TATANET SERVICES LIMITED

CIN :U67120MH1987PLC044351

33rd ANNUAL REPORT

2019-20

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CORPORATE INFORMATION
(As on 16th July 2020)

Board of Directors :	Mr.R.R.Bhinge
	Mr. J. V. Patil
	Mr. Ajay Kumar Pandey
	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 33rd Annual Report on the business and operations of Tatanet Services Ltd. (the Company) together with the Audited Statement of Accounts for the year ended 31st March 2020.

As informed in the previous year's Annual Report, the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench approved the Composite Scheme of Arrangement and Amalgamation (Scheme) involving the internal restructuring of the various businesses of Nelco Ltd., the Company and Nelco Network Products Limited (NNPL). The approval from Department of Telecommunications (DoT) for transfer of VSAT and ISP licenses from the Company to Nelco is awaited. After receipt of said approval the Scheme will become effective.

In the first phase of the Scheme, Nelco will transfer its two businesses to NNPL on a going concern basis by way of slump sale. These businesses are (a) ISSS and (b) sale and maintenance of VSAT and related equipment. In the second phase. The Company 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 the Company to Nelco.

1. FINANCIAL RESULTS (SUMMARIZED)

Rs in Lakhs

		FY20 (Rs)	FY19 (Rs)
(a)	Net Service Income from Operations	11,617	9,827
(b)	Operating Expenditure	9,988	8,631
(c)	**Operating Profit**	**1,629**	**1,196**
(d)	Add: Other Income	45	71
(e)	Less: Finance Cost	313	185
(f)	**Profit before Depreciation and Tax**	**1,361**	**1,082**
(g)	Less: Depreciation / Amortisation / Impairment	598	429
(h)	**Profit before Tax**	**763**	**653**
(i)	Tax Expenses – Current & Deferred	199	185
(j)	**Net Profit / (Loss) after Tax**	**564**	**468**

2. DIVIDEND

In order to conserve resources, the Board of Directors has not recommended dividend for the financial year ended 31st March 2020.

3. STATE OF COMPANY'S AFFAIRS

During the year under review, the total income was Rs. 11,617 Lakhs as against Rs. 9,827 Lakhs in the previous year i.e. a 18% growth over the previous year. The profit before tax was Rs. 763 Lakhs as against Rs.653 Lakhs in the previous year. The profit after tax was at Rs. 564 Lakhs as against Rs 468 Lakhs in the previous year.

Covid-19 pandemic

The Covid-19 pandemic is redefining global health crisis of recent times and is spreading rapidly across the globe. The bigger challenge is that it is not a mere health crisis and is having an unprecedented impact on Indian and global business environment. The Company has taken all necessary measures in terms of mitigating impact of the challenges being faced in the business due to the Covid-19 pandemic. Though the long-term directions of the Company remain firm, in light of Covid-19 and its expected impact on the operating environment, the immediate key priorities of the Company would be to closely monitor customer demand, conserve cash and control fixed costs, while continuing to invest in the important long term growth areas.

The Ministry of Home Affairs, Government of India on 24th March, 2020 notified the first ever nationwide lockdown in India to contain the outbreak of Covid-19. Towards the end of the quarter ended March 2020, the operations were disrupted across the country. The Company continued to provide Satellite Communication services through VSAT during the lockdown period as these are part of the essential services under "Telecommunication, Internet Services, Broadcasting and cable services", by obtaining the necessary permissions from the concerned Govt authorities. The Company has evaluated the impact of Covid-19 on its businesses, financial risks (including credit risks and liquidity risks) and will continue to monitor these on future business environment. In the fight against spread of Covid-19, the Company inter alia, has :

- adhered to all the advisories and guidelines issued by the Government from time to time;
- ensured to provide a safe working environment, with strong processes and protocols in place.

Company strategy

The focus of the Company is to have sustainable profitable growth in its Satellite Communication (SatCom) services business. The Company aims to be the most customer centric digital solution provider, bringing the benefits of the digital revolution to unserved and under-served customers using SatCom, in India and beyond.

Growing new markets and Launching services

The Company has launched its SatCom services in the newly opened up mobility segment for both Maritime and Aero IFC under the In-flight and Maritime Communication (IFMC) license from Government of India.

The Company believes that both these sectors – Aero & Maritime, have high growth potential in India.

- Regulatory Environment: Since the SatCom sector is regulated by Department of Telecom and Department of Space, any major unfavorable changes in the regulations could impact multiple areas like addressable market, profitability, etc. This also includes the IFMC related regulations. Considering that the satellite capacity has to be bought only through Antrix, a part of ISRO, any adverse commercial terms adopted by them could impact the industry negatively.

4. RESERVES

The Board of Directors has decided to retain the entire amount of profit for Financial Year 2019-20 in the statement of profit and loss.

5. SUBSIDIARIES / ASSOCIATES

The Company has no subsidiaries or associates

6. DIRECTORS

Mr. Ajay Kumar Pandey was appointed as an Additional Director w.e.f. 28th January 2020. He holds office upto the forthcoming Annual General Meeting. A notice under Section 160 of the Companies Act, 2013 has been received from a member signifying his intention to propose the appointment of Mr. Pandey as Director.

In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the Company, Mr. R. R. Bhinge retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Consequent upon completion of term as Independent Director in Nelco Ltd. (Holding Company) , Ms. Hema Hattangady ceased to be Director of the Company effective from 27th January 2020 at the close of working hours. The Board place on record its sincere appreciation for valuable guidance and continuation of Ms. Hattangady during her tenure as Director of the Company.

During the year under review, four meetings of the Board of Directors were held on 27thApril 2019, 24thJuly 2019, 23rd October 2019 and 22nd January 2020.

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 <u>REGULATORY ENVIRONMENT</u>

There is no change in the regulatory environment.

7.2 <u>Regulatory Orders of relevance</u>

There are no new tariff orders, etc.

7.3. **LEGAL CASES**

There were no significant and material orders, other than those mentioned below, 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.

<u>Sales Tax Matter</u>

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.

Claim of Rs. 528 lakhs received from Antrix Corporation Ltd.

For providing satellite communication services under the VSAT, ISP and IFMC licenses obtained by the Company from by Department of Telecommunication (DoT), the Company enters into from time to time agreements with Antrix Corporation Ltd. an entity under the administrative control of Department of Space, (DOS), Govt. of India. These agreements for procuring satellite bandwidth capacity, inter alia contain charges to be paid for Space Segment/leasing of Satellite Transponder Charges (Transponder Charges) to Antrix. These Agreements also contain specific clause allowing price revision and recovery of space segment charges with retrospective effect during the term of agreement. The Agreements expired on 30th April, 2017 and the claim for increased charges with retrospective effect was received by the Company on 31st August, 2017, i.e. after the expiry of the Agreements.

Similar petitions have been filed by Antrix against other VSAT & telecom operators. Admittedly, the term of all the aforesaid agreements expired on 31.03.2017 i.e. much before the issuance of decision to levy increased/revised Transponder Charges. The pleadings in Company's matter are complete and now it is pending before Registrar, TDSAT for framing of issues. The next date in the matter has not been fixed. Based on the legal opinion received, the Company has a strong arguable case on merit. However, as an abundant caution, the Company has provided in the books of account an amount of Rs. 278 Lakhs towards the claim during the period from 1st April, 2017 to 31st December, 2018, of which the Company has already paid Rs. 212 lakhs. An amount of Rs. 168 Lakhs has been shown as contingent liability (refer note 34) in the books of accounts towards the claim for the period from 1st April, 2016 to 31st March , 2017.

Goods and Service Tax (GST) transition input tax credit (ITC)

Upon implementation of GST from July 2017, for carry forward and set off old service tax input credit Company was required to file form Trans 1. However due to technical glitches on the web portal of GST Department, Company could not file form Trans 1. As result of this automatic carry forward and set off transition ITC of Rs. 89 lakhs was not allowed to the Company. To seek remedy, Company has filed writ petition before Hon'ble High Court of Bombay. Hon'ble High Court of Bombay vide its order dated 20th March 2020 dismissed the petition of the Company and disallowed Company's claim. However, there are judgements of various High Courts in India on the matter similar to that of Company which supports claim of the Company. Also based opinion received from independent legal counsel Company is confident that claim of the Company will be allowed. Company is planning to file Special Leave Petition before Hon'ble Supreme Court. Considering this Company has not made any provision towards disallowance of transition input tax credit.

8 **RISK MANAGEMENT FRAMEWORK**

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

INTERNAL CONTROLS & SYSTEMS:

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

9 **SUSTAINABILITY**

9.1 **SAFETY – CARE FOR OUR PEOPLE**

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

9.2 **CARE FOR OUR ENVIRONMENT**

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

9.3. **HUMAN RESOURCES**

The Company maintained cordial industrial relations during the period under review. During the year, Company has not received any complaints related to Sexual Harassment under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

10 **CREDIT RATING**

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

11 **FOREIGN EXCHANGE EARNINGS & OUTGO**

The Company has exports of services of Rs. 987 Lakhs.

The foreign exchange earned during the period under review was Rs. 1,564 Lakhs

Total outgo of foreign currency was Rs. 501 Lakhs

12 **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

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

13 **RELATED PARTY TRANSACTIONS**

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

14. **Deposits**

The Company has not accepted any deposits from the public during the period under review.

15. Extract of Annual Return

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

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

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

17. AUDITORS

At the 30th Annual General Meeting(AGM), the Members appointed Price Waterhouse Chartered Accountants LLP, (PW), 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.. PW has notified their resignation as the Statutory Auditors of the Company effective from the conclusion of the 33rd AGM scheduled on 13th August, 2020. The reason for resignation has been given in explanatory statement at item no. 3 to the notice of 33rd AGM.

The Board has recommended appointment of S.R. Batliboi & Associates LLP, Chartered Accountants, (ICAI Firm Registration No. 103162W/E300004) as statutory auditors of the Company in place of Price Waterhouse Chartered Accountants LLP, for a period of 5 years from the conclusion of 33rd AGM till the conclusion of the 38th AGM to be held in 2025. In this connection, the attention of the Members is invited for approval of Item No. 3 of the Notice of AGM, for appointment of Statutory Auditors.

18. Auditors' Report

The Auditors Report does not contain any qualifications, reservations or adverse remarks. The financial statements of the Company have been prepared in accordance with Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other provisions of the Companies Act, 2013 as amended from time to time. The Notes to the Accounts referred to in the Auditors' report are self-explanatory and therefore do not call for any further clarification under section 134(3)(f) of the Act.

During the year under review, the statutory auditors have not reported any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

19. Secretarial Audit Report

As required under Regulation 24A of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, the Company appointed M/s. Bhandari & Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit of records and documents of the Company for the year ended 31st March 2020. The Secretarial Audit Report confirms that the Company has generally complied with the provisions of the Act, Rules, Regulations, and Guidelines, etc. The Secretarial Audit Report is given in Annexure - III forming part of this report. There are no remarks, qualifications or reservations in the Secretarial Audit Report.The Company confirms compliance with the requirements of Secretarial Standards 1 and 2.

20. 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 2018-19 relating to its telecommunication business.

20. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the statutory and cost auditors, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2019-20.

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, 2020, 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, 2020 and of the profit of the Company for that period;

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

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

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

21. ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors,

Sd/-
R. R. Bhinge
Chairman

Date: 16th July 2020
Place: Navi Mumbai.

Annexure - I – Conservation of Energy and Technology Absorption
(Ref.: Board's Report, Section 12)

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 quite low to effectively utilize alternate sources of energy at the current juncture.

(iii) The capital investment on energy conservation equipment: Nil

B. TECHNOLOGY ABSORPTION

(i) Efforts made towards Technology Absorption:

The major thrust of technology absorption has been in the areas of VSAT services. The company is technology agnostic and always endeavours to deploy latest technology available globally. Proof of Concept (POC) is being carried out for new breed of baseband technologies. The Company has become operational with Inflight and Maritime services (IFMC) in India. Company has built up the required infrastructure and skill/resources augmentation to provide these services. The Company has also forged alliances with global players in IFMC business, which has helped in absorbing latest concepts and services in this area.

Future of action:
The Company is building expertise to use data analytics and other digital technologies for improving quality of service and customer experience as well as creating newer services.

Technology absorption, adaptation and innovation:
Constant endeavors are being made towards technology absorption, adaptation and innovation. The Company is actively engaged with the global satellite operators and technology manufacturers in evaluating the latest technologies and solutions available globally. The Company plans to bring some of the new technologies into the country as and when the domestic regulations open up.

(ii) Benefits derived:
The Company has increased its customer base in the different market segments within the Enterprise sector as well as the IFMC sector due to its efforts in absorbing newer technologies.

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

(iv) 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 of action: NA

C. Foreign Exchange earnings and outgo	**Rs.in Lakhs**
Total foreign exchange earned:	1,564
Total foreign exchange used:	501

Annexure-II

FORMNO.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDEDON31ST MARCH 2020

[PURSUANTTOSECTION92(3)OF THE COMPANIES ACT,2013 AND RULE 12(1)OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

I.REGISTRATIONANDOTHERDETAILS:

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	**99.83%**
2	Internet Services	61309	**0.10%**

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. <u>SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)</u>

i. ***Category-wise Shareholding***

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 lacs	–	–	–	–	–	–	–	–	–
c) Others (Specify)	–	–	–	–	–	–	–	–	–
Sub-total(B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	_	4900000	4900000	100.00	_	4900000	4900000	100.00	_

ii. *Shareholding of Promoters*

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

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

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

V.INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	473 L	-	-	473 L
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total(i+ii+iii)	473 L	-	-	473 L
Change in Indebtedness during the financial year				
- Addition	382 L	300 L	-	682 L
- Reduction	-191 L	-	-	-191 L
Net Change	191 L	300 L	-	491 L
Indebtedness at the end of the financial year				
i) Principal Amount	664 L	300 L	-	964 L
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	664 L	300 L	-	964 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 section17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b)Value of perquisites u/s 17(2) Income-tax Act,1961	-	-	-	-	-
	(c)Profits in lieu of salary under section 17(3) Income- tax Act,1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
6.	Total(A)	-	-	-	-	-
	Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Director	Total Amount (Rs)
	Independent Directors ·Fee for attending board meetings (Sitting Fees) ·Commission ·Others, please specify	Ms. Hema Hattangady upto 27 Jan 2020 Mr. Ajay Kumar Panday w.e.f. 28 January 2020 - -	1,50,000/- -
	Total (1)		1,50,000/-
	Other Non-Executive Non-Independent Directors ·Fee for attending board meetings ·Commission ·Others, please specify	Mr. R R. Bhinge Mr. J.V. Patil - -	2,00,000/- - - -
	Total (2)		2,00,000/-
	Total(B)= (1+2)		3,50,000/-
	Total Managerial Remuneration		3,50,000/-
	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 section17(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/COMPOUNDINGOFOFFENCES:

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

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

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

To
The Members,
TATANET SERVICES LIMITED
CIN: U67120MH1987PLC044351

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder#;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#.
v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011#;
b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015#;

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

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

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

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

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

We further report that -

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

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

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

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

We further report that during the audit period, the Company has no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Note - the National Company Law Tribunal ('the NCLT') at its final hearing held on 02nd November, 2018 approved the composite scheme of arrangement and amalgamation ('the Scheme') between Nelco Limited ('the Holding Company'), Tatanet Services Limited (TNSL) and Nelco Network Products Limited (NNPL). The order approving the Scheme was received on 13th December, 2018. As per the said order, the Company informed the ROC about the approval of the Scheme stating that approval of the Department of Telecommunications ("DoT"), which is one of the conditions as per the NCLT order, has not been received and hence the Scheme has not yet been effective. The RoC records on the MCA web portal were, however, updated to reflect the Scheme as effective which inter alia has also resulted into Tatanet Services Limited (TNSL) mentioning as "Amalgamated" with the Holding Company and thus the Company was unable to file applicable e-forms with Registrar of Companies (RoC), Maharashtra through MCA Web-portal in accordance with the provisions of the Companies Act, 2013. Based on the legal advice, the Company has approached NCLT to direct RoC to amend its records as if the Scheme has not been effective including reinstating TNSL to its earlier status as "Active". While, the decision of NCLT is awaited, the Scheme will be given effect to in the records of the Company on receipt of all necessary approvals.

For Bhandari & Associates
Company Secretaries

Manisha Maheshwari
Partner
ACS No. 30224
C. P. No. 11031
Mumbai | 15th May, 2020
ICSI UDIN: A030224B000237904

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

'Annexure A'

To
The Members,
TATANET SERVICES LIMITED
CIN: U67120MH1987PLC044351

Our Secretarial Audit Report for the Financial Year ended on March 31, 2020 of even date is to be read along with this letter.

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

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

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

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

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

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

For Bhandari & Associates
Company Secretaries

Manisha Maheshwari
Partner
ACS No. 30224
C. P. No. 11031
Mumbai | 15th May, 2020
ICSI UDIN: A030224B000237904

Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of Tatanet Services Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying standalone financial statements of Tatanet Services Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of matter

4. We draw your attention to

   (a) Note 43 to the financial statements regarding composite scheme of arrangement between the Company, Nelco Limited and Nelco Network Products Limited which was approved by the National Company Law Tribunal ("NCLT") vide its order dated November 2, 2018 (the "Scheme"). As per the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval was not yet obtained. The RoC records were, however, updated to reflect the Scheme as effective and the Company as "amalgamated" with Nelco Limited. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate the Company to its earlier status and cancel the effect of the Scheme with immediate effect. The decision of NCLT is awaited. Pending necessary approvals, the Scheme has not been considered effective.

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(b) Note 41 to the financial statements regarding the input tax credit balances under the Cenvat/Service tax/Sales tax considered fully recoverable by the management and no provision made against the same in the books based on the legal advice obtained by the Company.

(c) Note 42 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of these matters.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition related to specific pricing arrangements with customers (Refer notes 2.11 and 3(a) to the Financial Statements) The Company recognises revenue from Bandwidth Services over the period of performance of the services. The prices charged are customer specific and the contracts with customers involve multiple performance obligations by the Company and other group companies. In view of involvement of multiple group companies and non-standard prices, the management exercises judgement to determine an appropriate standalone selling price for performance obligation relating to the Company for the purpose of recognition of revenue. The transaction price to each performance obligation is allocated on the basis of the relative standalone selling price of each distinct goods or service promised in the contract.	Our audit procedures in relation to revenue recognition included: • Understanding and evaluating the design and testing the operating effectiveness of key controls over revenue recognition; • Assessing the appropriateness of the accounting policies applied by the company in accordance with the applicable accounting standards. • Testing of contracts with customers on a sample basis to assess the contractual terms impacting identification of performance obligations and determination of the fair value of consideration relating to the performance obligation; • Testing the timing of fulfilment of performance obligations and recognition of revenue based on agreed pricing; • Performing tests related to non-standard manual journal entries related to revenue. Based on the above procedures performed, we did not note any significant exceptions regarding recognition of revenue in relation to specific pricing arrangements with customers.

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We considered this to be a Key Audit Matter due to involvement of significant management judgement in determination of performance obligations, the customer contracts being complex and the pricing terms being non-standard.	
Assessment of Contingent liabilities and provisions for litigations (Refer notes 2.17 and 3(e) to the Financial Statements) As at March 31, 2020, the Company disclosed Contingent liabilities (to the extent not provided for) of Rs. 4,004 lakhs in respect of certain tax and other litigations. The Company faces challenges from tax authorities during tax assessment proceedings and from certain business service providers, during the normal course of business. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and the disclosures required. The management's assessment is supported by advice from independent tax and legal consultants obtained by the management. We focused on this area as the outcome of the litigations is uncertain and the positions taken by the management are based on the application of material judgement, advice from tax/legal consultants and interpretation of law. The ultimate outcome of the litigations could be different from the positions taken by the management and may significantly impact the Company's financial position.	Our audit procedures included the following: • Understanding and evaluating processes and controls designed and implemented by the management for assessment of litigations and testing their operating effectiveness; • Obtaining the list of taxation and other litigation matters, inspecting the supporting evidence and critically assessing management's evaluation through discussions with management on both the probability of outcome and the magnitude of potential outflow of economic resources; • Reading recent orders received from the tax authorities and other communication from the business service providers, and the Company's responses to such communications to assess the status of the litigations; • Where relevant, reading most recent advice obtained by management from independent tax/legal consultants and evaluating the grounds presented therein; • Evaluating independence, objectivity and competence of the management's tax/legal consultants; • Obtaining direct confirmations from lawyers, where considered relevant; • Understanding the current status of the tax assessments/ litigations; • Together with auditors' tax experts, evaluating the management assessment of estimated potential tax exposures considering the applicable provisions of direct and indirect tax laws. We did not identify any material exceptions as a result of above procedures.
First-time Adoption of Ind AS 116 – Leases (Refer notes 2.14 and 3(f) to the Financial Statements)	Our audit procedures included the following: • Understanding of the process followed by the management and testing of the design and

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'Ind AS 116 – Leases' becomes effective from reporting periods beginning April 1, 2019. Ind AS 116 introduces a new lease accounting model, where lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on it's balance sheet. The Company applied Ind AS 116 on April 1, 2019 using the modified retrospective approach and comparative information is not restated. The application of the new standard gives rise to a right of use asset of Rs 519 lakhs and a corresponding increase in lease liabilities of Rs 551 lakhs as at March 31, 2020. We considered the first time application of Ind AS 116 as a key audit matter due to the material nature of those leases and the significance of the management's judgements in determining the consideration of contract excluded/covered under the lease standards, lease term, technical and financial assumptions determined to assess the assets covered under Ind AS 116.	operating effectiveness of key controls around accounting for leases. • Understanding the Company's process in identifying lease contracts, or contracts which contained leases; • Reviewing the accounting policy adopted by the Company and the options chosen on transition from Ind AS 17 to Ind AS 116. • Evaluating a sample of contracts to assess whether leases have been appropriately identified; • Obtaining the Company's quantification of Right Of Use assets and lease liabilities. For a sample of leases, agreeing the inputs used for determining assets and liabilities related to lease contracts with underlying contractual data; • Assessing the management assumptions, specifically on the assumptions underlying determination of the discount rates and assessment of renewal options; • Reperforming the calculation on sample basis to test the accuracy of Ind AS 116 adjustment; • Assessing the completeness and appropriateness of disclosures given in the financial statements as per the requirement of Ind AS 116; Based on the above procedures performed, we did not note any significant exceptions in the quantification of impact and the adjustments and disclosures made on first time adoption of Ind AS 116.

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

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

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

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

14. As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
    e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

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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";

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements;

   ii. The Company has long-term contracts including derivative contracts as at March 31, 2020 for which there were no material foreseeable losses;

   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, 2020;

   iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

15. The Company does not have any employees and according requirements for managerial remuneration in accordance provisions of Section 197 read with Schedule V to the Act are not applicable to the Company.

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

Nehal Upadhayay
Partner
Membership Number: 115872
UDIN:20115872AAAACC4237

Mumbai
May 16, 2020

Annexure A to Independent Auditors' Report
Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of Tatanet Services Limited on the financial statements for the year ended March 31, 2020

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

1. We have audited the internal financial controls with reference to financial statements of Tatanet Services Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, 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
UDIN:20115872AAAACC4237

Mumbai
May 16, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Tatanet Services Limited on the financial statements as of and for the year ended March 31, 2020.

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

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

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

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

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

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

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

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

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

Further, for the period March 1, 2020 to March 31, 2020, the company is yet to pay Goods and Service Tax and file Form GSTR3B, for which the timeline is June 24, 2020 as per the Notification No. 31/2020 dated April 3, 2020 on fulfillment of conditions specified therein.

(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, duty of customs, 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, 2020 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	Sales Tax Tribunal
The Maharashtra Value Added Tax Act, 2002	Value Added tax including interest	517	2008-09	High Court

* Net of amounts paid under protest or otherwise.

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

Annexure B to Independent Auditors' Report
Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of Tatanet Services Limited on the financial statements for the year ended March 31, 2020.

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 term loans have been applied for the purposes for which they were obtained. The Company has not raised any money 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 does not have any employees and according requirements for managerial remuneration in accordance provisions of Section 197 read with Schedule V to the Act 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 Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

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

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
UDIN:20115872AAAACC4237

Mumbai
May 16, 2020

Tatanet Services Limited
Balance Sheet as at March 31, 2020

(Rs. in Lakhs)

PARTICULARS	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4(a)	3,436	2,021
(b) Capital work-in-progress	4(a)	281	294
(c) Right-of-use assets	4(b)	519	-
(d) Intangible assets	4(a)	178	163
(e) Financial assets			
(i) Investments	5	5	5
(ii) Other financial assets	12(a)	17	16
(f) Deferred tax assets (net)	6	86	71
(g) Income tax assets (net)	7	1,190	816
(h) Other non-current assets	8	15	5
Total non-current assets		5,727	3,391
Current assets			
(a) Financial assets			
(i) Trade receivables	9	3,560	2,437
(ii) Cash & cash equivalents	10	750	283
(iii) Loans	11	75	53
(iv) Other financial assets	12(b)	383	252
(b) Other current assets	14	371	179
Total current assets		5,139	3,204
TOTAL ASSETS		10,866	6,595
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	490	490
(b) Other equity			
Reserve and surplus	16	1,561	997
Other reserve	16 (a)	1	1
Total equity		2,052	1,488
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17(a)	141	282
(ii) Lease liabilities	4(b)	446	-
Total non-current liabilities		587	282
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17(b)	1,270	547
(ii) Trade payables	18		
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii) (a) above		2,389	1,793
(iii) Lease liabilities	4(b)	105	-
(iv) Other financial liabilities	19	1,376	517
(b) Contract liabilities	13	2,668	1,867
(c) Other current liabilities	20	419	101
Total current liabilities		8,227	4,825
Total liabilities		8,814	5,107
TOTAL EQUITY AND LIABILITIES		10,866	6,595

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

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

N Upadhayay

Nehal Upadhayay
Partner
Membership No. 115872

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

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : May 16, 2020

Place : Mumbai
Date : May 16, 2020

Tatanet Services Limited
Statement of Profit and Loss for the year ended March 31, 2020

(Rs. in Lakhs)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	21	11,617	9,827
Other income	22	45	71
Total revenue		11,662	9,898
Expenses			
(a) Purchases of stock-in-trade		5	*
(b) Operating expenses	23	9,588	8,167
(c) Finance costs	24	313	185
(d) Depreciation and amortisation expense	25	598	429
(e) Other expenses	26	395	464
Total expenses		10,899	9,245
Profit before tax		763	653
Income tax expense			
- Current tax	36(a)	214	194
- Deferred tax	36(a)	(15)	(9)
		199	185
Profit after tax		564	468
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		564	468
Earnings per equity share (Face Value Rs 10/- per share):(Basic and Diluted)	33	11.51	9.54

*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 : May 16, 2020

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

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : May 16, 2020

Tatanet Services Limited

Statement of Cash Flows for the year ended March 31, 2020

(Rs in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	763	653
Adjustments for:		
Depreciation and amortisation	598	429
Finance costs	313	185
Interest income	(1)	(34)
Unrealised foreign exchange (gain) / loss	11	(7)
Unrealised market to market (gain) / loss on forward contracts	(8)	-
Bad debts/ sundry balances written off	9	6
Provision for doubtful debts (net off write back)	42	(17)
Sundry balances and deposits written back	-	(57)
Operating profit before working capital changes	1,727	1,170
Working capital adjustments :		
- (Increase) in trade receivables	(1,165)	(209)
- (Increase) in loans	(22)	(42)
- (Increase) / Decrease in other non current assets	(10)	-
- (Increase) other current financial assets	(123)	(31)
- (Increase) in other assets	(192)	(51)
- Increase in contract liabilities	801	1,867
- (Decrease) / Increase in other current liabilities	318	(1,827)
- Increase in trade payables	576	260
Cash generated from operations	1,910	1,135
Taxes paid (net of refunds)	(588)	(188)
Net cash generated from operating activities (A)	1,322	947
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase for property, plant and equipment / Intangible assets	(1,086)	(459)
Interest received	1	34
Bank balances not considered as cash and cash equivalents-Deposits placed	(1)	(16)
Net cash (used in) investing activities	(1,086)	(441)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,933	1,185
Repayments of borrowings	(1,375)	(1,442)
Principal payment of lease liabilities	(90)	-
Interest payment of lease liabilities	(56)	-
Finance cost paid	(205)	(185)
Net cash inflow generated from/(used in) financing activities	7	(442)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	243	65
Cash and cash equivalents at the beginning of the year	283	218
Cash and cash equivalents at the end of the year (refer note 1 below)	526	283

Note:

1) Cash and cash equivalents as per above comprise of the following:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a)Balances with banks :-		
In current accounts	680	240
(b)Cheques on hand	70	43
(c)Bank overdraft	(224)	-
Total - Cash and cash equivalents as per statement of cash flows	526	283

2) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in IND AS - 7 "Statement of Cash Flows".

The above statement of cash flows should be read in conjunction with the accompanying notes.

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

Nehal Upadhayay
Partner
Membership No. 115872

Place : Mumbai
Date : May 16, 2020

For and on behalf of the Board of Directors of
Tatanet Services Limited
CIN [illegible]

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : May 16, 2020

Tatanet Services Limited
Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

(Rs. in Lakhs)

Particulars	Amount
As at April 1, 2018	490
Change in equity share capital	-
As at March 31, 2019	490
Change in equity share capital	-
As at March 31, 2020	**490**

B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves & Surplus	Other Reserves	Total
	Retained earnings	FVOCI Equity instrument	
As at April 1, 2018	529	1	530
Profit for the year	468	-	468
Other comprehensive income for the year	-	*	-
As at March 31, 2019	997	1	998
Profit for the year	564	-	564
Other comprehensive income for the year	-	*	-
As at March 31, 2020	**1,561**	**1**	**1,562**

*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 : May 16, 2020

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

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : May 16, 2020

Tatanet Services Limited

Notes annexed to and forming part of Financial Statements for the year ended March 31, 2020

1. Corporate Information

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

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

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

2. Summary of Significant accounting policies

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

2.1 Basis of preparation

a. Compliance with Ind AS

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

b. Historical Cost Convention

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

c. New and amended Standards adopted by the Company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases,
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes,
- Plan amendment, curtailment or settlement- Amendment to Ind AS 19, Employee Benefits,
- Amendment to Ind AS 12, Income Taxes,
- Amendment to Ind AS 23, Borrowing costs.

The company had to change its accounting policies following the adoption of Ind AS 116. This is disclosed in note 32. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2. a. Property, plant and equipment

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

b. Capital work-in-progress

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

c. Depreciation methods, estimated useful lives and residual value

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

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

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

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

2.3 Intangible assets

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

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

2.4 Impairment of non-financial Assets

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

2.5 Investments and other financial assets

a. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through the statement of profit and loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For Investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair

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Tatanet Services Limited
Mumbai

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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity Instruments

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

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

c. Impairment of financial assets

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

d. Derecognition of financial assets

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

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

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

e. Income Recognition

Interest Income

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

f. Dividend

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

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2.6 Cash and cash equivalents

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

2.7 Trade receivable

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

2.8 Financial Liabilities

a. Classification

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

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

b. Measurement

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

c. Derecognition:

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

2.9 Trade and other payables

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

2.10 Offsetting financial instruments

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

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Tatanet Services Limited
Mumbai

2.11 Revenue recognition

The Company earns revenue from providing domestic satellite communication services to closed user group (CUG) networks via Satellite System on non-exclusive basis (Bandwidth Services).

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

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

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

2.12 Foreign currency translation

a. Functional and presentation currency

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

b. Transactions and balances

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

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

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

2.13 Income Tax

The Income tax expenses or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

a. Current Tax

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

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

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Tatanet Services Limited
Mumbai

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 these temporary differences and losses.

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

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

2.14 Leases

Till March 31, 2019

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.

With effect from April 1, 2019

As a lessee

From April 1, 2019, leases are recognised as right-of-use assets and a corresponding liability at the date at which the leases asset is available for use by the company. Contracts may contain lease and non-lease component. The company allocates the consideration in the contract to lease and non-lease component based on their relative standalone prices.

Assets and liabilities are initially measured on the present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the company under residual value guarantees.
- the exercise price of purchase option if the company is reasonably certain to exercise the option and
- payment of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in similar economic environment with similar terms, security and conditions.

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To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting points, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with Risk- free interest rate adjusted for credit risk for leases held by the Company, which doesn't have recent third party financing, and
- makes adjustments specific to the lease e.g. term, security etc

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following;

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct cost, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on straight line basis. If the company is reasonably certain to exercise purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all the leases of low value assets are recognised as expense on a straight-line basis in profit and loss. Short term leases are leases with a term of lease term of 12 months or less.

2.15 Borrowing

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

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

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

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2.16 Borrowing costs

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

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

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

2.17 Provisions and contingent liabilities

a. Provisions

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

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

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

b. Contingent liabilities

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

c. Contingent Assets

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

2.18 Segment reporting

The board of directors assesses performance of the Company as Chief Operating Decision Maker.
The Company has identified one reportable segment "Network System" based on information reviewed by CODM. Refer Note No. 39 for segment information presented.

2.19 Contributed equity

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

2.20 Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into

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Note 4 (a) : 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, 2019	Additions	Disposals	As at March 31, 2020	As at April 01, 2019	Depreciation / Amortisation for the year	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
i. Property, plant and equipment										
Plant and machinery	3,299	1,835	-	5,134	1,284	416	-	1,700	3,434	2,015
	(3,165)	*(153)*	*(19)*	*(3,299)*	*(911)*	*(374)*	*(1)*	*(1,284)*	*(2,015)*	*(2,254)*
Office equipment	22	-	-	22	16	4	-	20	2	6
	(22)	-	-	*(22)*	*(12)*	*(4)*	-	*(16)*	*(6)*	*(10)*
Total - Property, plant and equipment (i)	**3,321**	**1,835**	**-**	**5,156**	**1,300**	**420**	**-**	**1,720**	**3,436**	**2,021**
	(3,187)	*(153)*	*(19)*	*(3,321)*	*(923)*	*(378)*	*(1)*	*(1,300)*	*(2,021)*	*(2,264)*
ii. Intangible assets										
Testing software	263	71	-	334	109	53	-	162	172	154
	(233)	*(30)*	-	*(263)*	*(61)*	*(48)*	-	*(109)*	*(154)*	*(172)*
Licenses	21	-	-	21	12	3	-	15	6	9
	(21)	-	-	*(21)*	*(9)*	*(3)*	-	*(12)*	*(9)*	*(12)*
Total intangible assets (ii)	**284**	**71**	**-**	**355**	**121**	**56**	**-**	**177**	**178**	**163**
	(254)	*(30)*	-	*(284)*	*(70)*	*(51)*	-	*(121)*	*(163)*	*(184)*
Total - Property, plant and equipment and intangible assets (i+ii)	**3,605**	**1,906**	**-**	**5,511**	**1,421**	**476**	**-**	**1,897**	**3,614**	**2,184**
	(3,441)	*(183)*	*(19)*	*(3,605)*	*(993)*	*(429)*	*(1)*	*(1,421)*	*(2,184)*	*(2,448)*
iii. Capital work-in-progress									**281**	**294**
									(294)	-
Grand total (i+ii+iii)									**3,895**	**2,478**
									(2,478)	*(2,448)*

Figures in (brackets) represents previous year's figures.

Notes :

(i) Property, plant and equipment pledged as security

Refer to note 31 for information on property, plant and equipment pledged as security by the Company.

(ii) Contractual obligations

Refer to note 35 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 components related to plant and machinery.

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Note 4(b) : Right of use assets and lease liability

The Company has taken premises on lease along with certain equipment for term of five years. The Company is restricted from assigning and subleasing the leased assets.

a. Right of use assets

(Rs. in Lakhs)

Description	Leasehold premises & equipment
Cost	
Balance as on April 1, 2019 due to adoption of Ind AS 116 (refer note 32)	584
Additions during the year	57
Balance as at March 31, 2020	641
Accumulated depreciation and impairment	
Balance as on April 1, 2019 due to adoption of Ind AS 116 (refer note 32)	-
Depreciation for the year	122
Balance as at March 31, 2020	122
Net carrying amount As at March 31, 2020	519

b. Lease liability

Description	Leasehold premises & equipment
Balance as on April 1, 2019 due to adoption of Ind AS 116 (refer note 32)	
Current	101
Non current	483
	584
Additions during the year	57
Accrued finance cost for the year	56
Payment for the year	(146)
Balance as at March 31, 2020	551
Current	105
Non current	446

c. Amount recognised in Statement of profit or loss

Amount recognised in Statement of profit or loss	Year ended March 31, 2020
Depreciation of Right-of-use assets	122
Interest on lease liabilities	56
Expenses related to short term leases	7

d. Amount recognised in statement of cash flows

Amount recognised in statement of cash flows	For the year ended March 31, 2020
Total cash outflow of leases	(146)

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Note 5: Investments - Non current

(Rs. in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Numbers	Amount	Numbers	Amount
Investment in equity instruments (unquoted, fully paid, carried at FVOCI)				
Equity shares in Zoroastrian Co-operative Bank Limited	2,000	5	2,000	5
Total equity instruments		5		5
Total investments		5		5
Aggregate amount of unquoted investments		5		5
Aggregate amount of impairment in the value of investments		-		-

Note 6: Deferred tax assets (net)

The balance comprises temporary differences attributable to:

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets		
Allowance for doubtful debts - trade receivables	16	7
Disallowance under Section 40(a)(ia) of the Income Tax Act 1961	31	14
Property plant and equipment and intangible assets, lease assets	28	51
Expenditure incurred on proposed merger and amalgamation u/s 35 DD of the Income Tax Act 1961	1	1
Disallowance of forex gain/loss	1	-
Lease liability	138	-
Total	**215**	**73**
Deferred tax liability		
Right of use assets	129	-
Disallowance of unrealised forex gain	-	2
	129	**2**
Total	**86**	**71**

Deferred tax is recognised at 25.17 % (previous year at 27.82 %) which is the applicable corporate tax rate substantially enacted as at year end.

Movement in deferred tax assets/ (Deferred Tax Liability)

Particulars	Allowance for doubtful debts-trade receivables	Disallowance under section 40(a)(ia) of The Income Tax Act, 1961	Property Plant and Equipment and Intangible Assets	Expenditure incurred on proposed merger and amalgamation u/s 35 DD	Disallowance of unrealised forex gain	Lease liability	Right of use assets	Total
At April 1, 2018	11	7	44	-	-	-	-	62
(Charged)/credited to statement of profit and loss	(4)	7	7	1	(2)	-	-	9
At March 31, 2019	7	14	51	1	(2)	-	-	71
(Charged)/credited to statement of profit and loss	9	17	(23)	-	3	138	(129)	15
At March 31, 2020	16	31	28	1	1	138	(129)	86

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Note 7: Income tax assets (net)

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	816	821
Add : Tax deducted at source and advance tax (net of provision for tax of Rs. 595 lakhs (March 2019, Rs. 381 lakhs)	588	576
Less: Income tax refund	-	387
Less: Current tax payable for the year	214	194
Closing Balance	**1,190**	**816**

Note 8 : Other non current assets

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	15	5
Total	**15**	**5**

Note 9: Trade receivables

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables from contract with customers	3,626	2,460
Trade receivables from contract with customers- related party (refer note no 38)	-	1
Less : Allowance for doubtful debts (expected credit loss allowance)	(66)	(24)
Total	**3,560**	**2,437**

Break-up of security details

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables considered good – Secured	-	-
Trade receivables considered good – Unsecured	3,626	2,461
Trade receivables which have significant increase in credit risk	-	-
Trade receivables – credit impaired	-	-
Total	**3,626**	**2,461**
Allowance for doubtful debts (Expected credit loss allowance)	(66)	(24)
Total	**3,560**	**2,437**

Note:

1. Trade receivables are dues in respect of services rendered in the normal course of business.
2. The Normal credit period allowed by the Company ranges from 0 to 30 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.

Note 10: Cash and cash equivalents

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Balances with banks		
- in current accounts	680	240
(b) Cheques on hand	70	43
Total	**750**	**283**

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Note 11 : Loans - Current

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	75	53
Total	**75**	**53**

Break-up of security details

Particulars	As at March 31, 2020	As at March 31, 2019
Loans considered good - Secured	-	-
Loans considered good - Unsecured	75	53
Loans which have significant increase in credit risk	-	-
Loans – credit impaired	-	-
Total	**75**	**53**
Less : Loss allowance	-	-
Total	**75**	**53**

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

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Other bank balances in earmarked accounts		
Balances held as margin money against bank guarantees	17	16
Total	**17**	**16**

Note 12 (b) : Other financial assets - Current

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Unbilled revenue	374	252
Accrued interest	1	-
Fair value of foreign exchange forward contract	8	-
Total	**383**	**252**

Note 13 : Contract liabilities- current

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances received from customers	1,000	655
Deferred revenue	1,668	1,212
Total	**2,668**	**1,867**

Note:

1. Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current period relates to a carried forward contract liabilities and how much relates to performance obligation satisfied in prior year.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Satellite communication services		
Revenue recognised that was included in contract liability balance at the beginning of the period	1,829	-
Revenue recognised from performance obligations satisfied in previous periods	-	-

Note 14 : Other current assets

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	30	28
Advance to suppliers	-	1
Balance with government authorities (refer note 41)	341	150
Total	**371**	**179**

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Note 15 :Equity share capital

Particulars	As at March 31, 2020 No. of Shares (In lakhs)	As at March 31, 2019 No. of Shares (In lakhs)	As at March 31, 2020 Amount (Rs. in lakhs)	As at March 31, 2019 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, 2018	49	490
Shares issued during the year	-	-
As at March 31, 2019	**49**	**490**
Shares issued during the year	-	-
As at March 31, 2020	**49**	**490**

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	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, 2020		As at March 31, 2019	
	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 30, 2020.

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Note 16 : Reserve and surplus

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings - refer (i) below	1,561	997
Total	**1,561**	**997**

(i) Retained earnings

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	997	529
Net profit for the year	564	468
Closing balance	**1,561**	**997**

Note 16 (a) : Other reserve - Reserve for FVOCI equity instrument

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	1	1
Changes in fair value of FVOCI equity instruments	*	*
Closing balance	**1**	**1**

*figures are below rounding off norm adopted by the company.

Retained earnings

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

Reserve for FVOCI equity Instruments

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

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Note 17: Borrowings

(a) Non current

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
(i) Long term loans from banks	141	282
Total	141	282

Notes

The terms of repayment of loans are stated below:

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Terms of Repayment	Rate of Interest	Nature of Security
ICICI Bank Ltd	141	282	Repayable in quarterly equal instalments till March, 2022	I-MCLR 1 year +1.30%	Exclusive charge over the assets, financed by rupee term loan.

(b) Current

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
(i) Term loans from banks	-	51
(ii) Bank overdraft	224	-
(iii) Buyers credit	158	-
	382	51
Unsecured		
(i) Term loans from banks	300	-
(ii) Loan from holding company	588	496
	888	496
Total	1,270	547

Notes:

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

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	Terms of Repayment	Rate of Interest (p.a)	Nature of Security
The Zoroastrian Co-op Bank Limited	-	51	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.
Bank Overdraft - Axis Bank	224	-	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.
Buyers credit - Axis Bank	158	-	6 months	2.75%	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.
Term loan from ICICI	300	-	On demand	MCLR 1 year+ 1.30%	Unsecured
Loan from holding company	588	496	On demand	11.50%	Unsecured

The carrying amount of financial and non-financial assets pledged as security for current and non current borrowings (refer note 31)

Net debt reconciliation

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash & cash equivalents	750	283
Bank overdraft	(224)	-
Current borrowings	(1,051)	(547)
Non current borrowings (including current maturities of long term debt)	(282)	(423)
Lease liability	(551)	-
Net debts	(1,358)	(687)

(Rs. in Lakhs)

Particulars	Other assets	Liabilities from financial activities			Total
	Cash & Bank overdrafts	Current borrowings	Non current borrowings (including current maturities of long term debt)	Lease obligation	
Net debt as at March 31, 2018	218	(841)	(385)	-	(1,008)
Cash flow	65	294	(38)	-	321
Interest expenses	-	66	48	-	114
Interest Paid	-	(66)	(48)	-	(114)
Net debt as at March 31, 2019	283	(547)	(423)	-	(687)
Recognised on adoption of Ind AS 116 (refer note 32)	-	-	-	(584)	(584)
Net debt as at April 1, 2019 (restated)	283	(547)	(423)	(584)	(1,271)
Acquistion -leases	-	-	-	(57)	(57)
Cash flow	243	(499)	141	90	(25)
Interest expenses	(35)	(82)	(37)	(56)	(210)
Interest paid	35	77	37	56	205
Net debt as at March 31, 2020	526	(1,051)	(282)	(551)	(1,358)

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Note 18 : Trade payables - Current

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises (refer note 40)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	850	797
Trade payables to related parties (refer note 38)	1,539	996
Total	**2,389**	**1,793**

Note 19 : Other financial liabilities - Current

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Fair value of foreign exchange forward contracts	-	*
Current maturities of long term debt	141	141
Interest accrued	53	-
Capital creditors	1,182	376
Total	**1,376**	**517**

*figures are below rounding off norm adopted by the company.

Note 20 : Other current liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	419	101
Total	**419**	**101**

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Notes annexed to and forming part of Financial Statements for the year ended March 31, 2020

Note 21 : Revenue from operations

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rendering of services		
- Satellite communication services	11,598	9,825
- Internet services	12	2
- Sale of goods	6	-
- Other service income	1	-
Total	11,617	9,827

Reconciliation of revenue recognised with contract price:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract price	11,617	9,827
Adjustments for:		
Contract liabilities	-	-
Total	**11,617**	**9,827**

Note 22 : Other income

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income:		
- On bank deposits	1	1
- On income tax refund	-	33
	1	34
Others		
Deposits / Advances from customers written back	-	37
	-	37
Other gains and losses		
Foreign exchange gain (net)	36	-
Mark to market gain on derivatives	8	-
	44	-
Total	**45**	**71**

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Note 23 : Operating expenses

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
License fees to D.O.T (as revenue share)	1,403	1,188
Transponder charges	4,241	3,469
Connectivity charges	101	153
ISP monitoring & support charges	9	-
Network management fees	1,887	1,507
Marketing services fees	1,947	1,850
Total	**9,588**	**8,167**

Note 24 : Finance costs

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Interest on		
(i) Borrowings	141	114
(ii) Leased liabilities	56	-
(iii) Others	61	26
(b) Guarantee commission to Holding Company	15	17
(c) Bank charges	40	28
Total	**313**	**185**

Note 25 : Depreciation and amortisation expense

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On property, plant and equipment (refer note 4(a))	420	378
On intangible assets (refer note 4(a))	56	51
On right-of-use assets (refer note 4(b))	122	-
Total	**598**	**429**

Note 26 - Other expenses

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Power and fuel	17	19
Rent [refer note 4(b)]	7	117
Repairs to machinery	164	168
Repairs to others	11	-
Insurance	2	2
Professional & legal charges	(7)	22
Provision for doubtful debts (written back)	42	(17)
Bad debts written off	9	6
Foreign exchange loss	-	12
Directors sitting fees	4	4
Auditors remuneration (refer note below)	18	18
Sales commission	83	83
Other expenses	45	30
Total	**395**	**464**

Note : Auditors remuneration (excluding Goods and Service Tax)

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Payments to the auditors comprises		
- Audit Fee	9	6
- Tax audit fee	1	1
- Certification and other fee	8	11
- For reimbursement of expenses	*	*
Total	**18**	**18**

*figures are below rounding off norm adopted by the Company.

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Note 27 : Fair Value Measurements

Financial instrument by category.

(Rs. in Lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Investments	-	5	-	-	5	-
Trade receivable	-	-	3,560	-	-	2,437
Cash and cash equivalents	-	-	750	-	-	283
Other bank balances	-	-	17	-	-	16
Loans (Security deposit)	-	-	75	-	-	53
Unbilled revenue	-	-	374	-	-	252
Mark to market derivative assets	8	-	-	-	-	-
Other financial assets	-	-	1	-	-	-
Total financial assets	8	5	4,777	-	5	3,041
Financial liabilities						
Borrowings (including current maturities of long term debt)	-	-	1,552	-	-	970
Trade payables	-	-	2,389	-	-	1,793
Capital creditors	-	-	1,182	*	-	376
Interest accrued	-	-	53	-	-	-
Total financial liabilities	-	-	5,176	-	-	3,139

*figures are below rounding off norm adopted by the Company.

(i) Fair value hierarchy

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

(Rs. in Lakhs)

Financial assets and liabilities measured at fair value- recurring fair value measurement at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial instrument at FVOCI					
Investment in equity shares	5	-	-	5	5
Financial instrument at FVPL					
Mark to market derivative assets	12(b)	-	8	-	8
Total financial assets		-	8	5	13

(Rs in Lakhs)

Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Other bank balances	12(a)	-	-	17	17
Total financial assets		-	-	17	17
Financial liabilities					
Borrowings (including current maturities of long term debts)	17 & 19	-	-	1,552	1,552
Total financial liabilities		-	-	1,552	1,552

(Rs. in Lakhs)

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

(Rs. in Lakhs)

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

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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, 2020		As at March 31, 2019	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial assets				
Other bank balances	17	17	16	16
Total financial assets	**17**	**17**	**16**	**16**
Financial liabilities				
Borrowings (Including current maturities of long term debt)	1,552	1,552	970	970
Total financial liabilities	**1,552**	**1,552**	**970**	**970**

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 28 : Financial Risk Management

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

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

(A) Credit risk

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

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

(i) Credit risk management

Financial assets

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

The Company's maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 is the carrying value of each class of financial assets as disclosed in the financial statements.

Trade receivables

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

Three customers each as at March 31, 2020 and three customers as at March 31, 2019 individually contributed to more than 5% of the total balance of trade receivables. Receivable (Gross) from these customers was Rs. 1,031 Lakhs and Rs. 1,034 Lakhs as at March 31, 2020 and March 31, 2019 respectively.

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The amount of Trade receivable outstanding as at March 31, 2020 and March 31, 2019 is as follows:

(Rs. in Lakhs)

Particulars	Not Due	0-180 days	181 - 365 days	More than 365 days	Total
As at March 31, 2020	2,528	853	124	121	3,626
As at March 31, 2019	358	1,986	117	-	2,461

(ii) Reconciliation of loss allowances provision - Trade receivable

	(Rs. in Lakhs)
Loss allowances as at April 1, 2018	**40**
Changes in loss allowances	(16)
Loss allowances as at March 31, 2019	**24**
Changes in loss allowances	42
Loss allowances as at March 31, 2020	**66**

During the year the company has written off trade receivable amounting to Rs. 9 Lakhs (March 2019 Rs. 6 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, 2020	As at March 31, 2019
Floating rate		
Expiring within one year (Bank overdraft, Term Loans and other facilities)	1,589	2,204
Total	1,589	2,204

(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, 2020				
Non - Derivative				
Borrowings (including current maturities)	1,411	141	-	1,552
Lease liability	105	119	327	551
Trade payables	2,389	-	-	2,389
Other financial liabilities	1,182	-	-	1,182
Interest accrued but not due on borrowings	53	-	-	53
Total Non derivative liabilities	**5,140**	**260**	**327**	**5,727**
Derivative (Net Settled)				
Foreign exchange forward contract	-	-	-	-
Total derivative liabilities	-	-	-	-

(Rs. in Lakhs)

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

*figures are below rounding off norm adopted by the company.

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(C) Market Risk

(i) Foreign currency risk

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

(a) Foreign currency risk exposure:

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

(Rs. in Lakhs)

Particulars	Foreign Currency	As at March 31, 2020		As at March 31, 2019	
		In foreign currency	Rs in Lakhs	In foreign currency	Rs in Lakhs
Financial liabilities					
Trade payables and capex creditors	USD	4	278	5	373
Buyers credit	USD	2	158	-	-
Derivative liabilities					
Buy foreign currency	USD	(2)	(169)	*	*
Net exposure to foreign currency liabilities	USD	**4**	**267**	**5**	**373**
Financial assets					
Trade receivables	USD	(11)	(860)	*	9
Net exposure to foreign currency assets	USD	**(11)**	**(860)**	-	**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, 2020	As at March 31, 2019
USD sensitivity		
INR/USD - Increase by 5% (March 31, 2019 - 5%)*	(42)	(13)
INR/USD - Decrease by 5% (March 31, 2019 - 5%)*	42	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, 2020	As at March 31, 2019
Variable rate borrowings	1,552	970
Fixed rate borrowings	-	-
Total borrowings	1,552	970

(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, 2020	As at March 31, 2019
Interest Rate - Increase by 100 basis points*	(12)	(7)
Interest Rate - Decrease by 100 basis points*	12	7

* Holding all other variables constant

(iii) Price Risk

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

Note 29 : Capital Management

Risk Management

The Company's objectives when managing capital are to

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

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

Loan covenants

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

Ratio of Total Outside Liabilities (TOL) to Total Net worth (TNW) should be less than 4 as on March 31, 2020 and as on March 31, 2019

The company has complied with these covenants throughout the reporting period, As at March 31, 2020 the ratio of TOL to TNW was 3.63 (March 2019: 2.62)

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Note 30 : 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 31.

Note 31 : 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, 2020	As at March 31, 2019
Current assets			
First charge			
Trade receivables	9	3,560	2,437
Cash & cash equivalents	10	750	283
Loans	11	75	53
Other Financial Assets	12(b)	383	252
Other current assets	14	371	179
Total current assets pleaded as security		**5,139**	**3,204**
Non current assets			
First charge			
Other Financial assets	12(a)	17	16
Fixed assets			
Plant & Machinery	4(a)	3,434	2,015
Office Equipment	4(a)	2	6
Intangible Assets	4(a)	178	163
Capital Work in Progress	4(a)	281	294
Total Non current assets pledged as security		**3,912**	**2,494**
Total assets pledged as security		**9,051**	**5,698**

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Note 32: Changes in accounting policies

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.The Company has applied Ind AS 116 'Leases' (Ind AS 116) with a date of initial application of April 1, 2019 using modified retrospective approach, under which the cumulative effect of initial application is recognized as at April 1, 2019.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1st April 2019. The weighted average lessee's incremental borrowing rate was 9.95%.

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the Right of use assets and the lease liability.

i. Practical expedient applied

The Company has applied Ind AS 116 only to the contracts that were previously identified as leases. As a practical expedient, contracts previously identified as lease under Ind AS 17 has not been reassessed as to whether a contract is, or contains, a lease under Ind AS 116.

The Company has used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

-Applied a single discount rate to a portfolio of leases with similar characteristics.

-Applied the exemption not to recognize right-of-use asset and liabilities for leases with remaining lease term of 12 months or less.

-Excluded initial direct costs from measuring the right-of-use asset at the date of application

-Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Measurement of lease liabilities

Particulars	(Rs. in Lakhs)
Operating lease commitments as at March 31, 2019	31
Add: Adjustments as a result of a different treatment of extension option	584
Less : Short-term leases recognised on a straight -line basis as expenses	(31)
Lease liabilities as at April 1, 2019	584
Current	101
Non Current	483

iii. Measurement of right-of-use assets

The associated right-of-use assets for property leases measured on modified retrospective basis.

iv. Adjustment recognised in the balance sheet on April 1, 2019

The change in accounting policy has affected the following items in the balance sheet on April 1, 2019

- Right-of-used assets- increase by Rs. 583 lakhs
- Deferred tax assets- increase by Rs. 147 lakhs
- Deferred tax liability- increase by Rs. 147 lakhs
- Lease liabilities- increase by Rs. Rs 583 lakhs

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Note 33 : Earnings per share (EPS)

Sr.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a.	Weighted Average Number of Shares at the beginning and end of the Year (Nos.)	49,00,000	49,00,000
b.	Net Profit after tax available for Equity Share holders (Rs in Lakhs)	564	468
c.	Basic and diluted earnings Per Share (Rs)	11.51	9.54

Note 34 : Contingent liabilities:

(Rs. in Lakhs)

Sr.	Particulars	As at March 31, 2020	As at March 31, 2019
a.	Claims against the company not acknowledged as debt comprises of:		
	i) Sales Tax claims disputed by the company relating to issues of applicability and classification	3,836	3,836
	ii) Claims from Vendor	168	168
	Future cash outflows in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authorities		
		4,004	**4,004**

Note 35 : Capital and other commitments

(Rs. in Lakhs)

Sr.	Particulars	As at March 31, 2020	As at March 31, 2019
a.	Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances paid)	267	279
b.	Estimated amount of contracts remaining to be executed on other account and not provided for (net of advances paid)	4	13

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Note 36: **- Current and deferred tax**

(a) Statement of profit and loss

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Income tax expense		
Current tax		
Current tax on profits for the year	214	194
Total current tax expense	**214**	**194**
Deferred tax		
Decrease / (increase) in deferred tax assets	(15)	(9)
Total deferred tax expenses / (benefit)	**(15)**	**(9)**
Income tax expense	199	185

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

(Rs. in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	763	653
Statutory tax rate (%)*	25.17%	27.82%
Tax at Indian tax rate	**192**	**182**
On account of disallowance of interest on TDS	*	3
Provision not allowed under Income Tax Act, 1961	1	-
Change in income tax rate	6	-
Total tax expense	**199**	**185**

*A new Section 115BAA has been insterted in the Income Tax Act 1961 with effect from financial year 2019-2020. Section 115BAA allows every domestic company an option to pay income tax at the rate of 22 % (effective tax rate is 25.17% including surcharge and cess) subject to certain specified conditions. Accordingly, in the current year, the company has availed concessional tax rate under section 115BAA of the Income Tax Act 1961 and made provision for income tax in the financial statement.

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

Note 37 : **Non cancellable operating lease payables**

The Company has taken premises on lease along with certain equipments under non-cancellable operating leases expiring within five years. From April 1, 2019 the Company has recognised right-of-use assets for these leases, see note 4(b) and note 32 for further information.

(Rs. in Lakhs)

Sr.	Particulars	As at March 31, 2020	As at March 31, 2019
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
a.	Within one year	-	31
b.	Later than one year but not later than five years	-	-
c.	Later than five years	-	-
		-	31

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Note 38 : Related party transactions

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

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

Name	Nature of Relationship	Place of incorporation	Ownership Interest	
			As at March 31, 2020	As at March 31, 2019
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. P.J. Nath (Non Executive Director)
Mr. Sanjay Dube (Non- Executive Director upto July 20, 2018)
Ms. Hema Hattangady (Independent Director upto 27 January 2020)
Mr. Jitendra Vardhaman Patil (Non- Executive Director w.e.f. January 24, 2019)
Mr. Ajay Kumar Panday (Independent Director w.e.f. 28 January 2020)

Transactions with Directors of the company

(Rs. in Lakhs)

Particulars	March 31, 2020	March 31, 2019
(i) Non Executive and Independent Director		
Directors sitting fees	4	4
Total compensation	4	4

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

(Rs. in Lakhs)

Particulars	Nelco Limited (Holding Company)	The Tata Power Company Limited, India (Ultimate holding company)	Tata Sons Limited (Promoter of Holding Company)
Services Received by the company	3,864 (3,374)	- -	- -
Services provided by the company	- -	1 (1)	- -
Purchase of property, plant and equipment	849 -	- -	- -
Interest on Loans taken	50 (57)	- -	- -
Loans received during the year	1,474 (848)	- -	- -
Loans repaid during the year	1,381 (1,072)	- -	- -
Reimbursements received	144 (240)	- -	- -
Royalty charges	- -	- -	- (15)
Guarantees and collaterals received	 (2,125)	- -	- -
Guarantees and collaterals refunded	800 (-)	- (-)	- (-)

Balances outstanding as on March 31, 2020

(Rs. in Lakhs)

Particulars	Nelco Limited Holding company	The Tata Power Company Limited, India (Ultimate holding company)	Tata Sons Limited Promoter of ultimate holding company
Creditors (Net)	1,539 (981)	- -	- (15)
Capex creditors	1,001 -	- -	- -
Debtors	- -	- (1)	- -
Loans	588 (496)	- -	- -
Accrued interest	5 -	- -	- -
Guarantees and collaterals outstanding	5,950 (6,750)	- -	- -

Note : Figures in brackets pertain to the previous year ended March 31, 2019

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

Tatanet Services Limited

Tatanet Services Limited

Notes annexed to and forming part of Financial Statements for the year ended March 31, 2020

Note 39: Segment Information

Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The company has identified one reportable segment "Network System" based on the information reviewed by CODM. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the year is as reflected in the Financial Statements as of and for the year ended March 31, 2020.

One external customers as at March 31, 2020 and two external customers as at March 31, 2019 contributed to more than 10% of the total revenue. Revenue from these customers Rs 1,348 Lakhs and Rs 2,297 Lakhs for the year ended March 31, 2020 and March 31, 2019 respectively. These revenues are attributed to the network system segment.

Note 40: 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, 2020. 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 41 : As a part of transition to Goods Services Tax (GST) in June 2017, the Company carried forward the Cenvat/Service tax/Sales tax input credit balance for future set-off against GST payable aggregating to Rs. 85 Lakhs. However, due to technical glitch on the GSTN portal, the Company could not file the Tran 1 Form within the prescribed period including the extended filing period. The Company filed a writ petition in the Hon'ble High Court of Bombay for allowing the carry forward of the input credit balances. In view of the multiple judgements by various High Courts in India on this matter which supports the Company's claim and based on the advice received from independent legal counsel, the Company expects to recover this input credit balance. The Company will be filing Special Leave Petition in Hon'ble Supreme Court as soon as the lockdown is over and the Supreme Court commences admitting of the petitions. In view of this, no provision has been made in the books of account against the recoverability of these balances.

Note 42 : The outbreak of Coronavirus (COVID-19) pandemic has profoundly impacted the economies across the Globe including India. In order to contain the spread of COVID-19, the Central Government of India as well as the various State Governments ordered complete lock-down including restrictions on domestic and international travels. During this period the Company continued to provide Satellite Communication Services as it is considered as an essential service being part of "Telecommunication, Internet Services, Broadcasting and cable services", with relevant permissions from the relevant authorities.

The Company continues to monitor the impact of the global pandemic in future and it may be different from the estimates made as on the date of financial statements. Based on the information available on the date of approval of these financial statements, the management has evaluated the impact of the aforesaid situation on the business of the Company, financial risks including credit risks and liquidity risks. Considering that the Company's revenue consists of recurring bandwidth services, liquidity position at year end and available approved credit limits, the management is of the opinion that there is no material uncertainty on the Company's ability to do business as a going concern and there are no impairment indicators for any of the asset disclosed in the financial statements.

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TATANET SERVICES LIMITED
MUMBAI

Tatanet Services Limited

Notes annexed to and forming part of Financial Statements for the year ended March 31, 2020

Note 43 : Amalgamation

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

During the year the National Company Law Tribunal ("NCLT") approved the Scheme on November 2, 2018. As per the NCLT Order, the Company intimated the Registrar of the Companies ("RoC") about the approval of the Scheme by NCLT, stating that Department of Telecommunications ("DoT") approval has not received. The RoC records were, however, updated to reflect the Scheme as effective and Company as "amalgamated" with the Nelco Limited. Based on legal advice, the Company has approached NCLT to direct the RoC to amend their records to reinstate Company to its earlier status and cancel the effect of the Scheme with immediate effect. The decision of NCLT is awaited. Pending necessary approvals, the Scheme has not been given effect to in the financial statements for the year ended March 31, 2020.

Signature to Notes forming part of Standalone Financial Statements "1" to "43"

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

Nehal Upadhayay
Partner
Membership No. 115872

Place : Mumbai
Date : May 16, 2020

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

R. R. Bhinge- Chairman
DIN- 00036557

P.J. Nath - Director
DIN-05118177

Place : Mumbai
Date : May 16, 2020