

Prabhat Telecoms (India) Limited



ANNUAL REPORT
2015 - 2016

MESSAGE FROM MANAGING DIRECTOR



Mr. Vishwamani Tiwari
Managing Director

Dear Members,

I am extremely pleased to share with you the Annual Report for our company for the financial year ended 31st March 2016. This is the first Annual Report post the company getting listed in August, 2016 on the SME platform of the Bombay Stock Exchange. During the financial year ended 31st March, 2016, your company achieved Consolidated Turnover of Rs. 3,36,38,68,305/- and a Consolidated Net Profit of Rs.1,28,35,512/-.

Your company is focusing to strengthen and enhance its Sales & Distribution network PAN India. Backed by a highly competent, motivated team & strong industry expertise; we aspire to create consistent value for our customers and stakeholders.

I take this opportunity to thank each one of you, valued customers, employees and suppliers for the faith placed in the company and look forward to your continued support.

Thanking You,

Yours sincerely,

Sd/-

Vishwamani Tiwari
Managing Director

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vishwamani Matamani Tiwari
Mr. Parag Rameshchandra Malde
Mr. Atul Dattatray Bhatkhalkar
Mr. Vaibhav Shastri
Mrs. Dipti Suresh More

Chairman & Managing Director
Whole Time Director
Independent Director
Independent Director
Executive & Woman Director

CHIEF FINANCIAL OFFICER

Mr. Amit Pandit

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Lijo Varghese

STATUTORY AUDITORS

Rajeev Sood & Co., Chartered Accountants

SECRETARIAL AUDITORS

Nitesh Chaudhary, Practising Company Secretary

BANKERS

State Bank Of Bikaner and Jaipur
Bank Of India
Union Bank Of India

REGISTERED OFFICE

2, Geetanjali Apartments,
Manchhu Bhai Road,
Near Manali Hotel,
Near Subway, Malad (East),
Mumbai 400 097

CORPORATE OFFICE

402, Western Edge I, Kanakia Spaces,
Western Express Highway,
Borivali (East),
Mumbai 400 066
Tel : +91 22-40676000
Email: info@prabhatgroup.net
Website: www.prabhatgroup.net
www.xccess.in
www.themobileplus.com

PRABHAT TELECOMS (INDIA) LIMITED

Registered Office: 2, Geetanjali Apartments, Manchhu Bhai Road, Near Manali Hotel, Near
Subway, Malad (E), Mumbai 400097

Email: investors@prabhatgroup.net Contact: 022-40676000

CIN: L72100MH2007PLC169551

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 9TH ANNUAL GENERAL MEETING OF THE MEMBERS OF PRABHAT TELECOMS (INDIA) LIMITED WILL BE HELD AT THE CORPORATE OFFICE SITUATED AT UNIT NO. 402, 4TH FLOOR, WESTERN EDGE – 1, WESTERN EXPRESS HIGHWAY, BORIVALI (EAST), MUMBAI - 400066, ON FRIDAY, 30TH DAY OF SEPTEMBER, 2016 AT 4.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2016 together with reports of the Directors and Auditors thereon.
2. To Re-appoint Ms. Dipti More, Executive Director, who retires from office by rotation, but being eligible, offers herself for re-appointment.
3. To ratify the appointment of M/s Rajiv Sood & Co., Chartered Accountants as the Statutory Auditors of the company and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to section 139 and other applicable provision, if any of the Companies Act, 2013 and rules framed thereunder, the appointment of M/s Rajiv Sood & Co. (FRN: 10478N), Chartered Accountants be and is hereby ratified as Statutory Auditors of the company, to hold office from the conclusion of the 7th AGM till the conclusion of 12th AGM of the company subject to ratification at every AGM during the continuation of their tenure, and that the Board of Director be and is hereby authorized to fix their remuneration considering the recommendation of the Audit Committee.”

For and on behalf of the Board
Prabhat Telecoms (India) Limited

Sd/-

Lijo Varghese

Company Secretary

Address: 2, Geetanjali Apts., Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (E), Mumbai-400097

Date: 31st August, 2016

Place: Mumbai

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from **Saturday, 24th September, 2016 to Friday, 30th September, 2016** (both days inclusive) for the purpose of AGM.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Corporate Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy Form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

4. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

5. SEBI has also mandated that for Registration of transfer of securities, the transferee(S) as well as transferor(S) shall furnish a copy of their PAN card to the company for registration of transfer of securities.

6. Details as required in Sub-regulation (3) of Regulation 36 of the Listing Regulations with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

7. Any person whose name appears in the register of members as on the cut-off date i.e. 23rd September, 2016 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

8. Members who hold shares in the Dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the 9th Annual General Meeting.

9. Corporate Members intending to send their authorized representatives to attend the Meeting are Requested to send a certified copy of Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.

10. Members / Proxies should bring their copy of the Annual Report and also the attendance slip duly filled in for attending the meeting.

11. Pursuant to Rule 18(3) of The Companies (Management and Administration) Rules, 2014, you are requested to provide your e-mail id to facilitate easy and faster dispatch of Notices of the general meetings and other communications by electronic mode from time to time.

12. Payment of dividend through ECS/NECS:- Not Applicable (Dividend is not declared by the company).

13. Electronic copy of the Annual Report for 2016 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2016 is being sent in the permitted mode.

14. Electronic copy of the Notice of the 9th Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, Physical copy of the Notice of the 9th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

15. VOTING THROUGH ELECTRONIC MEANS:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Listing Regulations and Secretarial Standard On General Meeting (SS2) issued by the Institute of Company Secretaries of India , the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 27th September, 2016 (10:00 am) and ends on 29th September, 2016 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. A person who is not a member as on cut-off date, shall treat this notice only for information purpose only.
- VI. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; “Prabhat Telecoms.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select “EVEN” of “Prabhat Telecoms (India) Limited”

- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to csniteshchaudhary@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

<u>EVEN (Remote e-voting Event Number)</u>	<u>USER ID</u>	<u>PASSWORD/PIN</u>
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- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- VII.** In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VIII.** If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IX.** You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- X.** The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2016.
- XI.** Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or investors@prabhatgroup.net (Issuer).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- XII.** A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XIII.** A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIV.** Mr. Nitesh Chaudhary, Practising Company Secretary (Membership No. 28511) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

- XV.** The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “e-voting” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XVI.** The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVII.** The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.prabhatgroup.net and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

16. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Corporate Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

17. DETAILS OF DIRECTOR SEEKING APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE LISTING REGULATIONS:

Appointment of Ms. Dipti More as Retire by Rotation:

In terms of section 152 (6) of the Companies Act, 2013, Ms. Dipti More shall retire by rotation at the forthcoming Annual General Meeting (AGM) and being eligible offers herself for re-appointment.

Ms. Dipti More is Bachelor of Commerce from Mumbai University. She has worked with ICICI Bank in the retail banking department for four years. She joined Prabhat in the year 2009 and handled various responsibilities in the company including Accounts and Banking which elevated her to the position of Director.

Ms. Dipti More was promoted to Director with effect from 3rd April, 2015. As per the terms of her appointment, re-appointment at the AGM as a retiring by rotation would not constitute break in her appointment as a Director.

Ms. Dipti More is not a director in any other company in India, further she is not holding any shares of the company and none of the directors and Key managerial Personnel of the company and their relatives is concerned or interested, financially or otherwise in her appointment.

For and on behalf of the Board
Prabhat Telecoms (India) Limited

Sd/-
Lijo Varghese
Company Secretary

Date: 31st August, 2016
Place: Mumbai

Form No. MGT-11**Proxy form**

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L72100MH2007PLC169551

Name of the company: PRABHAT TELECOMS (INDIA) LIMITED

Registered office: 2, Geetanjali Apartments, Manchhu Bhai Road, Near Manali Hotel, Near Subway, Malad (E), Mumbai 400097

Venue of the meeting: Unit No. 402, 4th Floor, Western Edge – 1, Western Express Highway, Borivali (East), Mumbai – 400066

Date & Time: 30th September, 2016 at 4.00 pm

Name of the member (s):

Registered address:

E-mail Id:

Folio No / DP ID / Client ID:

I/We, _____ being the member (s) of **Prabhat Telecoms (India) Limited** shares, hereby appoint

Sr. No.	Name of Proxy :	Address	E-mail Id	Signature
1.				
2.				
3.				

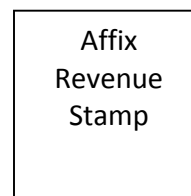
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9th Annual General Meeting of the company, to be held on the Friday, 30th September, 2016 at 4.00 pm at Unit No. 402, 4th Floor, Western Edge – 1, Western Express Highway, Borivali (East), Mumbai – 400066 and at any adjournment thereof in respect of such resolutions as are indicated below

Resolution No.	Description
Ordinary Business	
1.	Receive, consider and adopt the audited accounts of the company for the financial year ended on 31 st March 2016 and the report of the Auditors and Directors thereon.
2.	To Re-appoint Ms. Dipti More, Executive Director, who retires from office by rotation, but being eligible, offers herself for re-appointment.
3.	To ratify the appointment of M/s Rajiv Sood & Co., Chartered Accountants as the Statutory Auditors of the company and to fix their remuneration in consideration of the recommendation of the Audit Committee.

Signed this 30th day of September 2016

Signature of shareholder:

Signature of Proxy holder(s):



Note:

This form of proxy in order to be effective should be duly completed and deposited at the Corporate Office of the Company, not less than 48 hours before the commencement of the Meeting.

ATTENDANCE SLIP

Ninth Annual General Meeting of Prabhat Telecoms (India) Limited on Friday, 30th September, 2016 at 4.00 pm

Regd. Folio No. _____

DP ID _____

Client ID/Ben. A/C _____

No. of shares held _____

I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the Ninth Annual General Meeting of the Company on Friday, 30th September, 2016 at 4.00 pm at the Corporate Office of the Company at Unit No. 402, 4th Floor, Western Edge – 1, Western Express Highway, Borivali (East), Mumbai – 400066

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

Note: Please fill this attendance slip and hand it over at the entrance of the Office.

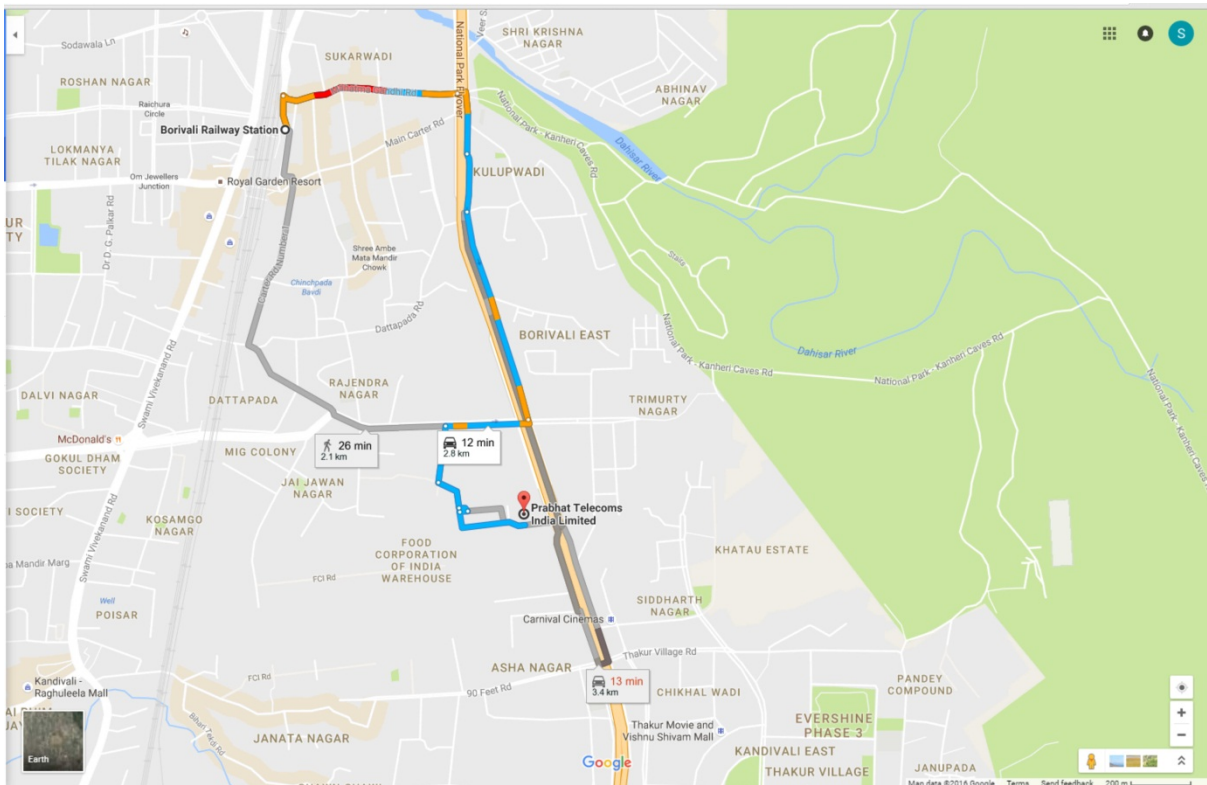
Ninth Annual General Meeting of Prabhat Telecoms (India) Limited on Friday, 30th September, 2016 at 4.00 pm

ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	USER ID	PASSWORD/PIN
105381		

NOTE: Please read instructions given at Note no. 15 of the Notice of the 9th Annual General Meeting carefully before voting electronically.

ROUTE MAP TO THE VENUE OF AGM



BOARD OF DIRECTOR'S REPORT

Dear Members,

Your Directors are pleased to present the 9th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2016. The Management Discussion & Analysis is also incorporated into this Report.

1) FINANCIAL RESULTS:

Summary of the Company's financial performance for F.Y. 2015-2016 as compared to the previous financial year is given below:

(Figures)

Particulars	F.Y. 2015 – 2016	F.Y. 2014 – 2015	F.Y. 2015 – 2016
	Standalone	Standalone	Consolidated
Revenue from operations	3,16,71,94,734	3,03,26,73,391	3,36,04,14,870
Revenue from Other Income	34,53,434	96,62,338	34,53,434
Total Revenue	3,17,06,48,168	3,04,23,35,729	3,36,38,68,305
Profit/Loss before Depreciation & Interest	13,37,92,125	11,33,35,310	13,58,71,077
Depreciation & Amortization	2,12,42,606	2,65,36,339	2,12,42,606
Interest Cost	9,42,93,016	7,49,40,167	9,42,99,969
Profit/Loss After Depreciation & Interest	1,82,56,503	1,18,58,804	2,03,28,501
Provision for Tax	73,12,343	6,00,911	74,92,989
Profit After Tax	1,09,44,160	1,12,57,892	1,28,35,512
EPS	1.32	1.35	0.15

2) HIGHLIGHTS:

During the year under review, your company has reported a Consolidated Turnover of Rs. 3,36,38,68,305/- including other income. The Turnover of the Company has increased because the Company has PAN India Sales of Telecommunication Products including mobile handsets, wireless dongles, data-cards, data products and mobile / telecom accessories.

3) SHARE CAPITAL:

The Paid Up Equity Capital as on March 31, 2016 was Rs. 8,31,48,000/- During the year under review, the Company has not issued bonus shares nor issued shares with differential voting rights nor granted stock options nor sweat equity and neither bought back its own securities.

4) TRANSFER TO RESERVE AND SURPLUS:

There was no transfer to General Reserve and Surplus during the year ended March 31, 2016.

5) NON ACCEPTANCE OF PUBLIC DEPOSITS:

The Company has not accepted any public deposits as defined under Section 73 (1) of the Companies Act, 2013 during the Financial Year 2015-16.

6) DIVIDEND:

With a view to strengthening the financial position of the company, Your Board of Director's have not recommended any dividend for the financial year 2015-16.

7) POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The policies of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Act is appended as **Annexure A** to this Report.

8) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The company has not given any loans or guarantees covered under the provision of section 186 of the Companies Act, 2013. There is no investment and guarantee made during the year.

9) DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:

SL. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held
1.	Prabhat Telecoms Hong Kong Limited	-	Subsidiary	100%

A separate statement containing the salient features of the financial statement of the said subsidiary in "Form AOC-1" which is annexed as **Annexure B**.

10) DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134 (3) (c) of the Companies Act, 2013, and based on the information provided by management, your Directors' state that:

1. In the preparation of the annual accounts for the financial year ended 31st March, 2016 the applicable accounting standards have been followed.
2. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the State of affairs of the Company as on March 31, 2016 and of the profit and loss of the Company for the year ended on that date.
3. Proper and sufficient care to the best of their knowledge and ability 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.

4. The Annual Accounts of the Company have been prepared on going concern basis.
5. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11) OFFER FOR SALE (OFS):

The Company obtained consent of the Board in its Meeting held on 29th February, 2016 for making Offer For Sale in aggregate of 22,00,000 Equity Shares of Rs. 10/- each at an Offer price of Rs. 51/- each by the Selling Shareholders i.e. Mr. Vishwamani M Tiwari and M/s. Vee Three Informatics Limited, pursuant to Section 23 of the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable laws, rules, regulations from time to time.

12) TRADING APPROVAL OF BSE:

The Company received an approval dated 2nd August, 2016 from BSE for listing of equity shares on the SME platform of Bombay Stock Exchange bearing Scrip Code 540027.

13) NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Board meets at regular intervals to discuss and decide on the company's policies and strategy apart from other Board matters. During the Financial year 2015-2016, Board meetings were held 19 times as follows; 03.04.2015 , 28.04.2015 , 02.05.2015 , 07.05.2015 , 09.06.2015 , 06.07.2015 , 01.08.2105 , 02.09.2015, 21.10.2015 , 19.11.2015 , 30.11.2015 , 05.12.2015 , 26.12.2015 , 23.01.2016 , 29.01.2016 , 04.02.2016 , 18.02.2016 , 29.02.2016 , 12.03.2016.

14) BOARD COMMITTEES:

Your company has formed following Committees of the Board in accordance with Companies Act, 2013:

❖ Audit Committee

The Audit Committee comprises Mr. Vaibhav Shastri as Chairman, Mr. Atul Bhatkhalkar and Mr. Vishwamani Tiwari as the members. The Committee is assigned role, powers and responsibilities as provided under Section 177 of the Companies Act, 2013.

❖ Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Mr. Vaibhav Shastri as Chairman and Mr. Atul Bhatkhalkar and Mr. Vishwamani Tiwari as the members. The Committee is formed for the purpose of recommending the Nomination and Remuneration and evaluation of the Directors' performance.

15) POSTAL BALLOT:

No postal ballot was held during the year 2015-2016.

16) CORPORATE SOCIAL RESPONSIBILITY [CSR]:

The provisions of the CSR expenditure and Composition of Committee, as provided in the Section 135 of the Companies Act, 2013, are not applicable to the company.

17) STATUTORY AUDITORS:

M/s Rajiv Sood & Co. (FRN: 10478N), Chartered Accountants, were appointed as Statutory Auditors from the conclusion of the 7th Annual General Meeting till the conclusion of 12th Annual General Meeting of the company subject to ratification at every AGM during the continuation of their tenure.

18) INTERNAL AUDITORS:

During the year, Company has appointed M/S SSRV & Associates as Internal Auditor for the Financial Year 2015-16 to conduct Internal Audit on such terms and conditions as decided mutually.

19) AUDITORS REPORT:

The Observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments under Section 134 (3) of the Companies Act, 2013.

20) COMMENTS ON AUDITORS' REPORT:

There are no qualifications, reservations, adverse remarks or disclaimers made by M/s. Rajeev Sood & Co., Statutory Auditors, in their Audit Report. The Auditors Report to the Shareholders is self-explanatory and therefore do not call for any further comments.

21) INTERNAL CONTROL AND ITS ADEQUACY:

The Company has a well-placed, proper and adequate internal financial control system which ensures that all assets are safeguarded and protected and that the transactions are authorized recorded and reported correctly. The Company's internal financial control system also comprises due compliances with Company's policies and Standard Operating Procedures (SOPs) and audit and compliance by in-house Internal Audit Division, supplemented by internal audit checks from Independent Internal Auditors of the Company.

22) PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires preclearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board of Directors and the designated employees have confirmed compliance with the Code.

23) EXTRACT OF ANNUAL RETURN:

Pursuant to the requirements under Section 92(3) read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT-9 is given in the Report as **Annexure C**.

24) MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have been no material changes occurred subsequent to the close of the financial year of the company to which the balance sheet relates and the date of the report.

25) DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE.

There has been no material order passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

26) PARTICULARS OF EMPLOYEES AND RELATED INFORMATION:

In terms of the provisions of Section 197 of the Companies Act, 2013 the Company has inadequate profits hence Schedule V is applicable to the company. The remuneration paid by the Company to its Directors has been approved by the members in the Extra Ordinary General Meeting held on 06th June, 2016 and approval for proposed remuneration is in line with the applicable provision stated in Schedule V.

27) RISK MANAGEMENT AND INTERNAL CONTROLS:

The Company has the risk management and internal control framework in place commensurate with the size of the Company. However Company is trying to strengthen the same. The details of the risks faced by the Company and the mitigation thereof are discussed in detail in the Management Discussion and Analysis report that forms part of the Annual Report.

28) CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

❖ Conservation of Energy

The company has taken various in-house measures to conserve the electricity and energy.

❖ Technology Absorption

Technology absorption and innovation is a continuous process in the company.

❖ Foreign Exchange:

There was no Foreign Exchange Transaction during the year.

29) POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

The company has recently framed policy and Constituted Committee for Sexual Harassment in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2015-16, no cases in the nature of sexual harassment were reported at any workplace of the company.

30) DIRECTORS:

A.CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Ms. Dipti More was appointed as Additional Director w.e.f. 4th April, 2015 and was regularized as a Director in the 8th Annual General Meeting held on 30th September, 2015. Pursuant to

Section 152 of the Companies Act, 2013, Ms. Dipti More is due to retire by rotation in the ensuing AGM and being eligible, offers herself for reappointment.

Mr. Kalanad Sathi, Independent Director tendered his resignation on 09th June, 2015.

Mr. Amit Pandit, was appointed as Chief Financial Officer w.e.f. 26th December, 2015.

Mrs. Mittal Shah tendered her resignation on 26th December, 2015.

Mr. Lijo Varghese was appointed as Company Secretary w.e.f. 04th February, 2016.

Except as above, there was no other change that took place in the positions of directors and KMP's in the Company.

B.DECLARATION BY INDEPENDENT DIRECTOR:

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

C. FORMAL ANNUAL EVALUATION:

The Nomination & Remuneration Committee (hereinafter known as 'NRC') had formulated policy (approved by the board) on performance evaluation of the whole board, its committees, individual directors and KMP's. As per the Policy, performance evaluation of;

- independent directors has been done by the whole board excluding the director being evaluated and submit its report to NRC;
- non-independent directors including chairman has been done by independent directors and submit its report to NRC;
- Committees of the board and KMP's have been done by the board of directors and submit its report to NRC.

NRC reviews the reports of the Independent Directors and Board and accordingly, recommends the appointment/re-appointment/continuation of Directors to the Board. Based on the recommendation of NRC, Board will take the appropriate action.

31) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Related Party Transactions are stated in the **Annexure D** annexed to this report.

32) SECRETARIAL AUDIT REPORT:

The Board has appointed Mr. Nitesh Chaudhary, Practicing Company Secretaries as Secretarial Auditor pursuant to the provisions of Section 204 of the Companies Act, 2013. The Report of the Secretarial Auditor is annexed to the Report as per **Annexure E**.

33) VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has established vigil mechanism for directors and employees to report genuine concerns of fraud & misconduct in the company and the vigil policy is uploaded on the website of the company www.prabhatgroup.net.

34) MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report covering a wide range of issues relating to Industry Trends, Company Performance, SWOT analysis, Corporate Process, Business Outlook among others is annexed to this Report in **Annexure F** for the year ended March 31,2016.

35) OTHER DETAILS:

- No Change in the nature of the business of the company during the year;
- No change of the name of the company during the year;

36) ACKNOWLEDGEMENT:

The Board of Directors wishes to express sincere thanks to Members, Bankers, Clients, Financial Institutions, Customers, Suppliers and Employees of Companies for extending support during the year. Your Directors express their deep sense of appreciation towards all the employees and staff of the company and wish the management all the best for achieving greater heights in the future.

**For and On behalf of the Board
PRABHAT TELECOMS (INDIA) LIMITED**

**Sd/-
Mr. Vishwamani Tiwari
(Chairman & Managing Director)
DIN: 01932624**

Date: 31st August, 2016
Place: Mumbai

ANNEXURE A

REMUNERATION POLICY

Your Company believes that an effective Board is a prerequisite for growth of an organization. The qualification, positive attributes and independence of a Director is balanced with the Remuneration given with a due regard to the motivation and encouragement to the Directors to put their best foot forward.

Though Remuneration is theoretically defined as the salary or pay for the work done, your Company looks at it as reward for the efforts and initiatives. The Remuneration or Emoluments Policy is designed to perfectly balance the inputs of the employees and the outcome of the same, in short remuneration visà- vis performance. The qualification, experience, knowledge, expertise, independence maintained and capability are the definite parameters for the Remuneration, is considers on due recognition of the fair and transparent conduct, positive attitude, realistic approach and professional, positive and innovative attitude of all the employees, be it Directors, Key Managerial Personnel or other employees of the Company. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors and other employees with the quality required to run the Company successfully

ANNEXURE B

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Prabhat Telecoms Hong Kong Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	8 th August ,2014(Date of Incorporation) upto 31 st March, 2016
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Hong Kong Dollar 1 HKD = 8.5418 INR as on 31 st March ,2016
4.	Share capital	HK\$ 1
5.	Reserves & surplus	HK\$ 221,270
6.	Total assets	HK\$ 22,601,154
7.	Total Liabilities	HK\$ 22,379,883
8.	Investments	-
9.	Turnover	HK\$ 22,648,274
10.	Profit before taxation	HK\$ 2,42,869
11.	Provision for taxation	HK\$ 41,599
12.	Profit after taxation	HK\$ 2,21,270
13.	Proposed Dividend	-
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	NA	NA	NA
1. Latest audited Balance Sheet Date	NA	NA	NA
	NA	NA	NA
2. Shares of Associate/Joint Ventures held	NA	NA	NA

by the company on the year end			
No.	NA	NA	NA
Amount of Investment in Associates/Joint Venture	NA	NA	NA
Extend of Holding%	NA	NA	NA
	NA	NA	NA
3. Description of how there is significant influence	NA	NA	NA
	NA	NA	NA
4. Reason why the associate/joint venture is not consolidated	NA	NA	NA
	NA	NA	NA
5. Net worth attributable to shareholding as per latest audited Balance Sheet	NA	NA	NA
	NA	NA	NA
6. Profit/Loss for the year	NA	NA	NA
i. Considered in Consolidation	NA	NA	NA
ii. Not Considered in Consolidation	NA	NA	NA

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

ANNEXURE C

Form No. MGT-9 EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION AND OTHER DETAILS:

CIN	L72100MH2007PLC169551
Registration Date	02/04/2007
Name of the Company	Prabhat Telecoms (India) Limited
Category / Sub-Category of the Company	Company Limited by Shares, Indian Non-Government Company
Address of the Registered Office and contact details	2, Geetanjali Apartments, Manchu Bhai Road, Near Manali Hotel, Near Subway, Malad East, Mumbai:400097 Contact No. 022 40676000
Whether listed company	Listed
Name, address and contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Ltd #1 Club House Road, Chennai 600 002 044 – 28460390

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

SL. No.	Name and Description of main Products / Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Telephones For Cellular Networks Or For Other Wireless Networks And Push Button Type	85171210	100.00

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

SL. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Prabhat Telecoms Hong Kong Limited	-	Subsidiary	100%	2(87)

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									

a) Individual / HUF	65,03,450	-	65,03,450	78.21	65,03,450	-	65,03,450	78.21	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	13,22,600	-	13,22,600	15.90	13,22,600	-	13,22,600	15.90	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	78,26,050		78,26,050	94.12	78,26,050		78,26,050	94.12	
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	78,26,050		78,26,050	94.12	78,26,050		78,26,050	94.12	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify V3)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual									
i) Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	10,000		10,000	0.12	10,000		10,000	0.12	

ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	488750		488750	5.87	488750		488750	5.87	
c) Other (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	488750		488750	5.87	488750		488750	5.87	
Total Public Share holding (B)= (B)(1) + (B)(2)	488750		488750	5.87	488750		488750	5.87	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	8314800		8314800	100.00	8314800		8314800	100.00	

ii. Shareholding of Promoters

Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% of Change in share holding during 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	
Mr. Vishwamani Tiwari	6194800	74.50	-	6194800	74.50	-	-
Mr. Tribhuvan Tiwari	100300	1.20	-	100300	1.20	-	-
Mr. Matamani Tiwari	102000	1.22	-	102000	1.22	-	-
Ms. Gauri Kutty	100300	1.20	-	100300	1.20	-	-
Mr. Chandramani Tiwari	6050	0.07	-	6050	0.07	-	-
M/s Vee Three Informatics Limited	1322600	15.9	-	1322600	15.9	-	-
Total	7826050	94.12	-	7826050	94.12	-	-

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

For Each Top 10 Share Holders	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				
Date wise Increase/Decrease in Promoters Shareholding during the	NO CHANGE			

year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
At the end of the year				

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
	No. of shares	% of total shares of the Company	Increase/ (Decrease) in shareholding	Reason	No. of shares	% of total shares of the Company
Mr Ankush Belorkar	62,500	0.75	-	-	62,500	0.75
Mayur Mehta HUF	18,750	0.22	-	-	18,750	0.22
Mr Mayur Mehta	26,250	0.31	-	-	26,250	0.31
Mrs Urvashi Mehta	20,000	0.24	-	-	20,000	0.24
Mr Mahesh Rajpurohit	28,750	0.34	-	-	28,750	0.34
Mr Bhanwarsingh Rajpurohit	15,000	0.18	-	-	15,000	0.18
Bhanwarsingh Rajpurohit HUF	16,250	0.19	-	-	16,250	0.19
Mrs Anita Sangle	21,250	0.25	-	-	21,250	0.25
Mr Brijesh Pathak	31,250	0.37	-	-	31,250	0.37
Mr Aditya Sangle	7,500	0.09	-	-	7,500	0.09
Mrs Alpita Malde	12,500	0.15	-	-	12,500	0.15
Mr Kailash Shrikishan Chaurasia	2,500	0.03	-	-	2,500	0.03

v. Shareholding of Directors and Key Managerial Personnel

SN	Shareholding of each Directors and each Key Managerial Personnel	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: Directors and KMP:				
1	Mr. Vishwamani Matamani Tiwari	6194800	74.50	6194800	74.50
2	Mr. Parag Rameshchandra Malde	226250	2.72	226250	2.72
	Date wise Increase / (Decrease) in Shareholding during the year specifying the reasons for increase / (decrease) (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year: Directors and KMP:				
1	Mr. Vishwamani Matamani Tiwari	6194800	74.50	6194800	74.50
2	Mr. Parag Rameshchandra Malde	226250	2.72	226250	2.72

5. INDEBTEDNESS :

Indebtedness of the Company including interest outstanding/accrued but not due for payment as on 31st March, 2016:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	-	1,00,00,000.00	3,93,00,025.00	4,93,00,025.00
ii. Interest due but not paid	-	14,17,500.00	8,46,244.49	22,63,744.49
iii. Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	-	1,14,17,500.00	4,01,46,269.49	5,15,63,769.49
Change in Indebtedness during the financial year				
Addition	-		-	
Reduction	-	28,35,000.00	3,69,619.51	32,04,619.51
Net Change	-	28,35,000.00	3,69,619.51	32,04,619.51
Indebtedness at the end of the financial year				
i. Principal Amount	-	71,65,000.00	3,89,30,405.49	4,60,95,405.49
ii. Interest due but not paid	-	-	-	
iii. Interest accrued but not due	-	-	-	
Total (i+ ii+ iii)	-	71,65,000.00	3,89,30,405.49	4,60,95,405.49

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No	Particulars of Remuneration	Mr. Vishwamani Tiwari (MD)	Mr. Parag Malde (WTD)	Total Amount
1.	Gross Salary	18,00,000	6,00,000	24,00,000
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	
2	Stock Options	-	-	
3	Sweat Equity	-	-	
4	Commission	-	-	
	- as % of profit	-	-	
	- others, specify....	-	-	
5	Others, please specify	-	-	
	Total (A)	18,00,000	6,00,000	24,00,000
	Other Ceiling as per Act			

B. Remuneration to other Directors:

Sr. No	Particulars of Remuneration	Name of Director	Name of Director	Name of Director	Total Amount
1.	Independent Director	Mr. Vaibhav Shastri	Mr. Atul Bhatkalkar	Mr. Kalanad Sathi	
	-Fee for attending Board/Committee Meetings-	-	-	-	-
	Commission	-	-	-	

	- Others, please specify	-	-	-	
	Total (1)	-	-	-	
2	Other Executive Directors	Ms. Dipti More	N/A	N/A	
	Gross Salary	4,36,800			4,36,800
	-Fee for attending Board/Committee Meetings	-			
	Commission	-			
	- Others, please specify	-			
	Total (2)	-			
	Total B= 1+2	-			
	Total Managerial Remuneration	4,36,800			4,36,800
	Other Ceiling as per Act				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Ms. Mittal Shah(Company Secretary)	Mr. Lijo Varghese (Company Secretary)	Mr. Amit Pandit (CFO)	Total
1.	Gross Salary	3,30,000	3,60,000	14,40,000	21,30,000
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-	-
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2	Stock Options	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- Others, specify....	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	3,30,000	3,60,000	14,40,000	21,30,000

7. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

ANNEXURE D

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	N/A
b)	Nature of contracts/arrangements/transaction	N/A
c)	Duration of the contracts/arrangements/transaction	N/A
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	N/A
e)	Justification for entering into such contracts or arrangements or transactions'	N/A
f)	Date of approval by the Board	N/A
g)	Amount paid as advances, if any	N/A
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N/A

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Vee Three Informatics Limited
b)	Nature of contracts/arrangements/transaction	N/A
c)	Duration of the contracts/arrangements/transaction	N/A
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	N/A
e)	Date of approval by the Board	N/A
f)	Amount paid as advances, if any	N/A

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Vishwamani Tiwari
b)	Nature of contracts/arrangements/transaction	Loan Given
c)	Duration of the contracts/arrangements/transaction	-

d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 3,93,00,025/-
e)	Date of approval by the Board	19th November, 2015
f)	Amount paid as advances, if any	N/A

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Prabhat Enterprise
b)	Nature of contracts/arrangements/transaction	Service Centre Charges
c)	Duration of the contracts/arrangements/transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs.14,321/-
e)	Date of approval by the Board	1st April ,2014
f)	Amount paid as advances, if any	N/A

**For and On behalf of the Board
PRABHAT TELECOMS (INDIA) LIMITED**

**Sd/-
Mr. Vishwamani Tiwari
Chairman & Managing Director
DIN:01932624**

Date: 31st August, 2016
Place: Mumbai

ANNEXURE E

MR-3 **SECRETARIAL AUDIT REPORT** **FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

[Pursuant to Section 2049(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Member,
M/s Prabhat Telecoms (India) Limited
Geetanjali Apartments, Manchhu Bhai Road,
Near Manali Hotel, Near Subway,
Malad (East), Mumbai - 400097

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Prabhat Telecoms (India) Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us 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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company during the audit period covering the financial year ended on March 31, 2016 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 extent, in the manner and subject to the reporting made hereinafter according to the provisions of;

1. The Companies Act, 2013 (the Act) and the rules made there under and certain provisions of Companies Act, 1956 and rules made there under;
2. The Securities Contracts (Regulation) Act, 1956(SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment; **(Not Applicable to the Company during the Audit Period)**;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India , 1992 ('SEBI Act');
(Not Applicable to the Company during the Audit Period);
 - (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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines , 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6. Other Laws applicable to the Company ;
- i. Drugs and Cosmetics Act, 1940
(Not Applicable to the Company during the Audit Period);
 - ii. Industrial Disputes Act, 1947
 - iii. The Payment of Wages Act, 1936
 - iv. The Minimum Wages Act, 1948
 - v. Employee State Insurance Act, 1948
 - vi. The Employee Provident Fund and Miscellaneous Provisions Act, 1952
 - vii. The Payment of Bonus Act, 1965
 - viii. The Payment of Gratuity Act, 1972
 - ix. The Contract Labour(Regulation and Abolition) Act, 1970
 - x. The Maternity Benefits Act, 1961
 - xi. Competition Act, 2002
 - xii. Shops and Establishments Act, 1948
 - xiii. The Finance Act, 1994

We have also examined compliance with the applicable clause of the following;

- I. The Secretarial Standards issue by the Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the Company with Bombay Stock Exchange
(Not Applicable to the Company during the Audit Period);

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above subject to the following observation;

- 1) It has been observed that the Company has filed certain forms with the Registrar of Companies beyond the prescribed time as specified by the Registrar of Companies under the Companies Act; however the company has complied requirements of filing necessary forms to ROC with late fees on the delayed filing.

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 is 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 clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All decision at Board Meetings and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

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.

Sd/-

(Practicing Company Secretary)

(Nitesh Chaudhary)

ACS: 28511

CP: 16275

Place: Mumbai

Date: 31st August, 2016

Note: 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 Member,
M/s Prabhat Telecoms (India) Limited
Geetanjali Apartments, Manchhu Bhai Road,
Near Manali Hotel, Near Subway,
Malad (East), Mumbai - 400097

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records 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 the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the 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 efficacy or effectiveness with which the management has conducted the affairs of the Company.

(Practicing Company Secretary)
(Nitesh Chaudhary)
ACS: 28511
CP: 16275

Place: Mumbai
Date: 31st August, 2016

ANNEXURE F

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW:

In today's information age, the telecommunication industry has a vital role to play. Considered as the backbone of industrial and economic development, the industry has been aiding delivery of voice and data services at rapidly increasing speeds, and thus, has been revolutionising human communication.

Although the Indian telecom industry is one of the fastest-growing industries in the world, the current teledensity or telecom penetration is extremely low when compared with global standards. India's teledensity of 36.98% in FY09 is amongst the lowest in the world. Further, the urban teledensity is over 80%, while rural teledensity is less than 20%, and this gap is increasing. As majority of the population resides in rural areas, it is important that the government takes steps to improve rural teledensity. No doubt the government has taken certain policy initiatives, which include the creation of the Universal Service Obligation Fund, for improving rural telephony. These measures are expected to improve the rural tele-density and bridge the rural-urban gap in tele-density.

COMPANY OUTLOOK:

Prabhat was established in 1997 as a telecom technical support company by the name Prabhat Enterprises. In 2004, Prabhat ventured in Sales and Distribution as Prabhat Telecoms (I) Ltd. and further extended its arms into manufacture and assembly of the brand "Xccess & V3 Mobiles".

Every Prabhat Group company operates independently. Each of these companies has its own directors and shareholders, to whom it is answerable. The major Prabhat companies are Prabhat Telecoms (India) Limited & Vee Three Informatics Limited.

Prabhat Telecoms (India) Limited, a Company engaged into design, assemble, and customize import and distribution of mobile handsets, wireless dongles / data-cards, data products and mobile / telecom accessories. We sell mobiles and internet data cards & smart phones / tablets, fixed wireless terminal and high end telecom devices under brand name "Xccess". We sell accessories under the brand name "Platinum". We sell our product to chain of distributors PAN India through distribution channel tie-ups with the operator.

The company has started to design, assemble and manufacture the telecom product under its own in-house brand in 2011. The company started to design and assemble the telecom devices like CDMA Mobile Handsets, CDMA Data Cards, FWT, WiFi Routers, accessories etc under its own brand. The CDMA/GSM feature handsets are designed, assembled and distributed under the brand name "V3 Mobile". Similarly the data product and smart phone Fixed wireless Terminal, Tablet and other high end telecom devices are designed, assembled and distributed under the brand "Xccess" and accessories under the brand "PLATINUM".

This entire set of activities, completes the value chain by providing the synergy of backward as well as forward integration.

Our Company comprises of various divisions, each handling independently into Research & Development, Sales & Distribution and Multi-Branded Retail. The company is now dealing in a variety of telecom products and gadgets like mobile handsets, mobile accessories for hi-end phones, tabs, etc. The total revenue of Prabhat Group, taken together, was around Rs. 500 Crores in 2014-2015.

We steadily strive to remain at the forefront in terms of both design and technological advancement. Our Company is dedicated to deliver the latest in breath taking technologies to customers in the most quickest and extreme forms.

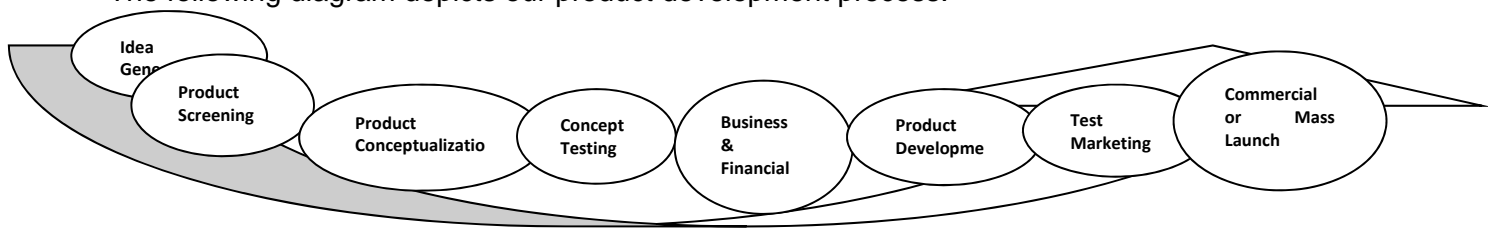
Prabhat Group Of Companies has tied up With Telecommunication Companies like MTS, Airtel through Which Government has Initiated Measures to advance Communication, Enhance Connectivity and Drive Internet uptake. The Rising Digital Quotient Of The Country has Transformed The Way We Live And Communicate, And Prabhat Group Has Played An Active Part The Make Indian Campaign And The Digital India Campaign Initiated By The Government.

INDUSTRY STRUCTURE AND PRODUCT DEVELOPMENT:

Prabhat Group has been active in the efforts in skill development space and continues to contribute in a significant way. We value their work for the industry and seek their consistent collaboration by joining hands and aligning to the national skill qualification framework, We at Prabhat Group emphasize on the need for skill development and employment opportunities for the country's youth and work towards a common objective of making India skill capital of the world.

Product Development Cycle

The following diagram depicts our product development process:



Product development is a process which converts a mere idea to final product; it not only covers the construction of physical product, but also involves important steps as Physical Product development, Testing of products, Usage testing, Branding and Packaging Design.

SWOT:

Strengths:

- Experienced Promoters and management team
- Domain knowledge in dealing in telecom devices
- Many OEM Vendors for Procurement of SKD Materials
- Dominant Player in the Telecom Industry

Weaknesses:

- Dependence of Vendor & Customer requirements

Opportunities:

- Potential to introduce new devices with latest technologies through R&D
- Ever increasing demand of Mobile Phones in India

Threats:

- Industry is prone to change in government policies
- No Entry Barriers for foreign players to enter the Domestic Industry
- Products are subject to exchange rate fluctuations.

RISKS AND CONCERNS:

The Board of Directors have identified various elements of risks which in its opinion may threaten the existence of the Company and have formulated measures to contain and mitigate risks. The Company has adequate internal control systems and procedures to combat identified risks. The audit committee periodically reviews the risks which may potentially affect the company's operations or performance.

HUMAN RESOURCE:

The Industrial Relations scenario continued to be cordial. The Company regards its employees as a great asset and accords high priority to training and development of its employees. The Company recognizes that its human resource is its strength in realizing its goals and objectives.

INTERNAL FINANCIAL CONTROL SYSTEM AND ITS ADEQUACY:

The Company has a well-placed, proper and adequate internal financial control system which ensures that all assets are safeguarded and protected and that the transactions are authorized recorded and reported correctly. The Company's internal financial control system also comprises due compliances with Company's policies and Standard Operating Procedures (SOPs) and audit and compliance by in-house Internal Audit Division, supplemented by internal audit checks from Independent Internal Auditors of the Company.

FINANCIAL PERFORMANCE:

The turnover of the company for the year ended 31st March, 2016 was Rs 317.06 Crores as against the previous year's Turnover of Rs. 304.23 Crores. The profit after taxation for the year under review was Rs.109.44 Crores as compared to Rs.112.57 Crores for the preceding year.

CAUTIONARY STATEMENT:

Statements in the Management Discussions and Analysis Report in regard to projections, estimates and expectations may be "forward looking statement" within meaning of applicable securities laws and regulations. Many unforeseen factors may come into play and affect the actual results, which would be different from what directors envisage in terms of future performance and outlook. Market data and product information contained in this report have been based on information gathered from various sources published and un-published reports, and their accuracy, reliability and completeness cannot be assured.

Independent Auditor's

Report to the Members of PRABHAT TELECOMS (INDIA) LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **PRABHAT TELECOMS (INDIA) LIMITED ("the Holding Company")** and its subsidiary ("**the Subsidiary**") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose 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 and the 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

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 does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of
Rajeev Sood & Co
Chartered Accountants
FRN. 010478N

Sd/-
Arvind Kumar
Partner
M. No: 099782
Place: Mandi
Date: 31st August 2016

"Annexure A" to the Independent Auditors' Report on Consolidated Financial Statements

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including details and situation of fixed assets;
 - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
 - (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
 - (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company availed loans from companies, firms, and other parties covered in the Register maintained under section 189 of the Companies Act, 2013 "The Act".
 - a) In our opinion the rate of interest and other term and condition on which loan has been granted to the party in the register maintained register U/S 189 of the Act were not, prima facie, Juridical to the Interest of Company.
 - b) In the case of Loan Granted to the Party in the Register maintained under section 189 of the Act, The Borrower has been regular in the payment of Principal & stipulated.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed

amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, 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 and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For and on behalf of
Rajeev Sood & Co
Chartered Accountants
FRN. 010478N**

Sd/-
Arvind Kumar
Partner
M. No: 099782
Place: Mandi
Date: 31st August 2016

"Annexure B" to the Independent Auditor's Report of even date on the Consolidated Financial Statements of PRABHAT TELECOMS (INDIA) LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **PRABHAT TELECOMS (INDIA) LIMITED** of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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". 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable

detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 and on behalf of
Rajeev Sood & Co
Chartered Accountants
FRN.:01047870**

**Sd/-
Arvind Kumar
Partner
M. No: 099782
Place: Mandi
Date: 31st August 2016**

Independent Auditor's Report

To the Members of PRABHAT TELECOMS (INDIA) LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **PRABHAT TELECOMS (INDIA) LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 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, 2016, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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 and the 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - 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 does not have any pending litigations which would impact its financial position.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Rajeev Sood &Co

Chartered Accountants

FRN: 010478N

Sd/-

Arvind Kumar

Partner

M. No: 099782

Place: Mandi

Date: 31st August, 2016

"Annexure A" to the Independent Auditors' Report on Standalone Financial Statements

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased Manner, designed to cover all the items over a period of three years, which in our opinion is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable Intervals.
- 3) The Company availed loans from companies, firms, and other parties covered in the Register maintained under section 189 of the Companies Act, 2013 "The Act" .
 - a. In our opinion the rate of interest and other term and condition on which loan has been granted to the party in the register maintained register U/S 189 of the Act were not, prima facie, Juridical to the Interest of. Company.
 - b. In the case of Loan Granted to the Party in the Register maintained under section 189 of the Act, The Borrower has been regular in the payment of Principal & Interest as Stipulated.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015
With regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, 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 and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For Rajeev Sood & Co,
Chartered Accountants
FRN: 010478N**

**Sd/- Sd/-
Arvind Kumar
Partner
M. No: 099782**

**Place: Mandi
Date: 31st August, 2016**

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of PRABHAT TELECOMS (INDIA) LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **PRABHAT TELECOMS (INDIA) LIMITED** of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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". 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 Rajeev Sood & Co,
Chartered Accountants
FRN: 010478N**

**Sd/-
Arvind Kumar
Partner
M. No: 099782**

**Place: Mandi
Date: 31st August, 2016**

Financial Statement for the period ended 31st Mar, 2016

	Notes	Amt. in Rs. As at 31st Mar, 2016 Standalone	Amt. in Rs. As at 31st Mar, 2016 Consolidated	Amt. in Rs. As at 31st Mar, 2015 Standalone
I EQUITY AND LIABILITIES				
(1) Shareholder's Funds				
(a) Share Capital	2	8,31,48,000	8,31,48,009	8,31,48,000
(b) Reserves and Surplus	3	32,16,91,053	32,35,78,782	31,07,46,892
(2) Share application money pending allotment				
(3) Non-Current Liabilities				
(a) Long-term borrowings	4	3,57,01,112	3,57,01,112	1,18,33,133
(b) Other Long term liabilities	5	10,75,00,000	10,77,69,027	15,37,59,600
(c) Deffered Tax Liabilities	6	86,41,682	86,41,682	73,65,487
(4) Current Liabilities				
(a) Short-term borrowings	7	64,77,52,963	64,77,52,963	55,53,40,633
(b) Trade payables	8	63,51,53,914	82,54,33,945	63,89,60,308
(c) Other current liabilities	9	15,93,697	17,90,771	19,55,226
(d) Short term provisions	10	2,41,44,071	2,43,28,340	3,04,78,557
Total Equity and Liabilities		<u>1,86,53,26,491</u>	<u>2,05,81,44,631</u>	<u>1,79,35,87,836</u>
II ASSETS				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	11	22,14,29,491	22,14,29,491	24,96,64,164
(ii) Intangible assets		76,55,442	76,55,442	-
(iii) Capital work-in-progress		-	-	-
(iv) Intangible assets under development		-	-	-
(b) Non-current Investments	12	2,00,000	2,00,000	2,00,000
(c) Long Term Loans and Advances	13	1,53,43,713	1,53,43,713	1,11,10,838
(d) Other Non-Current Assets	14	1,31,64,419	1,31,64,419	92,42,390
(2) Current assets				
(a) Inventories (refer. note 22)		34,28,56,472	34,28,56,472	31,32,30,540
(b) Trade receivables	15	1,09,87,86,181	1,28,97,22,307	1,00,82,75,422
(c) Cash and Bank Balances	16	1,41,12,381	1,41,77,116	79,06,518
(d) Other current assets	17	15,17,78,394	15,35,95,672	19,39,57,964
Total Assets		<u>1,86,53,26,491</u>	<u>2,05,81,44,631</u>	<u>1,79,35,87,836</u>

Significant Accounting Policies and Notes on Accounts forming part of financial statements.

As per our report of even date,
For Rjeev Sood & Co.
Chartered Accountants
FRN 010478N

For and on behalf of the board of Directors of
PRABHAT TELECOMS (INDIA) LIMITED

Arvind Kumar
Partner
M No. 099782

Statement of Profit and Loss for the period ended 31st Mar, 2016

	Notes	Amt. in Rs. As at 31st Mar, 2016 Standalone	Amt. in Rs. As at 31st Mar, 2016 Consolidated	Amt. in Rs. As at 31st Mar, 2015 Standalone
I. Revenue from Operations (Gross)	18	3,16,71,94,734	3,36,04,14,870	3,03,26,73,391
II. Other Income	19	34,53,434	34,53,434	96,62,338
III. Total Revenue (I +II)		3,17,06,48,168	3,36,38,68,305	3,04,23,35,729
IV. Expenses:				
Purchases (inclusive of Branch transfer)	20	3,03,65,00,739	3,22,71,78,673	2,99,69,10,469
Increase / (Decrease) in Value of Stock	21	(2,96,25,932)	(2,96,25,932)	(10,21,31,088)
Employee benefits expense	22	1,32,77,105	1,32,77,105	1,48,88,949
Other expenses	23	1,67,04,130	1,71,67,382	1,93,32,089
Total Expenses		3,03,68,56,043	3,22,79,97,228	2,92,90,00,419
Earnings before interest, tax, depreciation and ammortisation (EBITDA) (I)-(IV)		13,37,92,125	13,58,71,077	11,33,35,310
Financial costs	24	9,42,93,016	9,42,99,969	7,49,40,167
Depreciation and amortization expense	11	2,12,42,606	2,12,42,606	2,65,36,339
V. Profit before exceptional and extraordinary items and tax (III - IV)		1,82,56,503	2,03,28,501	1,18,58,804
VI. Exceptional Items				
- Prior Period Expenses		-	-	-
- Prior Period Incomes		-	-	-
VII. Profit before Extraordinary items		1,82,56,503	2,03,28,501	1,18,58,804
VIII. Extraordinary Items				
IX. Profit before tax (VII - VIII)		1,82,56,503	2,03,28,501	1,18,58,804
X. Tax expense:				
(1) Current tax		60,36,148	62,16,794	38,42,252
(2) Deferred tax (Note: 5)		12,76,195	12,76,195	(32,41,340)
XI. Profit(Loss) from the continuing operations (VII-VIII)		1,09,44,160	1,28,35,512	1,12,57,892
XII. Profit(Loss) from discounting operations		-	-	-
XIII. Tax expense of discounting operations		-	-	-
XIV. Profit(Loss) from discounting operations (after tax) (XII-XIII)		1,09,44,160	1,28,35,512	1,12,57,892
XV. Profit/(Loss) for the period (XI + XIV)		1,09,44,160	1,28,35,512	1,12,57,892
XVI. Earning per equity share :				
Basic & Diluted		1.32	0.15	1.35

Significant Accounting Policies and Notes on Accounts forming part of financial statements.

As per our report of even date,
For Rjeev Sood & Co.
Chartered Accountants
FRN 010478N

For and on behalf of the board of Directors of
PRABHAT TELECOMS (INDIA) LIMITED

Arvind Kumar
Partner
M No. 099782

Cash Flow Statement for the period ended 31st Mar, 2016

Particulars	31st Mar, 2016 Amt. in Rs.	31st Mar, 2016 Amt. in Rs.	31st Mar, 2015 Amt. in Rs.
	Standalone	Consolidated	Standalone
Cash flow from operating activities			
Profit before tax	1,82,56,503	2,03,28,501	1,12,57,892
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation	2,12,42,606	2,12,42,606	2,65,36,339
Foreign exchange (gain)/loss (net)	11,76,077	11,76,077	(7,33,450)
Interest Income	(10,35,141)	(10,35,141)	(5,94,443)
Interest expense	9,42,93,016	9,42,86,063	7,49,40,167
Operating profit before working capital changes	13,39,33,061	13,59,98,106	11,14,06,505
Movements in working capital :			
Increase / (decrease) in trade payables	38,06,394	19,40,86,426	(4,28,03,261)
Increase / (decrease) in short-term provisions	(8,23,52,666)	(8,25,36,934)	26,82,02,924
Increase / (decrease) in other current liabilities	(3,61,529)	(1,64,455)	(3,57,31,113)
Decrease / (increase) in trade receivables	(9,05,10,759)	(28,14,46,885)	(2,03,73,684)
Decrease / (increase) in inventories	(2,96,25,932)	(2,96,25,932)	(10,21,31,540)
Decrease / (increase) in short-term loans and advances	9,24,12,330	9,24,12,330	(2,64,93,311)
Decrease / (increase) in other current assets	4,21,79,570	4,03,62,292	(75,000)
Cash generated from operations	6,94,80,470	6,90,84,948	15,20,01,520
Foreign exchange fluctuation (net)	(11,76,077)	(11,76,077)	7,33,570
Provision (benefit) for deferred taxes	12,76,195	12,76,195	(32,41,341)
Net cash flow from operating activities	(A) 6,95,80,588	6,91,85,066	14,94,93,749
Cash flow from investing activities			
Proceeding from Increasing in Share Capital	-	9	-
Purchase of fixed assets including intangible, CWIP & capital advances	(6,63,374)	(6,63,374)	(14,71,65,268)
Received from loans and advances	42,32,875	42,32,875	88,18,281
Purchase of current investment including dividend reinvestment	-	-	(2,00,000)
Purchase of other Non-Current Assets	39,22,029	39,22,029	(28,12,620)
Interest received	10,35,141	10,35,141	5,94,443
Net cash flow used in investing activities	(B) 85,26,670	85,26,679	(14,07,65,164)
Cash flow from financing activities			
Proceed of long term borrowings	4,62,59,600	4,65,28,627	15,37,59,600
Repayment from long term borrowings	(2,38,67,979)	(2,36,83,710)	(8,08,86,392)
Interest paid	(9,42,93,016)	(9,42,86,063)	(7,49,40,167)
Net cash flow from financing activities	(C) (7,19,01,395)	(7,14,41,146)	(20,66,959)
Net increase/(decrease) in cash and cash equivalent (A + B + C)	62,05,862	62,70,598	66,61,626
Cash and cash equivalents at the beginning of the year	79,06,518	79,06,518	12,44,892
Unrealised Gain/(Loss) on Foreign Currency Cash and Cash equivalents			
Cash and cash equivalents at the end of the year	1,41,12,380	1,41,77,116	79,06,518

Notes to Financial Statements for the year ended 31st Mar, 2016

Note: 2 Share Capital

(i) Authorised, Issued, Subscribed and Paid Up Share Capital:

Authorised Shares

120,00,000 Equity Shares of Rs. 10 each

Total

Issued & Subscribed Share Capital

83,14,800 Equity Share Of Rs 10/- Each

Total

Paid up Shares Capital

83,14,800 equity Share Of Rs 10 each Fully Paid Up
(Previous year 83,14,800 Share)

Sub Total

Grand Total

31st Mar, 2016		31st Mar, 2015	
Number	Amount (Rs)	Number	Amount (Rs)
1,20,00,000	12,00,00,000	1,20,00,000	12,00,00,000
1,20,00,000	12,00,00,000	1,20,00,000	12,00,00,000
83,14,800	8,31,48,000	83,14,800	8,31,48,000
83,14,800	8,31,48,000	83,14,800	8,31,48,000
83,14,800	8,31,48,000	83,14,800	8,31,48,000
83,14,800	8,31,48,000	83,14,800	8,31,48,000
83,14,800	8,31,48,000	83,14,800	8,31,48,000

(ii) Reconciliation of the number of Equity Shares Outstanding:

Redeemable Non Cumulative Preference share

Equity Shares

At the beginning of the period

Issued during the period-Share Allotment

Sub Total

Outstanding at the end of the period

31st Mar, 2016		31st Mar, 2015	
Number	Amount (Rs)	Number	Amount (Rs)
83,14,800	8,31,48,000	83,14,800	8,31,48,000
83,14,800	8,31,48,000	83,14,800	8,31,48,000
83,14,800	8,31,48,000	83,14,800	8,31,48,000

(iii) Shareholders holding Equity Shares of the Company:

Equity Shareholder of Rs 10/- each fully paid up

Vishwamani Matamani Tiwari

Vee Three Informatics Ltd

31st Mar, 2016		31st Mar, 2015	
Number	% of Holding	Number	% of Holding
61,94,800	74.50%	61,94,800	74.50%
13,22,600	15.91%	13,22,600	15.91%
83,14,800	100.00%	83,14,800	100.00%

(iv) Aggregate number of bonus shares issued

Financial Years	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Fully paid up bonus shares (Rs 10/- each)	Nil	Nil	Nil	Nil	Nil	Nil

Notes to Financial Statements for the year ended 31st Mar, 2016

Particulars	31st Mar, 2016	31st Mar, 2016	31st Mar, 2015
	Amt. in Rs. Standalone	Amt. in Rs. Consolidated	Amt. in Rs. Standalone
Note: 3 Reserves & surplus			
Securities Premium Account			
As per last Balance Sheet	20,38,86,000	20,38,86,000	20,38,86,000
Add: Premium On Issue of Equity Sahre	-	-	-
Surplus / (Deficit) in the statement of profit and loss			
As per last Balance Sheet	10,68,60,892	10,87,48,622	9,56,03,000
Add : Profit for the year	1,09,44,160	1,09,44,160	1,12,57,892
Less : Appropriations			
Transfer to General Reserve	-	-	-
Corporate Dividends Tax	-	-	-
Dividend Proposed	-	-	-
Total Appropriations	-	-	-
Net Surplus in the statement of Profit and Loss	32,16,91,053	32,35,78,782	31,07,46,892
Total Reseve and Surplus	32,16,91,053	32,35,78,782	31,07,46,892
	31st Mar, 2016	31st Mar, 2016	31st Mar, 2015
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
	Standalone	Consolidated	Standalone
Note: 4 Long Term Borrowings			
Secured			
Term loans- From Banks	-	-	-
Unsecured			
Loans and advances from related parties	3,57,01,112	3,57,01,112	-
Loans From Others	-	-	1,18,33,133
	3,57,01,112	3,57,01,112	1,18,33,133
	31st Mar, 2016	31st Mar, 2016	31st Mar, 2015
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
	Standalone	Consolidated	Standalone
Note: 5 Other Long term Liabilities			
From Others	10,75,00,000	10,77,69,027	15,37,59,600
	10,75,00,000	10,77,69,027	15,37,59,600

	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 6 Deffered Tax (Liabilities/Assets)			
Op. Bal. of Deferred Tax Account as on 01.04.2015	(73,65,487)	(73,65,487)	(1,06,06,828)
Difference of IT Tax Calculation 01.04.2015	-	-	-
Depreciation as per Income Tax Act	2,51,02,494	2,51,02,494	1,65,32,200
Depreciation as per Books	2,12,42,606	2,12,42,606	2,65,36,339
Difference (A)	(38,59,889)	(38,59,889)	1,00,04,139
Other Timing Differences	-	-	-
Previous Year Loss Recovered	-	-	-
Difference (A)	(38,59,889)	(38,59,889)	1,00,04,139
Deferred Tax Liabilities @ 33.063%	(12,76,195)	(12,76,195)	32,41,341
Cl. Bal. of Deferred Tax Account as on 31.03.2014	<u>(86,41,682)</u>	<u>(86,41,682)</u>	<u>(73,65,487)</u>

	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 7 Short Term Borrowings			
<u>Secured</u>			
Cash Credit	64,77,52,963	64,77,52,963	55,53,40,633
	<u>64,77,52,963</u>	<u>64,77,52,963</u>	<u>55,53,40,633</u>

	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 8 Trade Payables			
Micro, Small and Medium Enterprises	60,38,64,710	79,41,44,741	63,57,07,399
Others	3,12,89,204	3,12,89,204	32,52,909
	<u>63,51,53,914</u>	<u>82,54,33,945</u>	<u>63,89,60,308</u>

* Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at ----- . The information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 (Act) has been determined to the extent such parties have been identified by the company.

	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 9 Other Current Liabilities			
Others Payables	-	1,97,074	-
Advances Received from Debtors	-	-	-
Security deposit payable	1,48,000	1,48,000	2,48,000
Statutory Dues	14,45,697	14,45,697	17,07,226
	<u>15,93,697</u>	<u>17,90,771</u>	<u>19,55,226</u>

	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 10 Provisions			
Provisions for Expenses	27,17,047	27,17,047	82,56,304
Provisions for Tax	2,14,27,024	2,16,11,293	2,22,22,253
	<u>2,41,44,071</u>	<u>2,43,28,340</u>	<u>3,04,78,557</u>

* Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013. The information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 (Act) has been determined to the extent such parties have been identified by the company.

Note: 11 Fixed Assets

Particulars	Gross Block				Depreciation				Net Block	
	SLM as on 01.04.2015	Addition	Deduction	SLMV as on 31.03.2016	As on 01.04.2015	From 31.03.2016	Dep. on Sold Asset	As on 31.03.2016	SLMV as on 31.03.2016	SLMV as on 31.03.2015
(i) Tangible Assets										
Land & Office Building	22,25,25,594	-	-	22,25,25,594	-	1,07,83,049	-	1,07,83,049	21,17,42,545	22,25,25,594
Furniture	70,73,324	59,282	-	71,32,606	-	21,90,723	-	21,90,723	49,41,883	70,73,324
Plan & Machinery	31,87,562	3,94,487	-	35,82,049	-	6,73,259	-	6,73,259	29,08,790	31,87,562
Car	18,07,466	-	-	18,07,466	-	7,47,831	-	7,47,831	10,59,635	18,07,466
Office Equipments	20,46,526	1,62,177	-	22,08,703	-	14,32,065	-	14,32,065	7,76,638	20,46,526
Current Year Total	23,66,40,472	6,15,946	-	23,72,56,418	-	1,58,26,927	-	1,58,26,927	22,14,29,491	23,66,40,472

Previous Year Total	11,42,32,237	13,94,69,250	-	25,37,01,487	-	1,70,61,015	-	1,70,61,015	23,66,40,472	11,42,32,357
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Particulars	Gross Block				Depreciation				Net Block	
	SLM as on 01.04.2015	Addition	Deduction	SLMV as on 31.03.2016	As on 01.04.2015	From 31.03.2016	Dep. on Sold Asset	As on 31.03.2016	SLMV as on 31.03.2016	SLMV as on 31.03.2015
(i) Intangible Assets										
Computer Software	1,30,23,692	47,429	-	1,30,71,121	-	54,15,679	-	54,15,679	76,55,442	1,30,23,692
Current Year Total	1,30,23,692	47,429	-	1,30,71,121	-	54,15,679	-	54,15,679	76,55,442	1,30,23,692

Previous Year Total	1,48,02,997	76,96,018	-	2,24,99,015	-	94,75,324	-	94,75,324	1,30,23,692	1,48,02,997
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	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 12 Non-current Investments			
Union KBC Small and Midcap Fund	2,00,000	2,00,000	2,00,000
	<u>2,00,000</u>	<u>2,00,000</u>	<u>2,00,000</u>
	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 13 Long-term Loans and Advances			
Balance with statutory/ government authorities	73,12,924	73,12,924	1,08,49,989
Loans & Advances to Others	80,30,789	80,30,789	2,60,849
	<u>1,53,43,713</u>	<u>1,53,43,713</u>	<u>1,11,10,838</u>
	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 14 Other non-current assets			
Other Deposits	1,31,64,419	1,31,64,419	92,42,390
	<u>1,31,64,419</u>	<u>1,31,64,419</u>	<u>92,42,390</u>
	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 15 Trade Receivable			
For less than Six months, Domestic	1,08,59,51,029	1,27,68,87,155	1,00,82,75,422
For more than Six months, Domestic	1,28,35,152	1,28,35,152	-
Advances Received from Creditor	-	-	-
	<u>1,09,87,86,181</u>	<u>1,28,97,22,307</u>	<u>1,00,82,75,422</u>
	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 16 Cash and cash equivalents			
Cash & Bank Balance	1,41,12,381	1,41,77,116	79,06,518
	<u>1,41,12,381</u>	<u>1,41,77,116</u>	<u>79,06,518</u>
	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 17 Other Current Assets			
Prepaid Expenses (Note: 33)	-	-	42,955
Other Advances	15,17,78,394	15,35,95,672	19,39,15,009
	<u>15,17,78,394</u>	<u>15,35,95,672</u>	<u>19,39,57,964</u>

Particulars	31st Mar, 2016	31st Mar, 2016	31st Mar, 2015
	Amt. in Rs. Standalone	Amt. in Rs. Consolidated	Amt. in Rs. Standalone
Note: 18 Revenue from operations			
Net Sales (inclusive of Branch transfer)	3,16,71,94,734	3,36,04,14,870	3,03,26,73,391
	<u>3,16,71,94,734</u>	<u>3,36,04,14,870</u>	<u>3,03,26,73,391</u>
	31st Mar, 2016	31st Mar, 2016	31st Mar, 2015
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
	Standalone	Consolidated	Standalone
Note: 19 Other Income			
Interest Received on FDR	10,35,141	10,35,141	5,94,443
Rental Income	24,16,680	24,16,680	24,96,680
Discount Received /written off	-	-	57,92,866
Miscellaneous	1,613	1,613	7,78,349
	<u>34,53,434</u>	<u>34,53,434</u>	<u>96,62,338</u>
Note: 20 Purchases (inclusive of Branch transfer)			
Purchase (inclusive of Branch transfer)	3,03,65,00,739	3,22,71,78,673	2,99,69,10,468
	<u>3,03,65,00,739</u>	<u>3,22,71,78,673</u>	<u>2,99,69,10,468</u>
	31st Mar, 2016	31st Mar, 2016	31st Mar, 2015
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
	Standalone	Consolidated	Standalone
Note: 21 Increase / (decrease) in Inventory			
Increase / (decrease) in Raw Material			
Opening Stock	-	-	1,42,91,000
Closing Stock	-	-	-
Net Changes in Inventories (A)	-	-	1,42,91,000
Increase / (decrease) in Stock of Store & Spares			
Opening Stock	-	-	-
Closing Stock	-	-	-
Net Changes in Inventories (B)	-	-	-
Increase / (decrease) in Finished Stock			
Opening Stock	-	-	17,84,65,000
Closing Stock	-	-	17,84,65,000
Net Changes in Inventories (B)	-	-	17,84,65,000
Increase / (decrease) in Work in Progress			
Opening Stock	31,32,30,540	31,32,30,540	1,83,43,452
Closing Stock	34,28,56,472	34,28,56,472	31,32,30,540
Net Changes in Inventories (B)	(2,96,25,932)	(2,96,25,932)	(29,48,87,088)
TOTAL (A) + (B)	<u>(2,96,25,932)</u>	<u>(2,96,25,932)</u>	<u>(10,21,31,088)</u>

	31st Mar, 2016 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Consolidated	31st Mar, 2015 Amt. in Rs. Standalone
Note: 22 Employee benefits expense			
Salary Basic	1,28,54,708	1,28,54,708	1,29,03,498
PF Admin Charges	3,462	3,462	21,582
ESIC Employers Contribution	-	-	1,75,330
Expenses Reimbursement	51,282	51,282	10,94,134
Director Remuneration	-	-	50,760
Other Benefits	1,57,124	1,57,124	4,32,581
Staff Welfare	2,10,529	2,10,529	2,11,064
	1,32,77,105	1,32,77,105	1,48,88,949
Note: 23 Other Expenses			
Brokerage and discounts	8,98,961	8,98,961	36,76,839
Donation	-	-	51,000
Electricity expenses	6,23,885	6,23,885	5,92,074
Foreign Exchange Fluctuation loss	11,76,077	11,76,077	-
Insurance Expenses	5,78,498	5,78,498	19,53,770
Legal & Professional Charges	64,97,175	64,97,175	21,47,970
Miscellaneous/Other expenses	-	-	6,15,681
Office Expenses	1,15,447	5,78,699	8,37,592
Penalty & Interest	31,147	31,147	2,30,331
Bad Debts	3,15,767	3,15,767	-
Postage/courier Charges	2,66,603	2,66,603	5,63,344
Printing & Stationary Expenses	1,82,877	1,82,877	6,72,587
Rent	2,89,500	2,89,500	6,66,000
ROC Fees	18,800	18,800	13,800
Sales promotion expenses	17,79,711	17,79,711	17,64,174
Society Maintenance Expenses	4,41,120	4,41,120	18,34,557
Stamp Duty	10,08,480	10,08,480	-
Security Expense	-	-	2,25,200
Telephone/Telex/Fax Charges	4,02,835	4,02,835	8,71,000
Transport Charges	91,226	91,226	-
Travelling /Conveyance Expenses	7,76,683	7,76,683	5,05,537
Payment to Auditor			
Statutory Audit Fees	8,70,000	8,70,000	8,69,200
Tax Audit Fees	1,30,800	1,30,800	1,30,800
Taxation matters	-	-	-
Repairs & Maintenance			
Machinery Repairs & Maintenance	-	-	11,10,633
General Repairs & Maintenance	2,08,539	2,08,539	-
Total	1,67,04,130	1,71,67,382	1,93,32,089
Less - Capitalisation of Software Development Cost	-	-	-
	1,67,04,130	1,71,67,382	1,93,32,089
Note: 24 Financial costs			
Bank Charges	3,54,110	3,61,063	26,16,091
Bank Interest	8,63,13,178	8,63,13,178	7,19,43,576
Processing fee	59,66,810	59,66,810	3,80,500
Other Interest Paid	16,58,919	16,58,919	-
	9,42,93,016	9,42,99,969	7,49,40,167

CEO and CFO Compliance Certificate

We, Vishwamani Tiwari, Chairman and Managing Director and Amit Pandit, Chief Financial Officer certify that:

a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief:

(1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) To the best of their knowledge and belief, no transactions entered into by the listed entity during the year ended 31st March, 2016 which are fraudulent, illegal or violative of the listed entity's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit committee.

(1) There has not been any significant changes in internal control over financial reporting during the year;

(2) There has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) We are not aware of any instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Mr. Vishwamani Tiwari
Chairman & Managing Director

Mr. Amit Pandit
Chief Financial Officer

Place: Mumbai
Date: 31st August, 2016