

TATANET SERVICES LIMITED

24TH ANNUAL REPORT

2010 - 2011



NOTICE


The Twenty Fourth Annual General Meeting of Tatanet Services Limited will be held on Monday, 29th August 2011 at 11.00 a.m. in the Conference Room, 1st floor, MIDC, Plot no. EL 6, TTC Industrial Area, Electronics Zone, Mahape, Navi Mumbai – 400 710 to transact the following business :-

1. To receive consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2011 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. K. A. Mahashur who retires by rotation and is eligible for re-appoint.
3. To appoint a Director in place of Mr. R. B. Upadhyay who retires by rotation and is eligible for re-appoint.
4. To appoint Auditors and fix their remuneration.

Notes : (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER

(b) To Register of Members and Share Transfer Books of the Company will remain closed from Monday 22nd August 2011 to Monday 29th August 2011

By Order of the Board of Directors


Uday Banerjee
Director

Mumbai : 18th May 2011

Registered office :
MIDC, Plot no. EL 6, TTC Industrial Area,
Electronics Zone, Mahape, Navi Mumbai – 400 710

TATANET SERVICES LIMITED

Works and Registered Office : EL 6 TTC Industrial Area MIDC Electronics Zone Mahape Navi Mumbai 400 710 India

Tel 91 22 6791 8728 Fax 91 22 6791 8787 website www.tatanet.co.in

TATANET SERVICES LIMITED

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Board of Directors :

K.. A. Mahashur

Z. J. Engineer

R. B. Upadhyay

Uday Banerjee

Banking Channel :

Bank of India, Mumbai

Axis Bank Ltd, Mumbai

Auditors :

M. H. Dalal & Associates, Mumbai

Registered Office :

MIDC, EL-6 TT Industrial Area,
Electronics Zone, Mahape,
Navi Mumbai – 400 710



TATANET SERVICES LIMITED

DIRECTORS' REPORT

To the Members

The Directors present their Twenty Fourth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2011

1. FINANCIAL RESULTS:

During the year under review, the Company recorded a Turnover of INR 321.52 million (previous year INR 289.87 million) and a net profit after tax (P.A.T) of INR 5.20 million (previous year INR 5.04 million).

The summarized financial results are indicated below:

	(Rupees in 000')	
	For the year ended 31.03.2011	For the year ended 31.03.2010
Net Service Income from Operations	321,524	289,870
Operating Expenditure	285,172	257,555
Operating Profit	36,352	32,315
Add: Other Income	778	105
Less: Interest	39	513
Profit Before Tax and Depreciation and Exceptional Items	37,091	31,907
Less: Depreciation	29,012	24,825
Profit Before Tax and Exceptional Items	8,079	7,082
Exceptional Items	-	-
Profit Before Tax	8,079	7,082
Less : Provision for Tax(including provision for Deferred Tax)	2,880	2,040
Net Profit After Tax	5,199	5,042
Balance Brought Forward	8,108	3,067
Balance Available for appropriation	13,308	8,108
Appropriations as under:		
Adjustment to General Reserve	-	-
Other appropriations	-	-
Balance to be Carried Forward	13,308	8,108

2. DIVIDEND

In order to conserve resources, the Board of Directors regret their inability to recommend dividend for the financial year ended 31st March 2011



3. BUSINESS OVERVIEW:

The Company has successfully continued its operations in the highly competitive VSAT market. The trend of continual decline in selling prices of bandwidth was observed in the current fiscal. The Company could however make up this decline with an increase in the volume of business through the additional bandwidth sold for 3925 VSAT's which got added to the network for the financial year 2010-11.

There was an addition of 32 new customers in the network in the current financial year. The total number of customers in the network is now 245. There is however a drop in the total number of customers as compared to the previous year attributed to a considerable churn out in the current fiscal.

The Company has made a mark in gaining substantial orders from customers in the Education and Oil & Gas (Rigs) Segment in the current financial year thereby boosting the revenues of the company. There was a further expansion in the banking segment in the form of additional orders received from the existing customers.

4. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The statement containing particulars pursuant to the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 as required under section 217 (I) (a) of the Companies Act, 1956 is not attached as it is not applicable to the Company.

The Company has no exports.

The foreign exchange earned during the period under review was NIL.

Total outgo of foreign currency was INR. 26.04 Million.

5. SAFETY, HEALTH & ENVIRONMENT:

The operations of the Company are not of hazardous nature; however, the Company shall take all necessary precautions to maintain healthy and safe environment in and around its facilities.

6. DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. K.A. Mahashur & Mr. R B Upadhyay retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

7. AUDITORS:

M/s. M. H. Dalal & Associates, Chartered Accountants, who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating management, confirm that:

(i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there were no material departures;

(ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. 31st March 2011 and of the profit of the Company for the year ended on that date;

(iii) they have taken proper and sufficient care to the best of their knowledge and information, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis.



9. EMPLOYEE DETAILS:

During the year under review, the Company has not employed any employee whose particulars are required to be disclosed in this report pursuant to section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975

10. ACKNOWLEDGEMENTS:

Your Directors place on record their appreciation for the support and assistance received from Customers, Investors, Business, Associates, Bankers, Vendors, Regulatory & Governmental Authorities. The Board would also like to acknowledge the continued support and guidance from Tata Group

BY ORDER OF THE BOARD OF DIRECTORS

Zal Engineer
Director

K.A. Mahashur
Director

R B Upadhyay
Director

Uday Banerjee
Director

MUMBAI - 18.05.2011



**REPORT OF THE AUDITORS TO THE MEMBERS OF
TATANET SERVICES LIMITED**

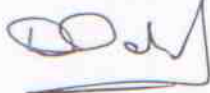
1. We have audited the attached Balance Sheet of TATANET SERVICES LIMITED as on *31st March, 2011* and also the attached Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the books of account.
 - (iii) The Profit & Loss Account and the Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account.



M. H. DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS

- (iv) In our opinion, the Profit & loss Account and the Balance Sheet and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- (v) On the basis of written representation received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011, from being appointed as a director u/s. 274(1) (g) of the Companies Act, 1956
- (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts subject to notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- In the case of the Balance Sheet of the State of Affairs of the Company as on 31st March, 2011 and
 - In case of Profit & Loss Account of the profit for the year ended on that date.
 - In case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

FOR M. H. DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS



D.M. DALAL
PARTNER
Membership No.:109049



Place : Mumbai
Date :

M. H. DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details & situation of Fixed Assets.
- (b) A major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets by the management is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) None of the assets are disposed off during the year.
- (ii) Clauses (ii)(a), (b), (c) are not applicable, since the company has no stock.
- (iii) (a) During the year the company has not granted any loans to the parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not taken loans from the parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (c) In our opinion, it is not prejudicial to the interest of the company.
- (iv) In our opinion & according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company & the nature of its business with regard to purchase of fixed assets. During the course of our audit we have not observed any continuing failure to correct major weaknesses in Internal Control.
- (v) No transactions have been entered during the period in the register maintained in pursuance of section 301 of the Companies Act, 1956 and based on the audit procedures applied by us and according to the information and explanations given and the representations made to us, we have not come across any transaction that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, sub-clause (b) is not applicable.
- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the internal audit functions carried out during the year have been commensurate with the size of the company and the nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company relating to Telecommunication Services, pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the

M. H. DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS

prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

- (ix) In respect of statutory dues:
- (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues for outstanding as at 31.03.2011 for the period of more than 6 months from the date of becoming payable
 - (b) According to the records made available to us and the information and explanations given by the management, there are no dues of sales tax / income tax / custom duty / wealth tax / service tax / excise duty / cess, as at 31.03.2011 which have not been deposited with the authorities on account of any dispute.
- (x) In our opinion the Company has no accumulated losses at the end of the financial year and in the immediately preceding financial year. The Company has not incurred cash losses at the end of the financial year and in the immediately preceding financial year.
- (xi) In our opinion & according to the information and explanations given to us, the company has availed the cash credit facility from Axis Bank for working capital requirement. The company has not defaulted in repayment of dues to the bank.
- (xii) The company has not granted any loans on the basis of the security by the way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us and records made available to us, the company has not given any guarantee for the loans taken by banks or financial institutions.
- (xvi) In our opinion no term loans have been raised by the company during the year.

M. H. DALAL & ASSOCIATES

CHARTERED ACCOUNTANTS

- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) There was no issue of debentures by the company during the year.
- (xx) The company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**FOR M. H. DALAL & ASSOCIATES
CHARTERED ACCOUNTANTS**



**D.M. DALAL
PARTNER
Membership No.:109049**



**Place : Mumbai
Date :**

TATANET SERVICES LIMITED

BALANCE SHEET AS AT 31st March, 2011

(Rupees in 000')

	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	A	600	600
(b) Reserves & Surplus	B	13,308	8,108
2. DEFERRED TAX LIABILITY (Net)		5,588	6,817
TOTAL		19,496	15,525
APPLICATION OF FUNDS			
1. FIXED ASSETS			
(a) Gross Block	C	293,595	273,844
(b) Less: Depreciation		128,290	99,278
(c) Net Block		165,305	174,366
(d) Capital work-in-progress		2,352	796
		167,658	175,162
2. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Sundry Debtors	D	59,823	63,193
(b) Cash and Bank Balances	E	13,680	23,995
(c) Loans and Advances	F	68,236	44,539
Less:		141,740	131,727
CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities & Provisions	G	289,901	291,364
		289,901	291,364
3. NET CURRENT ASSETS		(148,161)	(159,637)
TOTAL		19,496	15,525
NOTES FORMING PART OF THE ACCOUNTS	2		

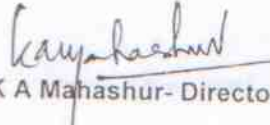
As per our report attached
For M.H.Dalal & Associates.
Chartered Accountants



Devang M. Dalal
Partner
Membership No: 109049




For and on behalf of the Board


Zal Engineer - Director


K A Mahashur - Director


R B Upadhyay - Director


Uday Banerjee - Director

TATANET SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

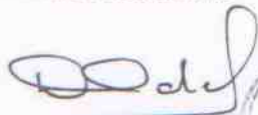
(Rupees in 000')

INCOME	Schedule	For the year ended 31.03.2011	For the year ended 31.03.2010
1. Service Income		320,956	289,686
2. Internet Revenue		568	-
3. Sale of Goods - Managed Services		-	184
4. Other Income		778	105
5. Total Income		322,302	289,975
EXPENDITURE			
6. Operating and Other Expenses	1	285,172	257,435
7. Purchase of finished goods		-	120
8. Interest Expenses		39	513
9. Depreciation & Amortisation	C	29,012	24,825
10. Total Expenditure		314,223	282,893
11. PROFIT / (LOSS) BEFORE TAXATION		8,079	7,082
12. Provision For Taxation			
1. Current Tax		4,109	2,500
2. Short tax provision for earlier year		-	-
3. Deferred Tax		(1,229)	(460)
13. PROFIT / (LOSS) AFTER TAXATION		5,199	5,042
14. Balance Brought Forward		8,108	3,067
15. AMOUNT AVAILABLE FOR APPROPRIATION		13,308	8,108
APPROPRIATIONS			
16. Balance Carried to Balance Sheet		13,308	8,108
Earnings Per Share Rs. (Basic & Diluted) - Face Value Rs. 100 per share (Note 2)		866.58	840.28

NOTES FORMING PART OF THE ACCOUNTS 2

As per our report attached

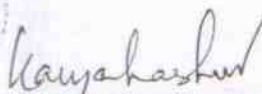
For M.H.Dalal & Associates,
Chartered Accountants




Devang M. Dalal
Partner
Membership No: 109049




Zal Engineer - Director


K A Mahashur - Director


R B Upadhyay - Director


Uday Banerjee - Director

