TATANET SERVICES LIMITED

CIN :U67120MH1987PLC044351

31st ANNUAL REPORT

2017-18

TATANET SERVICES LIMITED

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CORPORATE INFORMATION
(As on 20th July 2018)

Board of Directors :		Mr.R.R.Bhinge
		Mr. Sanjay Dube
		Ms. Hema Hattangady
		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 31st Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2018.

The Board of Directors of the Company at their meeting held on 1st September 2017 has approved, subject to various Regulatory approvals, the Composite Scheme of Arrangement and Amalgamation (Scheme) involving the internal restructuring of the various businesses of Nelco Ltd. (Nelco) the Parent Company and its two wholly owned subsidiaries viz. Tatanet Services Ltd. (TNSL) and Nelco Network Products Ltd. (NNPL). 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. The appointed date for the Scheme is 1st April 2017.

Upon this Scheme becoming effective and with effect from the Appointed Date, in consideration of the transfer and vesting of the undertaking, businesses, properties and other belongings of TNSL in Nelco in terms of the Scheme, the entire paid up share capital of TNSL fully held by Nelco [either held in its own name or through its nominee (s)] on the Effective Date, shall stand cancelled in its entirety, without any further act, instrument or deed. Nelco shall not be required to issue and allot any shares as Nelco and its nominee are themselves the only shareholders of TNSL. Upon the Scheme becoming effective, the TNSL shall without any further act, instrument or deed stand dissolved without being wound-up.

1. FINANCIAL RESULTS (SUMMARIZED)

Figures Rs in Lacs

		FY18	FY17
(a)	Net Service Income from Operations	8788	7,99,7
(b)	Operating Expenditure	7994	7,17,3
(c)	**Operating Profit**	**794**	**82,4**
(d)	Add: Other Income	77	33
(e)	Less: Finance Cost	159	230
(f)	Profit before Depreciation and Tax	**712**	**627**
(g)	Less: Depreciation / Amortisation / Impairment	388	338
(h)	**Profit before Tax**	**324**	**289**
(i)	Tax Expenses – Current & Deferred	113	65
(j)	**Net Profit / (Loss) after Tax**	**211**	**224**

2. **DIVIDEND**

In order to conserve resources, the Board of Directors has not recommended dividend for the financial year ended 31st March 2018.

3. **STATE OF COMPANY'S AFFAIRS**

During the period under review, the total income was Rs. 8788 Lacs as against Rs. 7997 Lacs in the previous year i.e. a 10% growth over the previous year. The profit before tax was 324 Lacs as against Rs. 289 Lacs in the previous year. The profit after tax was at Rs 211 Lacs as against Rs 224 Lacs in the previous year.

Your Company is a leading VSAT Service Provider in the country catering to a large segment of the market. The Company is amongst the top 3 VSAT Service providers in the country and now has a major presence in the BFSI, Manufacturing & enjoys a leadership position in the offshore Oil & Gas exploration segment.

The Company has been making continuous investment in augmenting its infrastructure for providing VSAT services. During the course of the year the Company had set up a new Ku Band VSAT Hub in Mahape which got operational from May 2016. The initial capacity is 18 MHz, which will be augmented in due course. There are now two Ex-C band VSAT Hubs in Mahape and three Ku band Hubs two at Mahape and one in Dehradun. The Company has also added 18 MHz of Ku band capacity in its Dehradun Hub during the year. These infrastructure augmentations would help the Company in meeting the diverse needs of the market and help fuel its growth.

MARKET OPPORTUNITIES:

The VSATs continue to be the most preferred mode of data communication in the B2B segment in remote and rural locations due to its ability to offer predictable and high availability services at same price points as the metro locations. The growing need for expanding to remote locations for sectors like Banking which needs to reach out to the unbanked locations, Renewable Energy, Mining etc. gives the boost to the VSAT business in the country.

VSATs also continue to be the most widely accepted mode of connectivity for expanding the footprint of ATMs across the country, especially in remote locations, due to the need for high availability services. Currently there are about 115,000 ATMs connected on VSATs, which number is likely to grow to around 200,000 in the next 4 years. ATMs will evolve in future, offering newer banking applications for consumers which have traditionally been offered through the bank branches. The ATMs are also likely to get further boost as they become an integral part of the newer payment channels' eco-system. These developments will positively impact the VSAT industry.

The digital communication service for the offshore oil & gas exploration sector is an important application for VSAT services in India. The exploration activities are accelerated by Govt.'s drive to reduce import of crude oil. Further, newer reforms and initiatives by the Govt. are opening up the sector for private players as well as global oil and gas companies. Currently, the most reliable medium of connectivity for the offshore rigs in India is VSAT. The importance for reliable digital communication services in this segment is high due to the sensitive nature of applications, which is likely to further go up with newer applications like IoT and analytics being deployed by the industry.

The Govt.'s mandate to automate and connect oil retail outlets by March 2019 is creating large volume opportunities for VSATs. The potential for VSATs in the Govt. sector is large due to thrust on panchayat connectivity, education, healthcare, public distribution system and water management. Though the overall potential is more than 100,000 VSATs, the time frames for implementation are however uncertain.

Globally the satellite communication industry is growing at a rapid pace due to wide range of usage of these services, which has been made possible due to advancement in technology and light touch regulations. The advancement in technology is both for the satellites as well as the antenna technologies. The High Throughput Satellites (HTS) have given a major boost to the satellite industry, which has been further augmented by the availability of smaller foot print flat panel antenna. These developments have helped in opening up many new growth sectors like mobility services, mainly for aero and maritime communication, and niche applications like connected cars.

The prospects for the VSAT industry in India are also bright in the coming years based on large potential for new services around mobility - Maritime Communication, Aero in-flight connectivity and Surface transport communication services. These services have not been offered in the country so far due to regulatory restrictions. However, with the new licenses for offering mobility services using satellite communication being framed by the Govt., these services will soon be a reality in the country and will help in expanding the VSAT industry. The Company has been pursuing with the Govt. for considerable time for the necessary regulatory clearances for offering aero in-flight connectivity and maritime communication services in the country and plans to launch these services as soon as the necessary clearances are given. The Company believes that the VSAT industry in India will grow multi-fold in the next 4 – 5 years' time once the license for offering the mobility services are issued.

It is expected that, in India HTS would be available for commercial use within next 1 year which will further boost the viability of VSAT services in many more applications as has been the case in many other countries across the globe.

The availability of Low Earth Orbit (LEO) satellite in future will enhance the industry growth as the VSAT usage will substantially increase with availability of large capacity-low latency satellite bandwidth.

COMPANY STRATEGY:

The Company has a continued focus in reinforcing its presence in existing market segments for VSAT services. It has also established itself as a preferred VSAT service provider for segments like ATMs and offshore oil & gas exploration. The Company has strengthened its presence in the Banking & Finance segment with a base of apx. 45,000 VSATs for off-site ATMs and bank branches. The Company had more than 60% market share of the incremental VSAT deployment in off-site ATMs as well as offshore oil rigs during the year.

The Company has also leveraged its current infrastructure and signed multi-year contracts with two of the largest Public Sector Undertaking (PSU) energy companies for connecting some of their oil retail outlets across the country using VSATs.

The presence in the digital communication services for offshore oil rigs has created potential for future growth in maritime communication services, which is awaiting formal regulatory clearances.

There are multiple Enterprise segments which need reliable data connectivity services in remote locations due to their business-critical needs. Many such segments have not yet adopted VSATs in a large scale due to various reasons. The Company's focus is to improve the awareness of VSATs amongst some of these sectors and build stronger presence.

The Company is also pursuing with Govt. of India for permission to offer the aero and maritime communication services in the country and believes that the same would be given in the next few months.

The Company has been making continuous investment in augmenting its infrastructure for providing VSAT services. During the year the Company had set up a new Ku VSAT Hub in Mahape which got operational from Dec 2017, with transponder capacity on ISRO satellite. The infrastructure is scalable and will be able to cater to the growth plans of the Company. There are currently four VSAT Hubs in Mahape (two each for Extended-C band and Ku band) and one Ku band VSAT Hub in Dehradun. The Company has deployed latest technologies for the VSAT hubs, which will help in catering to a wide range of market segments. These infrastructure augmentations would help the Company in meeting the diverse needs of the market and help fuel its growth.

The Company is making endeavor in building expertise in varied areas for satellite communication to prepare for adopting newer technologies in the future. The Company has been focusing in continuously augmenting its solutions in the VSAT services, which has helped it to become a preferred VSAT service provider for multiple segments. The Company plans to build layers of services on top of reliable basic connectivity and focus on solution selling to further strengthen its leadership position. The focus is around analytics and digital technologies, which would help its customers achieve their end objectives.

RISKS:

- **Technology obsolescence Risk**
  Due to proprietary nature of the VSAT technology, the Company is dependent on limited technologies for hardware. Any obsolescence of technology poses a risk for the operations. While there are options available to migrate the services to an alternative technology, there is a cost attached to the same.

- **Threat from alternate technology**
  The expansion and spread of terrestrial telecom infrastructure to remote areas to offer MPLS services poses a threat for VSAT services. The 4G 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. In future 5G services may also pose a challenge for the VSAT industry once these are rolled out.

- **Operating Risk**
  Though the transponder space is provided by Antrix (a part of ISRO), foreign rate fluctuations adversely impact the profitability of operations since the contracts are in foreign currencies.

  The Company has a high dependence on few market segments, like Banking & Finance and Oil & Gas, for its revenue and profitability. Any major vagaries in these segments can impact Company's performance in the short term.

- **Regulatory Environment**
  The satellite communication services are regulated by DoT and the licenses are given for shared hub services based on the Satcom policy of the country. Any major change in the Govt. regulations pertaining to Satcom policy and/or VSAT services could also pose a threat. Newer services like Aero and Maritime Communication are dependent on Govt. giving the necessary approvals.

  ISRO is insisting on migrating all VSATs operating on foreign satellites to Indian satellites, and the cost of such migration if it is needed to be done could impact the profitability of the Company. Any increase in bandwidth prices on retrospective basis could also have an impact on profitability

- **Technical Infrastructure**
  The Company's infrastructure is vulnerable to interruptions caused by earthquakes, floods, heavy rainfall, power outages, fire, information technology system failures, security breaches and other similar events. In addition, any major satellite failure can impact the entire network running on that satellite, till an alternate allocation is received from ISRO, which could also be on a different coordinate requiring adjustment on the remote VSATs.

4. RESERVES

The Board of Directors has not proposed any amount for transfer to reserves for the period ended 31st March, 2018.

5. SUBSIDIARIES / ASSOCIATES

The Company has no subsidiaries or associates

6. DIRECTORS

Mr. P.J.Nath was appointed as Additional Director w.e.f. 1st June 2017. His appointment was also approved by the members at the 30th Annual General Meeting (AGM) held on 23rd August 2017.

In accordance with the requirements of the Companies Act 2013 and Articles of Association of the Company, Ms. Hema Hattangady retire by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

During the period under review, seven meetings of the Board of Directors were held on 5th April 2017, 25th April 2017, 20th July 2017, 1st September 2017, 23rd October 2017, 31st January 2018 and 27th March 2018.

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 part 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 upgraded the long term and short term ratings of the company as under: Long Term Rating: From CARE A- (SINGLE A Minus) to CARE A /Stable

Short Term Rating: From CARE A2+ (A 2 Plus) to CARE A1

12. FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has no exports.
The foreign exchange earned during the period under review was Rs. 183 Lacs
Total outgo of foreign currency was Rs. 1265 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. 33 to the Financial Statements which sets out related party disclosures.

15. **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

16. **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.

17. **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 2016-17 relating to its telecommunication business

18. **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 2017-18.

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, 2018, 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, 2018 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.

19. 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,

Sd/-
R. R. Bhinge
Chairman

Date: 20th July 2018
Place: Mahape

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 2018

[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	99.97%
2	Internet Services	61309	0.03%

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 lakh (ii) individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
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	4900000	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 Share holding 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.<u>INDEBTEDNESS</u>

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	 659 L - -	 - - -	 - - -	 659 L - -
Total (i+ii+iii)	659 L	-	-	659 L
Change in Indebtedness during the financial year - Addition - Reduction	 273 L 377 L	 - -	 - -	 273 L 377 L
Net Change	104 L	-	-	104 L
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 555 L - -	 - - -	 - - -	 555 L - -
Total (i+ii+iii)	555 L	-	-	555 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)	Mrs. Hema Hattangady	1,80,000/-
	· Commission · Others, please specify	- -	- -
		Total (1)	1,80,000/-
	Other Non-Executive Non Independent Directors · Fee for attending board meetings	Mr. R R.Bhinge Mr. Sanjay Dube	1,90,000/- 1,40,000/-
	· Commission · Others, please specify	- -	- -
		Total (2)	3,30,000/-
	Total (B)=(1+2)		5,10,000/-
	Total Managerial Remuneration		5,10,000/-
	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					

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tatanet Services Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying Ind AS financial statements of Tatanet Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report.

5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West) Mumbai - 400 028
T: +91 (22) 66691500, F: +91 (22) 66547804 / 07

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by 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, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated April 25, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. 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 Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

(i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its Ind AS financial statements – Refer Note 30 to the Ind AS financial statements;

(ii) The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2018;

(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, 2018;

(iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

Nehal Upadhayay
Partner
Membership Number: 115872

Mumbai
April 27, 2018

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Tatanet Services Limited on the Ind AS financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Tatanet Services Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS 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 over financial reporting 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 over financial reporting.

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

Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Tatanet Services Limited on the Ind AS financial statements for the year ended March 31, 2018

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting 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 control over financial reporting 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 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 Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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, 2018

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Tatanet Services Limited on the Ind AS financial statements for the year ended March 31, 2018

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 3 on fixed assets 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, the Company is generally regular in depositing undisputed statutory dues in respect of goods and service tax with effect from July 1, 2017, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including income tax, service tax, and other material statutory dues, as applicable, with the appropriate authorities.

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

(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 and 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, 2018 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	Appellate authority upto Commissioner Level
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 Sections 177 and 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.

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.

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

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, 2018

Tatanet Services Limited

Balance Sheet as at March 31, 2018

(Rs. in Lakhs)

PARTICULARS	Note No	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	2,264	1,619
(b) Intangible assets	3	184	108
(c) Financial assets -			
(i) Investments	4	5	5
(d) Deferred tax assets (net)	5	62	78
(e) Income tax assets (net)	6	821	988
Total non-current assets		**3,336**	**2,798**
Current assets			
(a) Financial assets -			
(i) Trade receivables	7	2,217	976
(ii) Cash & cash equivalents	8(a)	267	20
(iii) Bank balances other than (ii) above	8(b)	-	21
(iv) Loans	9	11	1
(v) Other financial assets	10	221	155
(b) Other current assets	11	133	358
Total current assets		**2,849**	**1,531**
TOTAL ASSETS		**6,185**	**4,329**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	490	490
(b) Other equity			
Reserve and surplus	13	529	318
Other reserve	13 (a)	1	1
Total equity		**1,020**	**809**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	169	1,067
Total non-current liabilities		**169**	**1,067**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	890	261
(ii) Trade payables	15	1,550	1,059
(iii) Other financial liabilities	16	591	330
(b) Other current liabilities	17	1,965	803
Total current liabilities		**4,996**	**2,453**
Total liabilities		**5,165**	**3,520**
TOTAL EQUITY AND LIABILITIES		**6,185**	**4,329**

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, 2018

For and on behalf of the Board of Directors

R. R. Bhinge- Chairman

P.J. Nath - Director

TATANET SERVICES LIMITED
Navi
Mumbai

Place : Mumbai
Date : April 27, 2018

Tatanet Services Limited

Statement of Profit and Loss for the year ended March 31, 2018 **(Rs. in Lakhs)**

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	18	8,788	7,997
Other income	19	77	33
Total revenue		**8,865**	**8,030**
Expenses			
(a) Operating expenses	20	7,507	6,623
(b) Finance costs	21	159	230
(c) Depreciation and amortisation expense	3	387	338
(d) Other expenses	22	488	550
Total expenses		**8,541**	**7,741**
Profit before tax		**324**	**289**
Income tax expense			
- Current tax	23 (a)	97	91
- Deferred tax	23 (a)	16	(26)
		113	**65**
Profit after tax		**211**	**224**
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		**211**	**224**
Earnings per equity share (Face Value Rs 10/- per share): (Basic and Diluted)		4.31	4.57

*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, 2018

For and on behalf of the Board of Directors

R. R. Bhinge- Chairman

P.J. Nath - Director

TATANET SERVICES LIMITED Navi Mumbai

Place : Mumbai
Date : April 27,2018

Tatanet Services Limited
Statement of Changes in Equity for the year ended March 31, 2018

A. Equity share capital

(Rs. in Lakhs)

	Amount
As at April 1, 2016	**490**
Change in equity share capital	-
As at March 31, 2017	490
Change in equity share capital	-
As at March 31, 2018	**490**

B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves & Surplus	Other Reserves	Total
	Retained earnings	FVOCI Equity instrument	
As at April 1, 2016	95	*	95
Profit for the year	224	-	224
Other comprehensive income for the year	-	*	*
As at March 31, 2017	318	1	319
Profit for the year	211	-	211
Other comprehensive income for the year	-	*	*
As at March 31, 2018	530	1	531

*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, 2018

For and on behalf of the Board of Directors

R. R. Bhinge - Chairman

P.J.Nath - Director

TATANET SERVICES LIMITED Navi Mumbai

Place : Mumbai
Date : April 27, 2018

Tatanet Services Limited

Statement of Cash Flows for the year ended March 31, 2018

(Rs in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**324**	**289**
Adjustments for:		
Depreciation and amortisation	387	338
Finance costs	159	230
Interest income	(75)	(33)
Foreign exchange loss /(gain)	(1)	8
Bad Debts/ Sundry Balances written off	31	-
Provision for Doubtful Debts (Net of write back)	(41)	39
Sundry Balances & Deposits written back	(1)	-
Operating profit before working capital changes	**783**	**871**
Working capital adjustments :		
- (Increase)/Decrease in Trade Receivables	(1,231)	(38)
- (Increase)/Decrease in Loans	(10)	24
- (Increase)/Decrease in Other Non current assets	-	1
- (Increase)/Decrease in Other current financial assets	(66)	(3)
- (Increase)/Decrease in Other current assets	225	(169)
- Increase/(Decrease) in Other financial liabilities- current	-	-
- Increase/(Decrease) in Other Current Liabilities	1,161	290
- Increase/(Decrease) in Trade Payables	493	100
Cash generated from operations	1,355	1,076
Income taxes paid	70	(143)
Net cash inflow from operating activities (A)	**1,425**	**933**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(822)	(653)
Interest received	75	33
Proceeds on maturity on deposits	21	(21)
Net cash (used in) investing activities	**(726)**	**(641)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	955	2,143
Repayments of borrowings	(1,297)	(2,241)
Finance cost paid	(159)	(226)
Net cash (used in) financing activities	**(501)**	**(324)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**198**	**(32)**
Cash and cash equivalents at the beginning of the year	20	52
Cash and cash equivalents at the end of the year (refer note 1 below)	**218**	**20**

Notes 1:

Cash and cash equivalents as per above comprise of the following

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Balances with Banks :-		
On Current accounts	188	20
(b)Cheques on hand	79	-
(c)Bank Overdraft	(49)	-
Total - Cash and cash equivalents as per statement of cash flows	**218**	**20**

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, 2018

For and on behalf of the Board of Directors

R.R. Bhinge - Chairman

P.J. Nath - Director

TATANET SERVICES LIMITED Navi Mumbai

Place: Mumbai
Date : April 27, 2018

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.

1. 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.

1.1 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. Amended Standards adopted by the Company

The amendment to Ind AS 7 required disclosure of changes in liabilities arising from financing activities, refer note No 14

1.2 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 of the assets. Subsequent costs 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.

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

Depreciation methods estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate 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.

Plant and Machinery

- RF & Baseband : 10 to 12 years
- Networking Devices : 6 years
- VSAT Antenna & Parts : 15 years

Office Equipments

- 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 gains/(losses).

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1.3 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

1.4 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.

1.5 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 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.

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. 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.

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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**

Dividend and 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. Dividend income from investments is recognised when the right to receive dividend has been established.

1.6 Cash and cashequivalents

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.

1.7 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.

1.8 Financial Liabilities

i) 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.

ii) 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.

iii) 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

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of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

1.9 Trade and other payables

These amounts represent liabilities for goods and services provided to 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 amortized cost using effective interest method.

1.10 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 must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are exclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below.

Revenue from bandwidth services is recognized on a pro-rata basis in the accounting period in which the services are rendered.

1.12 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").

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/(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 nonmonetary 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.

1.13 Current and Deferred 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

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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 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 those temporary differences and losses.

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.

1.14 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.

1.15 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 removed 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 a 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.

1.16 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

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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.

1.17 Provisions and contingent liabilities

a. Provisions

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.

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

1.18 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. 34 For segment information presented.

1.19 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.

1.20 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.

1.21 Accounting policy on Rounding of Amount

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.

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2.1 Critical estimates and judgments:

In the application of the Company's accounting policies, which are described in note 1 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 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. Useful lives of property, plant and equipment and Intangible assets

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

b. Recognition of deferred taxassets

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.

c. 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 7).

d. 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 assessing the likelihood that a pending claim will succeed, or aliability 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 30).

2.2 Recent accounting pronouncements - Standards issued but not yet effective:

The Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 28, 2018. The rules notify the new revenue standard Ind AS 115, Revenue from contracts with customers and also bring in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after April 1, 2018 and cannot be early adopted.

a. Ind AS 115, Revenue from contracts with customers

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

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A new five-step process must be applied before revenue can be recognised:

1. identify contracts with customers
2. identify the separate performance obligation
3. determine the transaction price of the contract
4. allocate the transaction price to each of the separate performance obligations, and
5. recognise the revenue as each performance obligation is satisfied.

The new standard is mandatory for financial years commencing on or after April 1, 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Company is evaluating the requirements of the new revenue standard (IND AS 115) and the effect on the financial statements, if any.

b. Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The appendix can be applied:

- retrospectively for each period presented applying Ind AS 8;
- prospectively to items in scope of the appendix that are initially recognised

a) on or after the beginning of the reporting period in which the appendix is first applied (i.e. April 1, 2018 for entities with March year-end); or

b) from the beginning of a prior reporting period presented as comparative information (i.e. April 1, 2017 for entities with March year-end).

The Company is evaluating the requirements of the amendment and the effect on the financial statements, if any.

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Note 3. 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, 2017	Additions	Disposals	As at March 31, 2018	As at April 01, 2017	Depreciation / Amortisation for the year	Disposals	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
i. Property, plant and equipment										
Plant and machinery	2,175	990	-	3,165	569	342	-	911	2,254	1,606
	(1,493)	(682)	-	(2,175)	(256)	(313)	-	(569)	(1,606)	(1,237)
Office equipment	19	3	-	22	6	6	-	12	10	13
	(19)	-	-	(19)	(3)	(3)	-	(6)	(13)	(16)
Total - Property, plant and equipment (i)	**2,194**	**993**	-	**3,187**	**575**	**348**	-	**923**	**2,264**	**1,619**
	(1,512)	(682)	-	(2,194)	(259)	(316)	-	(575)	(1,619)	(1,253)
ii. Intangible assets										
Testing software	118	115	-	233	25	36	-	61	172	93
	(23)	(95)	-	(118)	(6)	(19)	-	(25)	(93)	(17)
Licenses	21	-	-	21	6	3	-	9	12	15
	(21)	-	-	(21)	(3)	(3)	-	(6)	(15)	(18)
Total intangible assets (ii)	**139**	**115**	-	**254**	**31**	**39**	-	**70**	**184**	**108**
	(44)	(95)	-	(139)	(9)	(22)	-	(31)	(108)	(35)
Total - Property, plant and equipment and intangible assets (i + ii)	**2,333**	**1,108**	-	**3,441**	**606**	**387**	-	**993**	**2,448**	**1,727**
	(1,556)	(777)	-	(2,333)	(268)	(338)	-	(606)	(1,727)	(1,288)
iii. Capital work-in-progress									-	-
									-	559
Grand total (i+ii+iii)									**2,448**	**1,727**
									(1,727)	(729)

Figures in (brackets) represents previous year's figures

Notes :

(i) Property, plant and equipment pledged as security

Refer to note 28 for information on property, plant and equipment pledged as security by the Company.

(ii) Contractual obligations

Refer to note 31 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 Ex-C hub equipment

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Note 4: Investments - Non current

(Rs. in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	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 5: Deferred tax assets (net)
The balance comprises temporary differences attributable to:

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Allowance for doubtful debts - trade receivables	11	19
Disallowance under Section 40(a)(ia) of The Income Tax Act 1961	7	-
Depreciation on Property plant and equipment and intangible assets	44	59
Total	**62**	**78**

Deferred tax is recognised at 27.55 % (Previous year at 33.06%) which is 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	Total
At April 1, 2016	12	-	40	52
(Charged)/credited to statement of profit and loss	7	-	19	26
At March 31, 2017	**19**	**-**	**59**	**78**
(Charged)/credited to statement of profit and loss	(8)	7	(15)	(16)
At March 31, 2018	**11**	**7**	**44**	**62**

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Note 6: Income tax assets (net)
Non current

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	988	935
Add : Tax deducted at source and advance tax	532	447
[Net of provision for tax March 2018 : Rs. 292 lakhs (March 2017: Rs. 195 lakhs)]		
Less: Income tax refund	602	303
Less: Current tax payable for the year	97	91
Closing Balance	**821**	**988**

Note 7: Trade receivables
Current

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables	2,257	1,057
Less : Allowance for doubtful debts (expected credit loss allowance)	(40)	(81)
Total	2,217	976

Break-up of security details

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured, considered good	-	-
Unsecured, considered good	2,217	976
Doubtful	40	81
Total	**2,257**	**1,057**
Allowance for doubtful debts	(40)	(81)
Total	**2,217**	**976**

1. Trade receivables are dues in respect of goods sold and 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 8(a) : Cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Balances with banks		
- in current accounts	188	20
(b) Cheques on hand	79	-
Total	**267**	**20**

Note 8(b) : Bank balance other than cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
In earmarked accounts		
Balances held as margin money against bank guarantees	-	21
Total	**-**	**21**

Note 9 : Loans - Current

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured considered good		
Security deposits	11	1
Total	**11**	**1**

Note 10 : Other financial assets - Current

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Unbilled revenue	221	155
Total	**221**	**155**

Note 11 : Other current assets

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	28	31
Advance to suppliers	-	17
Balance with government authorities	105	310
Total	**133**	**358**

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Note 12 :Equity share capital

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	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, 2016	49	490
Shares Issued during the year	-	-
As at March 31, 2017	49	490
Shares Issued during the year	-	-
As at March 31, 2018	49	490

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	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, 2018		As at March 31, 2017	
	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, 2018.

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Note 13 : Reserve and surplus **(Rs. in Lakhs)**

Particulars	As at March 31, 2018	As at March 31, 2017
Retained earnings - Refer (i) below	529	318
Total	**529**	**318**

(i) Retained earnings **(Rs. in Lakhs)**

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	318	95
Net profit for the year	211	224
Closing balance	529	318

Note 13 (a) : Other reserve - Reserve for FVOCI Equity instrument **(Rs. in Lakhs)**

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	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 14. Borrowings
(a) Non current

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured		
(i) Long Term Loans from Banks	169	157
	169	**157**
Unsecured		
(ii) Loan from holding company	-	910
	-	910
Total	**169**	**1,067**

Notes
The terms of repayment of loans are stated below:

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	Terms of Repayment	Rate of Interest	Nature of Security (Refer note 28)
ICICI Bank Ltd	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.
Axis Bank Limited	-	157	Repayable in half yearly instalments till October, 2018	Axis Bank Base rate +1.35%	First charge over fixed assets and current assets.
Loan from holding company	-	910	On demand	11.50%	unsecured

(b) Current

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured		
(i) Term loans from banks	121	261
(ii) Bank overdraft	49	-
	170	**261**
Unsecured		
(iii) Loan from holding company	720	-
	720	-
Total	**890**	**261**

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

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	Terms of Repayment	Rate of Interest (p.a)	Nature of Security (Refer note 28)
Loan from holding company	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	121	261	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 28)

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Net debt reconciliation

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash & cash equivalents	267	20
Bank overdraft	(49)	-
Current borrowings	(841)	(261)
Non current borrowings (including current maturities of long term debt)	(385)	(1,308)
Net debts	**(1,008)**	**(1,549)**

(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, 2017	20	(1,308)	(261)	(1,549)
Cash flow	198	922	(580)	540
Interest expenses	-	(25)	(131)	(156)
Interest paid	-	26	131	157
Net debt as at March 31, 2018	**218**	**(385)**	**(841)**	**(1,008)**

*figures are below rounding off norm adopted by the company

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Note 15 : Trade payables - Current (Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 35)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	670	374
Trade payables to related parties (Refer Note 33)	880	685
Total	1,550	1,059

Note 16 : Other financial liabilities - Current (Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long term debt	213	237
Interest accrued	3	4
Capital creditors	375	89
Total	591	330

Note 17 :Other current liabilities (Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advances received from customers	655	784
Deferred revenue	1,267	-
Statutory dues payable	43	19
Total	1,965	803

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Note 18 - Revenue from operations (Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of services		
- VSAT bandwidth services	8,785	7,994
- Internet services	3	3
Total	8,788	7,997

Note 19 - Other income (Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest income:		
- On bank deposits	1	1
- On income tax refund	74	32
	75	33
Others	2	-
Total	77	33

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Note 20 - Operating expenses (Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
License fees to D.O.T (as revenue share)	1,064	965
Transponder charges	3,140	2,982
Connectivity charges	100	94
ISP monitoring & support charges	2	3
Internet charges	11	10
Network management fees	1,463	1,392
Marketing services fees	1,727	1,177
Total	**7,507**	**6,623**

Note 21 - Finance costs (Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Interest on		
(i) Borrowings	115	192
(ii) Others	11	9
(b) Guarantee commission to Parent Company	10	8
(c) Bank charges	23	21
Total	**159**	**230**

Note 22 - Other expenses (Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Subcontracting charges	5	-
Power and fuel	21	18
Rent	112	112
Repairs to machinery	130	80
Insurance	2	1
Professional & legal charges	65	142
Provision for doubtful debts (written back)	(41)	10
Bad debts written off	31	29
Foreign exchange loss	-	8
Directors sitting fees	5	4
Auditors remuneration (refer note below)	12	4
Sales commission	100	84
Other expenses	46	58
Total	**488**	**550**

Note : Auditors Remuneration (Rs. in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Payments to the auditors comprises		
- Audit Fee	6	2
- Tax audit fee	1	1
- Certification fee	5	1
Total	**12**	**4**

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Note 23 - Current and deferred tax

23 (a) Statement of profit and loss: **(Rs. in Lakhs)**

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
(a) Income tax expense		
Current tax		
Current tax on profits for the year	97	91
Total current tax expense	**97**	**91**
Deferred tax		
Decrease / (increase) in deferred tax assets	16	(26)
Total deferred tax expenses / (benefit)	**16**	**(26)**
Income tax expense	**113**	**65**

23 (b) Reconciliation of tax expense and accounting profit multiplied by India's tax rates: **(Rs. in Lakhs)**

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Profit before tax	324	289
Statutory tax rate (%)	33.06%	33.06%
Tax at Indian tax rate	107	96
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	(7)
Previously unrecognised Deferred Tax Asset on Provision for doubtful debts	(7)	(22)
Other Items	2	(1)
Total tax expense	**113**	**65**

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Note 24 : FAIR VALUE MEASUREMENTS

24 (a) Financial instrument by category.

(Rs. in Lakhs)

	As at March 31, 2018			As at March 31, 2017		
Particulars	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments (level 3)	-	5	-	-	5	-
Trade receivable	-	-	2,217	-	-	976
Cash and cash equivalents	-	-	267	-	-	20
Other bank balances	-	-	-	-	-	21
Security deposit	-	-	11	-	-	1
Unbilled revenue	-	-	221	-	-	155
Total financial assets	**-**	**5**	**2,716**	**-**	**5**	**1,173**
Financial liabilities						
Borrowings (including current maturities of long term debt)	-	-	1,272	-	-	1,565
Trade payables	-	-	1,550	-	-	1,059
Other financial liabilities	-	-	378	-	-	93
Total financial liabilities	**-**	**-**	**3,200**	**-**	**-**	**2,717**

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(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, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	4	-	-	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)	14 & 16	-	-	1,272	1,272
Total Financial liabilities		-	-	1,272	1,272

(Rs. in Lakhs)

Financial assets and labilities measured at fair value- recurring fair value measurement at March 31,2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	4	-	-	5	5
Total Financial assets		-	-	5	5

(Rs. in Lakhs)

Financial assets and labilities measured at amortised cost for which fair values are disclosed March 31, 2017	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Borrowings	14 & 16	-	-	1,565	1,565
Total Financial liabilities		-	-	1,565	1,565

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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.

(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, 2018		As at March 31, 2017	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial liabilities				
Borrowings (Including current maturities of long term debt)	1,272	1,272	1,565	1,565
Total financial liabilities	**1,272**	**1,272**	**1,565**	**1,565**

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 25: 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 forwarding-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, 2018 and March 31, 2017 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.

Five customers as at March 31, 2018 and Four customers as at March 31, 2017 individually contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was Rs.1,010 Lakhs and Rs.694 Lakhs as at March 31, 2018 and March 31, 2017 respectively.

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The amount of Trade receivable outstanding as at March 31, 2018 and March 31, 2017 is as follows:

(Rs. in Lakhs)

Particulars	Not Due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2018	563	1,671	19	4	2,257
As at March 31, 2017	158	761	103	35	1,057

(ii) Reconciliation of loss allowances provision - Trade receivable

	(Rs. in Lakhs)
Loss allowances on April 1, 2016	**71**
Changes in loss allowances	10
Loss allowances on March 31, 2017	**81**
Changes in loss allowances	(41)
Loss allowances on March 31, 2018	**40**

During the year the company has written off trade receivable amounting to Rs.31 Lakhs (March 2017 Rs. 29 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, 2018	As at March 31, 2017
Floating rate		
Expiring within one year (Bank overdraft, Term Loans and other facilities)	2,431	1,365
Total	2,431	1,365

(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, 2018				
Non - Derivative				
Borrowings	890	56	113	1,059
Trade payables	1,550	-	-	1,550
Other Financial Liabilities	591	-	-	591
Total Non derivative liabilities	**3,031**	**56**	**113**	**3,200**

(Rs. in Lakhs)

Contractual maturities of financial liabilities	Less than 1 Year	1 - 2 Years	2 Year and Above	Total
March 31, 2017				
Non - Derivative				
Borrowings	261	1,067	-	1,328
Trade payables	1,059	-	-	1,059
Other Financial Liabilities	330	-	-	330
Total Non derivative liabilities	**1,650**	**1,067**	**-**	**2,717**

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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

Particulars	Foreign Currency	As at March 31, 2018		As at March 31, 2017	
		In foreign currency (in Lakhs)	Rs in Lakhs	In foreign currency (in Lakhs)	Rs in Lakhs
Financial liabilities					
Trade Payables	USD	6	408	-	-
Net exposure to foreign currency liability	USD	6	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, 2018	As at March 31, 2017
USD sensitivity		
INR/USD - Increase by 5% (March 31, 2017 - 5%)*	(13)	-
INR/USD - Decrease by 5% (March 31, 2017 - 5%)*	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, 2018	As at March 31, 2017
Variable rate borrowings	1,272	1,565
Fixed rate borrowings	-	-
Total borrowings	**1,272**	**1,565**

(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, 2018	As at March 31, 2017
Interest Rate - Increase by 100 basis points*	(6)	(13)
Interest Rate - Decrease by 100 basis points*	6	13

* Holding all other variables constant

(iii) Price Risk

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

Note 26: 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 5

The company has complied with these covenants throughout the reporting period, As at March 31, 2018 the ratio of TOL to TNW was 3.49 (March 2017: 2.38)

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Note 27: 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 28

Note 28: 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, 2018	As at March 31, 2017
Current assets			
First charge			
Trade receivables	7	2,217	976
Cash & cash equivalents	8(a)	267	20
Bank balances other than above	8(b)	-	21
Security deposit	9	11	1
Unbilled revenue	10	221	155
Other current assets	11	133	358
Total current assets pleaded as security		**2,849**	**1,531**
Non current assets			
First charge			
Fixed assets			
Plant & Machinery	3	2,254	1,606
Office Equipment	3	10	13
Intangible Assets	3	184	108
Total Non current assets pledged as security		**2,448**	**1,727**
Total assets pledged as security		**5,297**	**3,258**

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TATANET SERVICES LIMITED
Navi Mumbai

Tatanet Services Limited
Notes annexed to and forming part of Financial Statements for the year ended March 31, 2018

Note 29 : Earnings per share (EPS)

Sr	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a.	Weighted Average Number of Shares at the beginning and end of the period (Nos.)	49,00,000	49,00,000
b.	Net Profit after tax available for Equity Share holders (Rs in Lakhs)	211	224
c.	Basic and diluted earnings Per Share (Rs)	4.31	4.57

Note 30 : Contingent liabilities:

(Rs. in Lakhs)

Sr	Particulars	As at March 31, 2018	As at March 31, 2017
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	-
	Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authorities		
		4,004	**3,836**

Note 31 : Capital commitments

(Rs. in Lakhs)

Sr	Particulars	As at March 31, 2018	As at March 31, 2017
a.	Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	31	412
b.	Estimated amount of contracts remaining to be executed on other account and not provided for (net of advances paid)	10	41

Note 32: 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.

(Rs. in Lakhs)

Sr	Particulars	As at March 31, 2018	As at March 31, 2017
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
a	Within one year	120	112
b	Later than one year but not later than five years	31	151
c	Later than five years	-	-
		151	263

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Note 33 : **Related party disclosure**

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, 2018	As at March 31, 2017
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)
Ms. Hema Hattangady (Independent Director)
Mr. P.J. Nath (Non Executive Director w.e.f. June 1, 2017)

Transactions with Directors of the company

(Rs. in Lakhs)

Particulars	March 31, 2018	March 31, 2017
(i) Executive Directors		
Consultancy Fees	19	95
(ii) Non Executive and Independent Director		
Directors sitting fees	5	4
Total compensation	**24**	**99**

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

(Rs. in Lakhs)

Particulars	Nelco Limited (Holding Company)	Tata Sons Limited (Promoter of Holding Company)
Services Received by the company	3,200	-
	(2,577)	(-)
Interest on Loans taken	71	-
	(112)	(-)
Loans received during the year	730	-
	(-)	(-)
Loans repaid during the year	920	-
	(200)	(-)
Reimbursements received	105	-
	(116)	(-)
Royalty charges	-	13
	(-)	(-)
Guarantees and collaterals received / (refunded)	1,550	-
	-	(-)

Balances outstanding as on March 31, 2018

(Rs. in Lakhs)

Particulars	Nelco Limited Holding company	Tata Sons Limited Promoter of ultimate holding company
Creditors (Net)	867	13
	(685)	(-)
Loans	720	-
	(910)	(-)
Guarantees and collaterals outstanding	4,625	-
	(3,075)	(-)

Note : Figures in brackets pertain to the previous year ended March 31, 2017

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Note 34: 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 Statement as of and for the year ended March 31, 2018.

Two external customers as at March 31, 2018 and One external customer as at March 31, 2017 contributed to more than 10% of the total revenue. Revenue from these customers Rs 1996 Lakhs and Rs 1011 Lakhs for the year ended March 31, 2018 and March 31, 2017 respectively. These revenues are attributed to the network system segment.

Note 35: 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, 2018. 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 36: 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.

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

Nehal Upadhayay
Partner
Membership No. 115872

Place : Mumbai
Date : April 27, 2018

For and on behalf of the Board of Directors

R. R. Bhinge - Chairman

P.J.Nath - Director

Place : Mumbai
Date : April 27, 2018

TATANET SERVICES LIMITED Navi Mumbai