note 7: Income tax assets (net)

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	821	988
Add : Tax deducted at source and advance tax (net of provision for tax of Rs. 381 lakhs (March 2018, Rs. 187 lakhs)	576	532
Less: Income tax refund	387	602
Less: Current tax payable for the year	194	97
Closing Balance	**816**	**821**

Note 8 : Other non current assets

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	5	-
Total	**5**	**-**

Note 9: Trade receivables

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	2,460	2,257
Receivables from related party (Refer note no 36)	1	-
Less : Allowance for doubtful debts (expected credit loss allowance)	(24)	(40)
Total	**2,437**	**2,217**

Break-up of security details

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables considered good – Secured	-	-
Trade receivables considered good – Unsecured	2,461	2,257
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
Total	**2,461**	**2,257**
Allowance for doubtful debts (Expected Credit loss allowance)	(24)	(40)
Total	**2,437**	**2,217**

1. Trade receivables are dues in respect of services rendered in the normal course of business.
2. The Normal credit period allowed by the Company ranges from 0 to 60 days.
3. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables.
4. There are no dues by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

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Note 10: Cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Balances with banks		
- In current accounts	240	188
(b) Cheques on hand	43	79
Total	**283**	**267**

Note 11 : Loans - Current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Security deposits	53	11
Total	**53**	**11**

Break-up of security details

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Loans considered good - Secured	-	-
Loans considered good - Unsecured	53	11
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**53**	**11**
Less : Loss allowance	-	-
Total	**53**	**11**

Note 12 (a) : Other financial assets - Non-current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Other bank balances in earmarked accounts		
Balances held as margin money against bank guarantees	16	-
Total	**16**	**-**

Note 12 (b) : Other financial assets - Current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Unbilled revenue	252	221
Total	**252**	**221**

Note 13 : Contract liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Advances received from customers	655	-
Deferred revenue	1,212	-
Total	**1,867**	**-**

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Note 15 :Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	No. of Shares (In lakhs)	No. of Shares (In lakhs)	Amount (Rs. In lakhs)	Amount (Rs. In lakhs)
Authorised:-				
Equity shares of Rs. 10/- each	50	50	500	500
Total	50	50	500	500
Issued, subscribed & paid up:-				
Equity shares of Rs. 10/- each fully paid	49	49	490	490
Total	49	49	490	490

Notes:

(i) Movement in equity share capital

Particulars	No. of Shares (In Lakhs)	Amount (Rs. In lakhs)
As at April 1, 2017	49	490
Shares issued during the year	-	-
As at March 31, 2018	49	490
Shares issued during the year	-	-
As at March 31, 2019	49	490

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares (In Lakhs)	Amount (In Lakhs)	Number of shares (Rs. In lakhs)	Amount (Rs. In Lakhs)
Nelco Limited - Holding company (100% share holding)	49	490	49	490

(iii) Terms and rights attached to equity shares

The company has issued only one class of equity shares having a par value of Rs.10 /- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution of dividend and proceeds on liquidation will be in proportion to the number of equity shares held by the shareholders.

(iv) Details of shareholder holding more than 5% shares in the company :

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares (In Lakhs)	Amount (In Lakhs)	Number of shares (In Lakhs)	Amount (In Lakhs)
Nelco Limited - Holding Company (100% share holding)	49	490	49	490

(v) There are no shares bought back or allotted either as fully paid up by way of bonus shares or allotted under any contract without payment received in cash during 5 years immediately preceding March 31, 2019.

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Note 14 : Other current assets

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	28	28
Advance to suppliers	1	-
Balance with government authorities	150	105
Total	179	133

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Note 16 : Reserve and surplus

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Retained earnings - Refer (I) below	997	529
Total	**997**	529

(I) Retained earnings

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	529	318
Net profit for the year	468	211
Closing balance	**997**	529

Note 16 (a) : Other reserve - Reserve for FVOCI Equity Instrument

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	1	1
Changes in fair value of FVOCI equity instruments	*	*
Closing balance	**1**	1

*figures are below rounding off norm adopted by the company

Retained earnings

The same reflects surplus/ (deficit) after taxes in the Statement of Profit and Loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

Reserve for FVOCI Equity Instruments

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earning when those assets have been disposed of.

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Note 17: Borrowings
(a) Non current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured		
(i) Long Term Loans from Banks	282	169
Total	282	169

Notes
The terms of repayment of loans are stated below:

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	Terms of Repayment	Rate of Interest	Nature of Security
ICICI Bank Ltd	282	169	Repayable in quarterly equal instalments till March, 2022	I-MCLR 1 year +1.30%	Exclusive charge over the assets, financed by rupee term loan.

(b) Current

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured		
(i) Term loans from banks	51	121
(ii) Bank overdraft	-	49
	51	170
Unsecured		
(i) Loan from holding company	496	720
	496	720
Total	547	890

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Notes:

The Term loans from banks are repayable on demand. Repayment schedule is as follows :

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
Loan from holding company	496	720	On demand	11.50%	Unsecured
Bank Overdraft	-	49	On demand	3 Months MCLR +1.70%	1) First charge over current assets of the Company. 2) First charge over fixed assets of the company (excluding the assets funded by Zoroastrian Bank) and negative lien on commercial VSAT license. 3) Corporate Guarantee of Nelco Ltd.
The Zoroastrian Co-op Bank Limited	51	121	On demand	Bank base rate	Hypothecation by way of first charge on the equipment's to be purchased out of the Bank's Term Loan.

The carrying amount of financial and non-financial assets pledged as security for current and non current borrowings (refer note 30)

Net debt reconciliation

(Rs. in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash & cash equivalents	283	267
Bank overdraft	-	(49)
Current borrowings	(547)	(841)
Non current borrowings (including current maturities of long term debt)	(423)	(385)
Net debts	(687)	(1,008)

(Rs. in Lakhs)

Particulars	Other Assets	Liabilities from Financial Activities		Total
	Cash & Bank Overdrafts	Non current Borrowings (including current maturities of long term debt)	Current Borrowing	
Net debt as at March 31, 2018	218	(385)	(841)	(1,008)
Cash flow	65	(38)	294	321
Interest expenses	-	48	66	114
Interest paid	-	(48)	(66)	(114)
Net debt as at March 31, 2019	283	**(423)**	**(547)**	**(687)**

*figures are below rounding off norm adopted by the company

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Note 18 : Trade payables - Current

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 39)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	797	670
Trade payables to related parties (Refer Note 36)	996	880
Total	**1,793**	1,550

Note 19 : Other financial liabilities - Current

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Fair value of foreign exchange forward contracts	*	-
Current maturities of long term debt	141	213
Interest accrued	-	3
Capital creditors	376	375
Total	**517**	591

*figures are below rounding off norm adopted by the company

Note 20 :Other current liabilities

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Advances received from customers	-	655
Deferred revenue	-	1,267
Statutory dues payable	101	43
Total	**101**	1,965

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Note 21 : Revenue from operations

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rendering of services		
- VSAT bandwidth services	9,825	8,785
- Internet services	2	3
Total	9,827	8,788

Reconciliation of revenue recognised with contract price:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contract price	**9,827**	**8,788**
Adjustments for:		
Contract liabilities	-	-
Total	**9,827**	**8,788**

See Note 37 for details about changes in Accounting Policies consequent to adoption of IND AS 115

Note 22 : Other Income

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income:		
- On bank deposits	1	1
- On income tax refund	33	74
	34	75
Others		
Deposits / Advances from customers written back	37	-
	37	-
Other gains and losses		
Foreign exchange gain (net)	-	2
Total	71	77

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Note 23 : Operating expenses

(Rs. in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
License fees to D.O.T (as revenue share)	1,188	1,064
Transponder charges	3,469	3,140
Connectivity charges	153	113
Network management fees	1,507	1,463
Marketing services fees	1,850	1,727
Total	**8,167**	**7,507**

Note 24 : Finance costs

(Rs. in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Interest on		
(i) Borrowings	114	115
(ii) Others	26	11
(b) Guarantee commission to Holding Company	17	10
(c) Bank charges	28	23
Total	**185**	**159**

Note 25 - Other expenses

(Rs. in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Subcontracting charges	-	5
Power and fuel	19	21
Rent	117	112
Repairs to machinery	168	130
Insurance	2	2
Professional & legal charges	22	65
Provision for doubtful debts (written back)	(17)	(41)
Bad debts written off	6	31
Foreign exchange loss	12	-
Directors sitting fees	4	5
Auditors remuneration (refer note below)	18	12
Sales commission	83	100
Mark to Market loss / (gain)	-	-
Other expenses	30	46
Total	**464**	**488**

Note : Auditors Remuneration

(Rs. in Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Payments to the auditors comprises		
- Audit Fee	6	6
- Tax audit fee	1	1
- Certification and other fee	11	5
- For reimbursement of expenses	*	*
Total	**18**	**12**

*figures are below rounding off norm adopted by the company

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Note 26 : Fair Value Measurements

Financial Instrument by category.

(Rs. in Lakhs)

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments	-	5	-	-	5	-
Trade receivable	-	-	2,437	-	-	2,217
Cash and cash equivalents	-	-	283	-	-	267
Other bank Balances	-	-	16	-	-	-
Loans (Security Deposit)	-	-	53	-	-	11
Unbilled Revenue	-	-	252	-	-	221
Total financial assets	-	5	3,041	-	5	2,716
Financial liabilities						
Borrowings (including current maturities of long term debt)	-	-	970	-	-	1,275
Trade payables	-	-	1,793	-	-	1,550
Capital Creditors	*	-	376	-	-	375
Total financial liabilities	-	-	3,139	-	-	3,200

*figures are below rounding off norm adopted by the company

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rs. in Lakhs)

Financial assets and labilities measured at fair value- recurring fair value measurement at March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Instrument at FVOCI					
Investment in equity shares	5	-	-	5	5
Total Financial assets		-	-	5	5

(Rs in Lakhs)

Financial assets and labilities measured at amortised cost for which fair values are disclosed at March 31, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Other Bank Balances	12(a)			16	16
Total Financial Assets		-	-	16	16
Financial liabilities					
Borrowings (including current maturities of long term debts)	17 & 19	-	-	970	970
Total Financial liabilities		-	-	970	970

(Rs. in Lakhs)

Financial assets and labilities measured at fair value- recurring fair value measurement at March 31,2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	5	-	-	5	5
Total Financial assets		-	-	5	5

(Rs. in Lakhs)

Financial assets and labilities measured at amortised cost for which fair values are disclosed at March 31, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Borrowings (including current maturities of long term debts)	17 & 19	-	-	1,275	1,275
Total Financial liabilities		-	-	1,275	1,275

Except for those financial assets/liabilities mentioned in the above table, the Company considers that the carrying amounts of financial assets / liabilities recognised in the financial statements approximate their fair values, due to their short term nature. For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

Level 1 - Level 1 Hierarchy includes financial instruments measured using quoted price. This includes listed equity instruments, traded bonds, mutual funds that have quoted price.

Level - 2 The fair value of financial instruments that are not traded in an active market is determined using valuation technique which maximize the use of observable market data and rely as little as possible on entity - specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level -3 If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

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(ii) Valuation technique used to determine fair value

a) Specific valuation technique used to value financial instruments include:

- The use of quoted market price or dealer quotes for similar instruments.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

b) During the current year, there is no significant movement in the items of fair value measurements categorised within Level 3 of the fair value hierarchy.

c) The Fair value for investment in unquoted equity share were calculated based on risk adjusted discounted rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

d) The fair value of borrowings were calculated based on discounted cash flow using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to inclusion of unobservable inputs including own credit risk.

(iii) Valuation processes

The finance department of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the Management and the finance team at least once every three months, in line with the company's reporting periods.

(iv) Fair value of financial assets and liabilities measured at amortised cost

(Rs. in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial Assets				
Other Bank Balances	16	16	-	-
Total Financial Assets	16	16	-	-
Financial liabilities				
Borrowings (including current maturities of long term debt)	970	970	1,275	1,275
Total financial liabilities	970	970	1,275	1,275

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) and (iii) above.

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Note 27 : Financial Risk Management

The company's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity manage the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, Loans, financial assets measured at amortised cost.	Ageing analysis, credit ratings	Diversification of bank deposit, credit limits
Liquidity risk	Borrowings, Trade Payables and other Financial liabilities	Rolling cash flow forecast	Availability of bank credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupees (INR)	Rolling cash flow forecast Sensitivity analysis	Monitoring Foreign currency fluctuation, Availing Forward Contracts.
Market risk -Interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Availability of borrowing facilities at fixed rate, Periodic monitoring of variable interest rates

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables), deposits with bank and financial institution, Loans and deposits with third party, Foreign exchange transactions and other financial instruments / assets.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. It considers reasonable and supportive forward looking information such as: adverse changes in business, changes in the operating results of the counterparty, change to the counterparty's ability to meet its obligations etc. Financial assets are written off when there is no reasonable expectation of recovery.

(i) Credit risk management

Financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks and Security deposits with counterparties. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Company.

The Company's maximum exposure to credit risk as at March 31, 2019 and March 31, 2018 is the carrying value of each class of financial assets as disclosed in the financial statements.

Trade receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables.

Three customers each as at March 31, 2019 and five customers as at March 31, 2018 individually contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was Rs. 1,034 Lakhs and Rs.1,010 Lakhs as at March 31, 2019 and March 31, 2018 respectively.

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The amount of Trade receivable outstanding as at March 31, 2019 and March 31, 2018 is as follows:

(Rs. In Lakhs)

Particulars	Not Due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2019	358	1,986	117	-	2,461
As at March 31, 2018	563	1,671	19	4	2,257

(ii) Reconciliation of loss allowances provision - Trade receivable

(Rs. In Lakhs)

Loss allowances as at April 1, 2017	**81**
Changes in loss allowances	(41)
Loss allowances as at March 31, 2018	**40**
Changes in loss allowances	(16)
Loss allowances as at March 31, 2019	**24**

During the year the company has written off trade receivable amounting to Rs.6 Lakhs (March 2018 Rs. 31 Lakhs). The company does not expect to receive future cashflow or recoveries from collection of cashflows previously written off.

(B) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due through rolling cash flow forecast. Also, the Company has unutilized credit limits with banks.

(i) Financing arrangements
The company had access to the following undrawn borrowing facilities at the end of the reporting period:

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Floating rate		
Expiring within one year (Bank overdraft, Term Loans and other facilities)	2,204	2,431
Total	2,204	2,431

(ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

(Rs. In Lakhs)

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2019				
Non - Derivative				
Borrowings (Including current maturities)	688	141	141	970
Trade payables	1,793	-	-	1,793
Other Financial Liabilities	376	-	-	376
Total Non derivative liabilities	**2,857**	**141**	**141**	**3,139**
Derivative (Net Settled)				
Foreign Exchange forward contract	*	-	-	-
Total derivative liabilities	*	-	-	-

*figures are below rounding off norm adopted by the company

(Rs. In Lakhs)

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2018				
Non - Derivative				
Borrowings (Including current maturities)	1,106	56	113	1,275
Trade payables	1,550	-	-	1,550
Other Financial Liabilities	375	-	-	375
Total Non derivative liabilities	**3,031**	**56**	**113**	**3,200**

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(C) Market risk

(i) Foreign currency risk

Company is exposed to foreign exchange risk arising from direct transactions in foreign currency and also indirectly through transactions denominated in foreign currency though settled in functional currency (INR), primarily with respect to the US Dollar (USD). Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period are as follows

(Rs. in Lakhs)

Particulars	Foreign Currency	As at March 31, 2019	As at March 31, 2018
Financial liabilities			
Trade Payables and Capex Creditors	USD	373	408
Derivative Liabilities			
Foreign Exchnage forward contract			
Buy Foreign Currency	USD	*	-
Net exposure to foreign currency liabilities	USD	**373**	408
Financial assets			
Trade receivables	USD	-	9
Net exposure to foreign currency assets	USD	-	9

*figures are below rounding off norm adopted by the company

(b) Sensitivity

The Sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. in Lakhs)

Particulars	Impact on profit after tax	
	As at March 31, 2019	As at March 31, 2018
USD sensitivity		
INR/USD - Increase by 5% (March 31, 2018 - 5%)*	(13)	(13)
INR/USD - Decrease by 5% (March 31, 2018 - 5%)*	13	13

* Holding all other variables constant

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(ii) Cash Flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the company to cash flow interest rate risk.

(a) Interest rate risk exposure

The exposure of the company's borrowings to interest rate changes at the end of the reporting period are as follows.

(Rs. In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Variable rate borrowings	970	1,275
Fixed rate borrowings	-	-
Total borrowings	970	1,275

(b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

(Rs. In Lakhs)

Particulars	Impact on profit after tax As at March 31, 2019	As at March 31, 2018
Interest Rate - Increase by 100 basis points*	(7)	(6)
Interest Rate - Decrease by 100 basis points*	7	6

* Holding all other variables constant

(iii) Price Risk

The company does not have any financial instrument which is exposed to change in price.

Note 28 : Capital Management

Risk Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Loan covenants

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:

Ratio of Total Outside Liabilities (TOL) to Total Net worth (TNW) should be less than 4 as on March 31, 2019 and less than 5 as on March 31, 2018.

The company has complied with these covenants throughout the reporting period, As at March 31, 2019 the ratio of TOL to TNW was 2.62 (March 2018: 3.49)

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Note 29 : Offsetting Financial Assets And Financial Liabilities

There are no financial assets and liabilities which are eligible for offset under any arrangement.

Collateral against borrowings

Current Assets and Fixed Assets of the Company are pledged as security against debt facilities from the lender. For carrying amount of assets pledged as security refer note 30

Note 30 : Assets Pledge As Security

The carrying amounts of assets pledged as security for current and non-current borrowings are :

(Rs. in Lakhs)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
Current assets			
First charge			
Trade receivables	9	2,437	2,217
Cash & cash equivalents	10	283	267
Loans	11	53	11
Other Financial Assets	12(b)	252	221
Other current assets	14	179	133
Total current assets pleaded as security		3,204	2,849
Non current assets			
First charge			
Other Financial assets	12(a)	16	-
Fixed assets			
Plant & Machinery	4	2,015	2,254
Office Equipment	4	6	10
Intangible Assets	4	163	184
Capital Work In Progress	4	294	-
Total Non current assets pledged as security		2,494	2,448
Total assets pledged as security		5,698	5,297

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Note 31 : Earnings per share (EPS)

Sr.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a.	Weighted Average Number of Shares at the beginning and end of the	49,00,000	49,00,000
b.	Net Profit after tax available for Equity Share holders (Rs in Lakhs)	468	211
c.	Basic and diluted earnings Per Share (Rs)	9.54	4.31

Note 32 : Contingent liabilities:

(Rs. in Lakhs)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
a.	Claims against the company not acknowledged as debt comprises of:		
	i) Sales Tax claims disputed by the company relating to issues of applicability and classification	3,836	3,836
	ii) Claims from Vendor	168	168
	Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authorities		
		4,004	4,004

Note 33 : Capital commitments

(Rs. in Lakhs)

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
a.	Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	279	31
b.	Estimated amount of contracts remaining to be executed on other account and not provided for (net of advances paid)	13	10

Note 34 : Non cancellable operating lease payables

The Company has taken on lease 18 Meters satellite antennae and associated RF equipment's and facilities to operate with satellite on KU Band over Indian skies under non-cancellable operating leases expiring within five years.

Sr.	Particulars	As at March 31, 2019	As at March 31, 2018
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
a.	Within one year	31	120
b.	Later than one year but not later than five years	-	31
c.	Later than five years	-	-
		31	151

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Note 35 - Current and deferred tax
(a) Statement of profit and loss

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) Income tax expense		
Current tax		
Current tax on profits for the year	194	97
Total current tax expense	**194**	**97**
Deferred tax		
Decrease / (Increase) in deferred tax assets	(9)	16
Total deferred tax expenses / (benefit)	(9)	16
Income tax expense	185	113

(b) Reconciliation of tax expense and accounting profit multiplied by India's tax rates:

(Rs. In Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	653	324
Statutory tax rate (%)	27.82%	33.06%
Tax at Indian tax rate	**182**	**107**
Difference on account of change in tax rates		
Impact on account of change in future income tax rate		
- On deferred tax assets recognised in previous period	-	11
- Previously unrecognised deferred tax assets on provision of doubtful debts	-	(7)
On account of disallowance of interest on TDS	3	-
Other Items	-	2
Total tax expense	**185**	**113**

(c) No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognised in statement of profit and loss or other comprehensive income but directly debited/ (credited) to equity.

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Note 36 : Related party transactions

The disclosure pertaining to the related party transactions as required by Ind AS 24 "Related Party Disclosure", as applicable to the company are indicated below:

Promoter of ultimate holding company
Tata Sons Limited, India
Ultimate holding company
The Tata Power Company Limited, India
Holding Company :
The Company is controlled by the following entity

Name	Nature of Relationship	Place of Incorporation	Ownership Interest	
			As at March 31, 2019	As at March 31, 2018
Nelco Limited	Immediate parent entity	India	100%	100%

Directors of the company
(i) Key managerial personnel
Mr. P.J. Nath - Managing Director of Nelco Limited
(ii) Independent and non-executive directors
Mr. R.R Bhinge (Non- Executive Director)
Mr. Sanjay Dube (Non- Executive Director upto July 20, 2018)
Ms. Hema Hattangady (Independent Director)
Mr. P.J. Nath (Non Executive Director w.e.f. June 1, 2017)
Mr. Jitendra Vardhaman Patil (Non- Executive Director w.e.f. January 24, 2019)

Transactions with Directors of the company

(Rs. In Lakhs)

Particulars	March 31, 2019	March 31, 2018
(i) Executive Directors		
Consultancy Fees	-	19
(ii) Non Executive and Independent Director		
Directors sitting fees	4	5
Total compensation	4	24

Details of transactions between the Company and other related parties are disclosed below :

(Rs. In Lakhs)

Particulars	Nelco Limited (Holding Company)	The Tata Power Company Limited, India (Ultimate holding company)	Tata Sons Limited (Promoter of Holding Company)
Services Received by the company	3,374	-	-
	(3,200)	-	-
Services provided by the company	-	1	-
	-	-	-
Interest on Loans taken	57	-	-
	(71)	-	-
Loans received during the year	848	-	-
	(730)	-	-
Loans repaid during the year	1,072	-	-
	(920)	-	-
Reimbursements received	240	-	-
	(105)	-	-
Royalty charges	-	-	15
	-	-	(13)
Guarantees and collaterals received / (refunded)	2,125	-	-
	(1,550)	-	-

Balances outstanding as on March 31, 2019

(Rs. In Lakhs)

Particulars	Nelco Limited	The Tata Power Company Limited, India	Tata Sons Limited
	Holding company	(Ultimate holding company)	Promoter of ultimate holding company
Creditors (Net)	981	-	15
	(867)	-	(13)
Debtors	-	1	-
	-	-	-
Loans	496	-	-
	(720)	-	-
Guarantees and collaterals outstanding	6,750	-	-
	(4,625)	-	-

Note : Figures in brackets pertain to the previous year ended March 31, 2018

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Note 37: Changes in accounting policies

The company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of April 1, 2018. The Company does not have any impact to the opening balance of retained earnings as at April 1, 2018. Comparative prior period has not been adjusted.

Entities applying the modified retrospective method can elect to apply the revenue standard only to contracts that are not completed as at the date of initial application (that is, they would ignore the effects of applying the revenue standard to contracts that were completed prior to the date of initial application). However, the Company elected to apply the standard to all contracts as at April 1, 2018. There is no impact on the Net Assets, Retained Earnings and Total Equity by application of Ind AS 115. There is no impact on the financial statement line item of Statement of Profit and Loss by application of Ind AS 115. The financial statement line item of Balance Sheet that were impacted by adoption of Ind AS 115 is as given below:

Balance sheet (extract)	**March 31, 2019 without adoption of Ind AS 115**	**Increase/ (decrease)**	**March 31, 2019 as reported**
Current liabilities			
Other current liabilities	1,968	(1,867)	101
Contract liabilities	-	1,867	1,867
Total current liabilities	1,968	-	1,968
Total liabilities	**1,968**	-	**1,968**

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N/N500016 ★ Mumbai ★

TATANET SERVICES LIMITED MUMBAI ★

Tatanet Services Limited
Notes annexed to and forming part of Financial Statements for the year ended March 31, 2019

Note 38: Segment Information

Description of segments and principal activities
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The company has identified one reportable segment "Network System" based on the information reviewed by CODM. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the year is as reflected in the Financial Statements as of and for the year ended March 31, 2019.

Two external customers as at March 31, 2019 and as at March 31, 2018 contributed to more than 10% of the total revenue. Revenue from these customers Rs 2,297 Lakhs and Rs 1,996 Lakhs for the year ended March 31, 2019 and March 31, 2018 respectively. These revenues are attributed to the network system segment.

Note 39: Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act)

There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding as at March 31, 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the company.

Note 40 : Amalgamation

The Board of Directors of the Company at its meeting held on September 01, 2017 had approved the draft composite Scheme of Arrangement and Amalgamation amongst the Company, Nelco Limited (Holding Company), and Nelco Network Products Limited (Wholly owned subsidiary of Holding Company) and their respective shareholders and creditors (" The Scheme"), Upon approval of the scheme by regulatory authorities, the Company will stand merged and amalgamated on a going concern basis with Nelco Limited (" Transferee Company") w.e.f April 01, 2017 ('the appointed date') in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 read with other applicable provisions of the Companies Act, 2013 and rules thereunder.

During the year the National Company Law Tribunal ("NCLT") approved the Scheme on November 2, 2018. As per the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval has not received. The RoC records were, however, updated to reflect the Scheme as effective and Company as "amalgamated" with the Nelco Limited. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate Company to its earlier status and cancel the effect of the Scheme with immediate effect. The decision of NCLT is awaited. Pending necessary approvals, the Scheme has not been given effect to in the financial statements for the year ended March 31, 2019.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number : 012754N/N500016

Nehal Upadhayay
Partner
Membership No. 115872

Place : Mumbai
Date : April 27, 2019

For and on behalf of the Board of Directors of
Tatanet Services Limited
CIN- U67120MH1987PLC044351

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : April 27, 2019