



Prabhat Telecoms (India) Limited



**ANNUAL REPORT
2016 - 2017**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vishwamani Matamani Tiwari
Mr. Parag Rameshchandra Malde
Mr. Vaibhav Shastri
Mr. Anand Khemani
Mr. Arvind Singh
Mrs. Dipti Suresh More

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

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Lijo Varghese

STATUTORY AUDITORS

Rajeev Sood & Co., Chartered Accountants

SECRETARIAL AUDITORS

Budgajar & Co., Practising Company Secretaries

BANKERS

State Bank of India
Bank of India
Union Bank of India

REGISTRAR & SHARE TRANSFER AGENTS

Cameo Corporate Services Limited
Subramanian building, No.1, Club House Road
Chennai-600002
Tel: 044-28460390

REGISTERED OFFICE

2, Geetanjali Apartments,
Manchhu Bhai Road,
Near Manali Hotel,
Near Subway, Malad (East),
Mumbai 400097

CORPORATE OFFICE

402, Western Edge I, Kanakia Spaces,
Western Express Highway,
Borivali (East),
Mumbai 400066
Tel : +91 22-40676000
Email: info@prabhatgroup.net
Website:www.prabhatgroup.net
www.xccess.in

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 10TH 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 SATURDAY, 30TH DAY OF SEPTEMBER, 2017 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 2017 together with reports of the Directors and Auditors thereon.
2. To re-appoint Mr. Parag Malde, Whole time Director (DIN: 05354513), who retires from office by rotation being eligible, offers himself for reappointment.
3. To appoint M/s. Mahesh C. Solanki & Co., Chartered Accountants (FRN: 06228C) as Statutory Auditors in place of resigning Auditors M/s. Rajeev Sood & Co., Chartered Accountants and 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 **Special Resolution**:
“**RESOLVED THAT** pursuant to section 139, 142 and other applicable provision, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and pursuant to the recommendations of the Audit Committee, M/s. Mahesh C. Solanki & Co., Chartered Accountants (FRN: 06228C) be appointed as statutory auditors of the Company, in place of resigning auditors M/s. Rajeev Sood & Co., Chartered Accountants (FRN: 10478N) to hold office from the conclusion of this 10th AGM until the conclusion of the 15th AGM, subject to ratification by members every year, at such remuneration as may be decided by the Board of Directors of the Company.”

Special Business:

4. To regularize the appointment of Additional Director, Mr. Arvind Singh (DIN: 00244726) as a Director.
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** pursuant to Sections 160 & 161 and any other applicable provisions of the Companies Act, 2013 and the rules made there under, Mr. Arvind Singh (DIN: 00244726), who was appointed as an Additional Director of the Company by the Board of Directors on 26th December, 2016, be and is hereby appointed as Executive Director of the Company who is liable to retire by rotation.”

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

Sd/-
Lijo Varghese
Company Secretary

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

Date: 5th September, 2017
Place: Mumbai

IMPORTANT NOTES:

1. Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, in respect of business under item no. 4 above is annexed to the Notice convening the Annual General Meeting.

2. The Register of Members and the Share Transfer books of the Company will remain closed from **Saturday, 23rd September, 2017** to **Saturday, 30th September, 2017** (both days inclusive) for the purpose of AGM.

3. 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.

4. 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.

5. 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.

6. 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.

7. Details as required in Sub-regulation (3) of Regulation 36 of the SEBI (Listing Regulations & Disclosure Requirements) Regulations, 2015 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.

8. Any person whose name appears in the register of members as on the cut-off date i.e. 22nd September, 2017 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

9. 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 10th Annual General Meeting.

10. 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.

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

12. 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.

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

14. Electronic copy of the Annual Report for 2017 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 2017 is being sent in the permitted mode.

15. Electronic copy of the Notice of the 10th 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 10th 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.

16. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, 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, 2017 (10:00 am) and ends on 29th September, 2017 (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 22nd September, 2017, 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 csnitishchaudhary@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 :

EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN

- (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 22nd September, 2017.
- 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. 22nd September, 2017, 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 and Certificate of Practise No. 16275) 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.

17. 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.

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

Sd/-
Lijo Varghese
Company Secretary

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

Date: 5th September, 2017
Place: Mumbai

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

The Board at its meeting held on December 26, 2016, appointed Mr. Arvind Singh as additional director pursuant to Section 161 of the Companies Act, 2013 . Hence, he will hold office up to the date of the ensuing Annual General Meeting.

The Company has received consent in writing to act as director in Form DIR 2 and intimation in Form DIR 8 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under sub- section (2) of Section 164 of the Companies Act, 2013.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail his services as Director. Accordingly, the Board recommends the resolution Nos. 4, in relation to appointment of Mr. Arvind Singh as Director, for the approval by the shareholders of the Company.

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

Sd/-
Lijo Varghese
Company Secretary

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

Date: 5th September, 2017

Place: Mumbai

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 (3) OF THE SEBI (LISTING REGULATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

1. Re-Appointment of Mr. Parag Malde who shall Retire by Rotation:

Sr. No.	Particulars	
1.	Name of the Director	Mr. Parag Malde
2.	Brief Resume	Mr. Parag Malde has completed Bachelor of Commerce and he has over 13 years experience in the Telecom domain and is an accomplished Techno-commercial professional with expertise in device development and technical sales support.
3.	Expertise in specific functional areas	Telecom Business
4.	Name of Other Companies in which the person holds Directorship (Public)	1. Vee Three Informatics Limited
5.	Names of Other Companies in which the person also holds the Membership of the following Committees of the Board a) Audit Committee b) Nomination & Remuneration Committee c) Stakeholders Relationship Committee	- - -
6.	Disclosure of Shareholding of non-executive directors	Owens 2,26,250 shares (2.72%)
7.	Disclosure of relationship inter se	None

2. Regularization of Additional Director Mr. Arvind Singh:

Sr. No.	Particulars	
1.	Name of the Director	Mr. Arvind Singh
2.	Brief Resume	Mr. Arvind Singh has completed Bachelor of Commerce and plays active role in his family business. He is an entrepreneur in his own right and brings fresh and innovative ideas to the Board.
3.	Expertise in specific functional areas	Realty and Infrastructure
4.	Name of Other Companies in which the person holds Directorship (Public)	-
5.	Names of Other Companies in which the person also holds the Membership of the following Committees of the Board a) Audit Committee	-

	b) Nomination & Remuneration Committee	-
	c) Stakeholders Relationship Committee	-
6.	Disclosure of Shareholding of non-executive directors	None
7.	Disclosure of relationship inter se	None

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

Sd/-
Lijo Varghese
Company Secretary

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

Date: 5th September, 2017
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, 2017 at 4.00 pm

Name of the member (s):

Registered address:

E-mail Id:

Folio No / DP ID / Client ID:

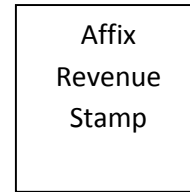
I/We, _____ being the member (s) of **Prabhat Telecoms (India) Limited** shares, hereby appoint

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 10th Annual General Meeting of the company, to be held on the Saturday, 30th September, 2017 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 2017 and the report of the Auditors and Directors thereon.
2.	To re-appoint Mr. Parag Malde, Whole time Director (DIN: 05354513), who retires from office by rotation being eligible, offers himself for reappointment.
3.	To appoint M/s. Mahesh C. Solanki & Co., Chartered Accountants as Statutory Auditors in place of resigning Auditors M/s. Rajeev Sood & Co., Chartered Accountants and fix their remuneration.
4.	To regularize the appointment of Additional Director, Mr. Arvind Singh (DIN: 00244726) as a Director.

Signed this _____ day of September 2017



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

Tenth Annual General Meeting of Prabhat Telecoms (India) Limited on Saturday, 30th September, 2017 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 Tenth Annual General Meeting of the Company on Saturday, 30th September, 2017 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.

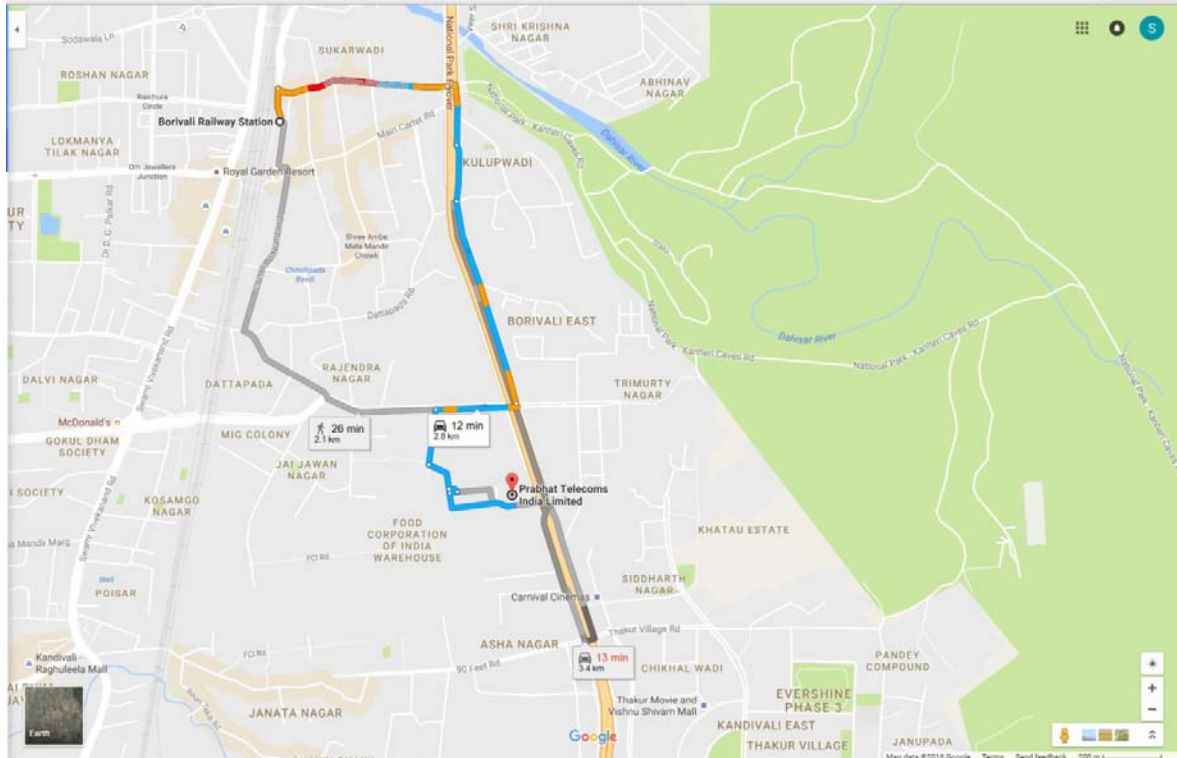
Tenth Annual General Meeting of Prabhat Telecoms (India) Limited on Saturday, 30th September, 2017 at 4.00 pm

ELECTRONIC VOTING PARTICULARS

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

NOTE: Please read instructions given at Note no. 15 of the Notice of the 10th 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 10th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2017. The Management Discussion & Analysis is also incorporated into this Report.

1) FINANCIAL RESULTS:

Summary of the Company's financial performance for F.Y. 2016-2017 as compared to the previous financial year is given below: **(Figures)**

Particulars	F.Y. 2016 – 2017	F.Y. 2015 – 2016	F.Y. 2016 – 2017	F.Y. 2015 – 2016
	Standalone	Standalone	Consolidated	Consolidated
Revenue from operations (Net)	3,05,21,33,734	3,16,71,94,734	3,19,49,53,051	3,36,04,14,870
Revenue from Other Income	50,20,360	34,53,434	50,20,360	34,53,434
Total Revenue	3,05,71,54,094	3,17,06,48,168	3,19,99,73,410	3,36,38,68,304
Profit/Loss before Depreciation & Interest	15,88,91,694	13,37,92,126	16,21,49,091	13,58,71,076
Depreciation & Amortization	2,09,56,639	2,12,42,606	2,10,34,672	2,12,42,606
Interest Cost	11,17,15,843	9,42,93,017	11,17,40,165	9,42,99,969
Extraordinary Items	62,10,000	-	-	-
Profit/Loss After Depreciation & Interest & Extraordinary Items	2,00,09,213	1,82,56,503	2,93,74,254	2,03,28,501
Provision for Tax	54,45,331	73,12,343	57,98,994	74,92,989
Profit After Tax	1,45,63,881	1,09,44,160	2,35,75,260	1,28,35,512
EPS	1.75	1.32	2.84	1.54

2) HIGHLIGHTS:

During the year under review, your company has reported a Net Consolidated Turnover of Rs.3,19,99,73,410/- including other income. The Turnover of the Company has decreased because of stiff

competition in the target markets and long duration taken for flow of working capital cycle in the telecom industry

3) SHARE CAPITAL:

The Paid Up Equity Capital as on March 31, 2017 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, 2017.

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 2016-17.

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 2016-17.

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 shareholding
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, 2017 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, 2017 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) 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 2016-2017, Board meetings were held 19 times as follows; 01.04.2016, 28.04.2016, 09.05.2016, 11.05.2016, 16.05.2016, 30.07.2016, 31.08.2016, 22.10.2016, 08.11.2016, 10.11.2016, 14.11.2016, 23.11.2016, 26.12.2016, 10.01.2017, 09.02.2017, 16.02.2017, 18.02.2017, 02.03.2017, 30.03.2017.

12) 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. Anand Khemani 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. Anand Khemani 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.

13) POSTAL BALLOT:

Postal Ballot was held during the year for following items:

1. Alteration of object clause in the memorandum of association as per section 13 of the Companies Act, 2013.
2. To Borrow Money In Excess Of Aggregate Of Paid Up Capital And Free Reserves Upto Rs. 300 Crores as per section 180(1)(c) of the Companies Act, 2013.

Postal ballot during the year was held between 03rd March, 2017 to 01st April, 2017 and the outcome of which was declared on 6th April, 2017.

14) 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.

15) STATUTORY AUDITORS:

M/s Rajeev 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.

16) INTERNAL AUDITORS:

During the year, Company has appointed M/S KSPM & Associates as Internal Auditor for the Financial Year 2016-17 to conduct Internal Audit on such terms and conditions as decided mutually.

17) 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.

18) 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.

19) 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.

20) 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.

21) 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**.

22) 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.

23) 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.

24) 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.

25) 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.

26) 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.

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

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

During the financial year 2016-17, no cases in the nature of sexual harassment were reported at any workplace of the company.

28) DIRECTORS:

A.CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Arvind Singh was appointed as Additional Director w.e.f. 26th December, 2016. Pursuant to Section 152 of the Companies Act, 2013.

Mr. Atul Bhatkalkar, Independent Director tendered his resignation on 07th November, 2016.

Mr. Atul Arvind Singh, was appointed as Independent Director w.e.f. 8th November, 2016 .

Mr. Amit Pandit, Chief Financial Officer tendered his resignation on 12th November, 2016.

Mr. Kevin Shah was appointed as Chief Financial Officer w.e.f. 23rd November, 2016.

Mr. Atul Arvind Singh, Independent Director tendered his resignation on 26th December, 2016.

Mr. Arvind Singh, was appointed as Additional Director w.e.f. 26th December, 2016

Mr. Anand Khemani, was appointed as Independent Director W.e.f. 26th December, 2016

Mr. Kevin Shah, Chief Financial Officer tendered his resignation on 10th January, 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.

29) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

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

30) SECRETARIAL AUDIT REPORT:

The Board has appointed Budgajar & Co., 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**.

31) 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.

32) LISTING WITH BOMBAY STOCK EXCHANGE:

The Company got listed on the BSE SME Platform on 03rd August, 2016 through an Offer for Sale (OFS) 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.

33) 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, 2017.

34) 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;

34) 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: 30th May, 2017
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 vis-à-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	01 st April, 2016 to 31st March, 2017
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 = 8.3471 INR as on 31 st March,2017
4.	Share capital	HK\$ 1
5.	Reserves & surplus	HK\$ 5,69,901
6.	Total assets	HK\$ 1,56,94,269
7.	Total Liabilities	HK\$ 1,51,24,367
8.	Investments	-
9.	Turnover	HK\$ 1,71,12,394
10.	Profit before taxation	HK\$ 3,89,700
11.	Provision for taxation	HK\$ (41,069)
12.	Profit after taxation	HK\$ 3,48,631
13.	Proposed Dividend	-
14.	% of shareholding	100%

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 by the company on the year end	NA	NA	NA
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, 2017

[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	Manufacture of pagers, cellular phones and other mobile communication equipment	26305	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	54,05,450	-	54,05,450	65.01	-13.22
b) Central Govt.					-	-	-	-	-
c) State Govt.(s)					-	-	-	-	-
d) Bodies Corporate	13,22,600		13,22,600	15.90	2,22,600	-	2,22,600	2.68	-13.22
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	78,26,050		78,26,050	94.12	56,28,250		56,28,250	67.69	-26.43
(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	56,28,050		56,28,050	67.69	-26.43
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) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify V3)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	6,06,400	-	6,06,400	-	7.29
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	10,000		10,000	0.12	4,86,100	5.85	4,86,100	5.85	5.73
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	4,78,750		4,78,750	5.75	15,94,250	19.17	15,94,250	19.17	13.96
c) Other (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	4,88,750		4,88,750	5.87	26,86,750	32.31	26,86,750	32.31	26.44
Total Public Shareholding (B)=(B)(1)+(B)(2)	4,88,750		4,88,750	5.87	26,86,750	32.31	26,86,750	32.31	26.44
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	8,31,48,000		8,31,48,000	100.00	8,31,48,000		8,31,48,000	100.00	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
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Compa	% of Shares Pledged / encumbered to total shares	

					ny		the year
Mr. Vishwamani Tiwari	62,95,100	75.70	-	51,97,100	62.50	-	-13.22
Mr. Matamani Tiwari	1,02,000	1.22	-	1,02,000	1.22	-	-
Mrs. Gauri Kutty	1,00,300	1.20	-	1,00,300	1.20	-	-
Mr. Chandramani Tiwari	6,050	0.07	-	6,050	0.07	-	-
M/s Vee Three Informatics Limited	13,22,600	15.90	-	2,22,600	2.68	-	-13.22
Total	78,26,050	94.12	-	56,28,050	67.69	-	-

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
Vishwamani Tiwari				
At the beginning of the year	62,95,100	75.70	62,95,100	75.70
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Purchase 2000 on 24.02.2017 Offer for Sale 11,00,000 on 03.08.2017	13.22	-	-
At the end of the year	51,97,100	62.50	51,97,100	62.50
Vee Three Informatics Ltd.				
At the beginning of the year	13,22,600	15.90	13,22,600	15.90
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Offer for sale on 11,00,000 on 03.08.2017	13.22	-	-
At the end of the year	2,22,600	2.68	2,22,600	2.68

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
Aartie Sunil Anandpara	-	-	1,50,000	1.80	1,50,000	1.80
Alacrity Securities Limited	-	-	1,32,000	1.59	1,32,000	1.59
Super Mercantiles Private Limited	-	-	96,000	1.15	96,000	1.15
DBFS Finance & Leasing(India) Limited	-	-	88,000	1.05	88,000	1.05
Sairam Commodity Trade Private Limited	-	-	73,500	0.88	73,500	0.88
Ankush Vasant Belorkar	62,500	0.75	62,500	0.75	-	-
Gaurang Dinesh Shah	-	-	46,000	0.55	46,000	0.55
Urvi Hemal Shah	-	-	46,000	0.55	46,000	0.55
Foram Gaurang Shah	-	-	46,000	0.55	46,000	0.55
Dellip Vijaykumar Kotecha	-	-	42,000	0.50	42,000	0.50

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	No. of shares	% of total

			the company		shares of the company
	At the beginning of the year: <u>Directors and KMP:</u>				
1	Mr. Vishwamani Matamani Tiwari	62,95,100	75.70	62,95,100	75.70
2	Mr. Parag Rameshchandra Malde	2,26,250	2.72	2,26,250	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.)	10,98,000	13.20	10,98,000	13.20
	At the end of the year: <u>Directors and KMP:</u>				
1	Mr. Vishwamani Matamani Tiwari	51,97,100	62.50	51,97,100	62.50
2	Mr. Parag Rameshchandra Malde	2,26,250	2.72	2,26,250	2.72

5. INDEBTEDNESS :

Indebtedness of the Company including interest outstanding/accrued but not due for payment as on 31st March, 2017:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.Principal Amount	-	14,000,000.00	38,930,405.49	52,930,405.49
ii. Interest due but not paid	-	1,053,500.00	4,395,004.83	5,448,504.83
iii. Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	-	15,053,500.00	43,325,410.32	58,378,910.32
Change in Indebtedness during the financial year				
Addition	-		-	
Reduction	-	4,90,000.00	2,368,615.17	7,268,615.17

Net Change	-	4,90,000.00	2,368,615.17	7,268,615.17
Indebtedness at the end of the financial year				
i.Principal Amount	-	9,100,000.00	36,561,790.32	45,661,790.32
ii. Interest due but not paid	-	-	-	
iii. Interest accrued but not due	-	-	-	
Total (i+ ii+ iii)	-	9,100,000.00	36,561,790.32	45,661,790.32

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. Anand Khemani	
	-Fee for attending Board/Committee Meetings-	-	-	-	-
	Commission	-	-	-	
	- Others, please specify	-	-	-	
	Total (1)	-	-	-	
2	Other Executive Directors	Ms. Dipti More	Mr.Arvind Singh	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			
		Mr. Lijo Varghese (Company Secretary)	Mr. Amit Pandit (CFO)	Mr. Kevin Shah (CFO)	Total
1.	Gross Salary	3,60,000	14,40,000	10,80,000	28,80,000
	(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	3,60,000	14,40,000	10,80,000	28,80,000

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	Mr. Vishwamani Tiwari
b)	Nature of contracts/arrangements/transaction	Loan Taken from Director
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	30 th March, 2017
f)	Amount received, if any	Rs. 3,73,82,177.36

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Prabhat Enterprises
b)	Nature of contracts/arrangements/transaction	Service centre charges
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	30th March, 2017
f)	Amount paid, if any	Rs. 36,51,858.56

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

Sd/-

Mr. Vishwamani Tiwari
Chairman & Managing Director
DIN: 01932624

Date: 30th May, 2017
Place: Mumbai

ANNEXURE E
Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

To
The Members,
Prabhat Telecoms (India) Limited
Geetanjali Apartments, Manchhu Bhai Road,
Near Manali Hotel, Malad East
Mumbai 400097

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Prabhat Telecoms (India) Limited** ("the Company") for the financial year ended on 31st March, 2017 as given in the **Annexure I**, according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
(Not Applicable to the Company during the Audit Period)
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998;

2. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as per the list given in **Annexure II**.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013; and
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”);

During the financial year 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. *During the financial year under review, the Company has not complied under regulation 33 (Financial results) of the SEBI (LODR) Regulation, 2015 for September 2016 Quarter and the Penalty of Rs.1,87,622.5/- (Penalty inclusive of Service Tax) imposed by the BSE through letter dated December 1, 2016 and the same had been paid by the Company.*

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 for the financial year under review. The changes in the composition of the Board of Directors that took place during the year 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 clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

We further report that during the year under review, the Company has got listed on the Bombay Stock Exchange (SME platform) on 3rd August, 2016 through an Offer For Sale of 22,00,0000 No. of Equity Shares at an offer price of Rs. 51 per share having Total issue size of Rs. 11.22 Crores. The above event has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For BUDGUJAR & CO
COMPANY SECRETARIES**

Sd/-

**Place: Mumbai
Date: May 30, 2017**

**TARIQ BUDGUJAR
PROPRIETOR
ACS No.:47471
COP No.: 17462**

ANNEXURE - I

List of documents verified:-

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March 2017.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, held during the financial years under report along with respective Attendance Registers.
4. Minutes of General Body Meetings held during the financial year under report.
5. Proof of circulation and delivery of notice, agenda and notes to agenda for Board and Committee Meetings.
6. Proof of circulation of draft as well as certified signed Board & Committee meetings minutes as per Secretarial Standards.
7. Policies framed by the Company viz.
 - Policy on Related Party Transactions
 - Policy on Material Subsidiaries
 - Nomination and Remuneration Policy
 - Archival Policy
8. Statutory Registers viz.
 - Register of Directors & KMP and their Shareholding
 - Register of Employee Stock Options
 - Register of loans, guarantees and security and acquisition made by the Company (Form No. MBP-2)
 - Register of Charge (Form No. CHG-7)
 - Register of Contracts with related party and contracts and Bodies etc. in which directors are interested (Form No. MBP-4)
 - Register of Investments (Form No. MBP-3)
9. Copies of Notice, Agenda and Notes to Agenda submitted to all the directors / members for the Board Meetings and Committee Meetings as well as resolutions passed by circulation, if any.
10. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2) and Section 149(7) of the Companies Act, 2013.
11. Intimations received from directors under the prohibition of Insider Trading Code.
12. E-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
13. Intimations/documents/reports/returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 during the financial year under report.
14. Compliance Certificate placed before the Board of Directors from time to time.
15. Details of Related Party Transactions entered into by the Company during the financial year under report.
16. Intimation given to employees of the Company for closure of trading window from time to time.
17. Details of Sitting Fees paid to all directors for attending the Board Meetings and Committees.

ANNEXURE – II

List of applicable laws to the Company:-

1. Central Sales Tax Act, 1956
2. Companies Act, 2013
3. Customs Act, 1962
4. Electricity Act, 1958
5. Finance Act, 1994
6. Employees Provident Funds and Miscellaneous Provisions Act, 1952
7. Employees State Insurance Act, 1948
8. Factories Act, 1948
9. Income-tax Act, 1961
10. Indian Stamp Act, 1899
11. Indian Contract Act, 1872
12. Industrial Disputes Act, 1947
13. Industries (Development and Regulation) Act, 1951
14. Minimum Wages Act, 1948
15. Payment of Gratuity Act, 1972
16. Payment of Wages Act, 1936
17. Sale of Goods Act, 1930
18. Securities and Exchange Board of India Act, 1992
19. Competition Act, 2002
20. Maternity Benefits Act, 1961
21. Shop & Establishment Act, 1948
22. Payment of Bonus Act, 1965

ANNEXURE F

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW:

India is currently the world's second-largest telecommunications market and has registered strong growth in the past decade and half. The Indian mobile economy is growing rapidly and will contribute substantially to India's Gross Domestic Product (GDP), according to report prepared by GSM Association (GSMA) in collaboration with the Boston Consulting Group (BCG).

The liberal and reformist policies of the Government of India have been instrumental along with strong consumer demand in the rapid growth in the Indian telecom sector. The government has enabled easy market access to telecom equipment and a fair and proactive regulatory framework that has ensured availability of telecom services to consumer at affordable prices. The deregulation of Foreign Direct Investment (FDI) norms has made the sector one of the fastest growing and a top five employment opportunity generator in the country.

In March 2016, India's telephone subscriber base reached 1,058.86 million, the wireless segment (97.62 per cent of total telephone subscriptions) dominated the market, with the wire line segment accounting for an overall share of 2.4 per cent. Urban regions accounted for 57.6 per cent share in the overall telecom subscriptions in the country, while rural areas accounted for the remaining share.

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, Wi-Fi 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 “Xcess” 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.

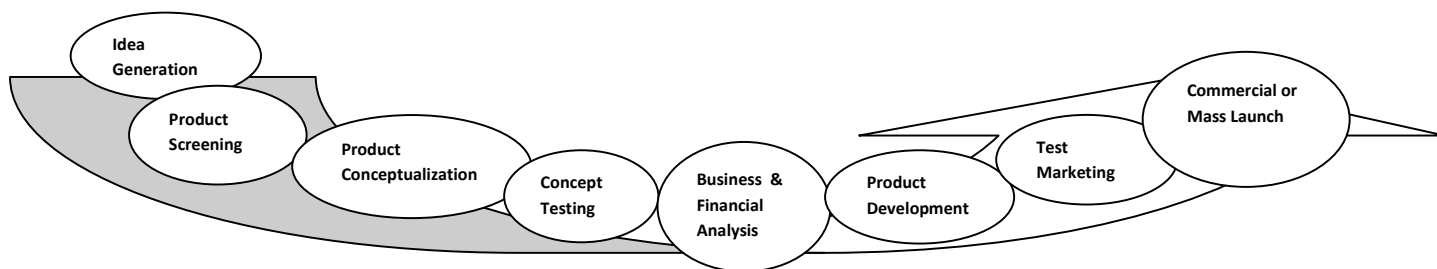
Prabhat Group Of Companies has tied up With Telecommunication Companies like MTS, Airtel through Which Government has Initiated Measures to advance Communication, Enhance Connectivity and Drive Internet uptake. The Rising Digital Quotient Of The Country has Transformed The Way We Live And Communicate, 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, 2017 was Rs 305.71 Crores as against the previous year's Turnover of Rs. 317.06 Crores. The profit after taxation for the year under review was Rs.145.63 Lakhs as compared to Rs.109.44 Lakhs 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 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, 2017, 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, 2017, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

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**”.

- f. 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: Mumbai

Date: 30th May, 2017

“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, 2017:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - a) 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.
 - b) 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, Juridicial 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 I86 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, 2017 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: Mumbai

Date: 30th May, 2017

“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 (“theAct”)

We have audited the internal financial controls over financial reporting of **PRABHAT TELECOMS (INDIA) LIMITED** of March 31, 2017 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, 2017, 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.: 010478N

Sd/-

Arvind Kumar
Partner
M. No: 099782

Place: Mumbai
Date: 30th May, 2017

PRABHAT TELECOMS (INDIA) LIMITED

Financial Statement for the period ended 31st Mar, 2017

	Notes	Amt. in Rs. As at 31st Mar, 2017 Standalone	Amt. in Rs. As at 31st Mar, 2016 Standalone
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	8,31,48,000	8,31,48,000
(b) Reserves and Surplus	3	33,62,54,934	32,16,91,053
(2) Share application money pending allotment			
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	-	3,57,01,112
(b) Other Long term liabilities	5	17,29,62,100	10,75,00,000
(c) Deffered Tax Liabilities	6	92,71,757	86,41,682
(4) Current Liabilities			
(a) Short-term borrowings	7	69,91,18,805	64,77,52,963
(b) Trade payables	8	59,57,33,204	63,51,53,914
(c) Other current liabilities	9	36,30,554	15,93,697
(d) Short term provisions	10	3,07,66,089	2,41,44,071
Total Equity and Liabilities		1,93,08,85,444	1,86,53,26,492
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	22,83,10,554	22,14,29,491
(ii) Intangible assets		45,39,548	76,55,442
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current Investments	12	2,00,000	2,00,000
(c) Long Term Loans and Advances	13	3,55,03,252	1,53,43,713
(d) Other Non-Current Assets	14	2,39,02,290	1,31,64,419
(2) Current assets			
(a) Inventories (refer. note 22)		65,20,70,886	34,28,56,472
(b) Trade receivables	15	85,34,07,711	1,09,87,86,181
(c) Cash and Bank Balances	16	62,96,257	1,41,12,381
(d) Other current assets	17	12,66,54,947	15,17,78,393
Total Assets		1,93,08,85,445	1,86,53,26,492

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

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

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

Arvind Kumar
Partner
M.No.099782

Managing Director Whole Time Director Company Secretary

PRABHAT TELECOMS (INDIA) LIMITED

Statement of Profit and Loss for the period ended 31st Mar, 2017

	Notes	Amt. in Rs. As at 31st Mar, 2017 Standalone	Amt. in Rs. As at 31st Mar, 2016 Standalone
I. Revenue from Operations (Net)	18	3,05,21,33,734	3,16,71,94,734
II. Other Income	19	50,20,360	34,53,434
III. Total Revenue (I +II)		3,05,71,54,094	3,17,06,48,168
IV. Expenses:			
Purchases (inclusive of Branch transfer)	20	3,06,57,79,064	3,03,65,00,739
Increase / (Decrease) in Value of Stock	21	(23,02,79,899)	(2,96,25,932)
Employee benefits expense	22	3,04,91,949	1,32,77,105
Other expenses	23	3,22,71,285	1,67,04,130
Total Expenses		2,89,82,62,399	3,03,68,56,042
Earnings before interest, tax, depreciation and ammortisation (EBITDA) (I)-(IV)		15,88,91,694	13,37,92,126
Financial costs	24	11,17,15,843	9,42,93,017
Depreciation and amortization expense	11	2,09,56,639	2,12,42,606
V. Profit before exceptional and extraordinary items and tax (III - IV)		2,62,19,213	1,82,56,503
VI. Exceptional Items			
- Prior Period Expenses		-	-
- Prior Period Incomes		-	-
VII. Profit before Extraordinary items		2,62,19,213	1,82,56,503
VIII. Extraordinary Items (Exemption U/S 80IC)		62,10,000	-
IX. Profit before tax (VII - VIII)		2,00,09,213	1,82,56,503
X. Tax expense:			
(1) Current tax		48,15,256	60,36,148
(2) Deferred tax (Note: 5)		6,30,075	12,76,195
XI. Profit(Loss) from the continuing operations (VII-VIII)		1,45,63,881	1,09,44,160
XII. Profit(Loss) from discounting operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit(Loss) from discounting operations (after tax) (XII-XIII)		1,45,63,881	1,09,44,160
XV. Profit/(Loss) for the period (XI + XIV)		1,45,63,881	1,09,44,160
XVI. Earning per equity share :			
Basic & Diluted		1.75	1.32

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

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

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

Arvind Kumar
Partner
M.No.099782

Managing Director Whole Time Director Company Secretar

PRABHAT TELECOMS (INDIA) LIMITED

Cash Flow Statement for the period ended 31st Mar, 2017

Particulars	31st Mar, 2017		31st Mar, 2016	
		Amt. in Rs.		Amt. in Rs.
		Standalone		Standalone
<u>Cash flow from operating activities</u>				
Profit before tax		2,00,09,213		1,82,56,503
<u>Non-cash adjustment to reconcile profit before tax to net cash flows</u>				
Depreciation		2,09,56,639		2,12,42,606
Foreign exchange (gain)/loss (net)		60,66,594		11,76,077
Interest Income		(22,89,084)		(10,35,141)
Interest expense		11,17,15,843		9,42,93,016
<u>Operating profit before working capital changes</u>		15,64,59,205		13,39,33,061
Movements in working capital :				
Increase / (decrease) in trade payables		(3,94,20,710)		38,06,394
Increase / (decrease) in short-term provisions		66,22,018		(8,23,52,666)
Increase / (decrease) in other current liabilities		20,36,857		(3,61,529)
Decrease / (increase) in trade receivables		24,53,78,470		(9,05,10,759)
Decrease / (increase) in inventories		(30,92,14,414)		(2,96,25,932)
Decrease / (increase) in short-term loans and advances		(5,13,65,842)		9,24,12,330
Decrease / (increase) in other current assets		2,51,23,446		4,21,79,570
Decrease / (increase) in Provision for Income Tax		70,04,556		-
<u>Cash generated from operations</u>		4,26,23,587		6,94,80,469
Foreign exchange fluctuation (net)		(60,66,594)		(11,76,077)
Provision (benefit) for deferred taxes		6,30,075		12,76,195
<u>Net cash flow from operating activities</u>	(A)	3,71,87,067		6,95,80,587
<u>Cash flow from investing activities</u>				
<u>Proceeding from Increasing in Share Capital</u>		-		-
Purchase of fixed assets including intangible, CWIP & capital advances		37,65,169		(6,63,374)
Received from loans and advances		2,01,59,539		42,32,875
Purchase of current investment including dividend reinvestment		-		-
Purchase of other Non-Current Assets		1,07,37,871		39,22,029
Interest received		22,89,084		10,35,141
<u>Net cash flow used in investing activities</u>	(B)	3,69,51,663		85,26,671
<u>Cash flow from financing activities</u>				
Proceed of long term borrowings		6,54,62,100		4,62,59,600
Repayment from long term borrowings		(3,57,01,112)		(2,38,67,979)
Interest paid		(11,17,15,843)		(9,42,93,016)
<u>Net cash flow from financing activities</u>	(C)	(8,19,54,854)		(7,19,01,395)
<u>Net increase/(decrease) in cash and cash equivalent (A + B + C)</u>		(78,16,124)		62,05,863
Cash and cash equivalents at the beginning of the year		1,41,12,381		79,06,518
<u>Unrealised Gain/(Loss) on Foreign Currency Cash and Cash equivalents</u>				
<u>Cash and cash equivalents at the end of the year</u>		62,96,257		1,41,12,381

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

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

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

Arvind Kumar
Partner
M.No.099782

Managing Director Whole Time Director Company Secretary

PRABHAT TELECOMS (INDIA) LIMITED
Notes to Financial Statements for the year ended 31st Mar, 2017

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, 2017		31st Mar, 2016	
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
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, 2017		31st Mar, 2016	
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

Public Issue

31st Mar, 2017		31st Mar, 2016	
Number	% of Holding	Number	% of Holding
51,97,100	62.50%	61,94,800	74.50%
2,22,600	2.68%	13,22,600	15.91%
28,95,100	34.82%	7,97,400	9.59%
83,14,800	100.00%	83,14,800	100.00%

(iv) **Aggregate number of bonus shares issued**

Financial Years

Fully paid up bonus shares (Rs 10/- each)

Financial Years

Fully paid up bonus shares (Rs 10/- each)

2010-11	2011-12	2012-13	2013-14
Nil	Nil	Nil	Nil
2014-15	2016-17	2015-16	2016-17
Nil	Nil	Nil	Nil

PRABHAT TELECOMS (INDIA) LIMITED
Notes to Financial Statements for the year ended 31st Mar, 2017

Particulars	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 3 Reserves & surplus		
Securities Premium Account		
As per last Balance Sheet	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	11,78,05,052	10,68,60,892
Add : Profit for the year	1,45,63,881	1,09,44,160
Less : Appropriations		
Transfer to General Reserve	-	-
Corporate Dividends Tax	-	-
Dividend Proposed	-	-
Total Appropriations	-	-
Net Surplus in the statement of Profit and Loss	33,62,54,934	32,16,91,052
Total Reseve and Surplus	33,62,54,934	32,16,91,052
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 4 Long Term Borrowings		
<u>Secured</u>		
Term loans- From Banks	-	-
<u>Unsecured</u>		
Loans and advances from related parties	-	-
Loans From Others	-	3,57,01,112
	-	3,57,01,112
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 5 Other Long term Liabilities		
From Others	17,29,62,100	10,75,00,000
	17,29,62,100	10,75,00,000
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 6 Deffered Tax (Liabilities/Assets)		
Op. Bal. of Deferred Tax Account as on 01.04.2016	(86,41,682)	(73,65,487)
Difference of IT Tax Calculation 01.04.2016	-	-
Depreciation as per Income Tax Act	2,28,62,319	2,51,02,494
Depreciation as per Books	2,09,56,639	2,12,42,606
Difference (A)	(19,05,681)	(38,59,888)
Other Timing Differences	-	-
Previous Year Loss Recovered	-	-
Difference (A)	(19,05,681)	(38,59,888)
Deferred Tax Liabilities @ 33.063%	(6,30,075)	(12,76,195)
Cl. Bal. of Deferred Tax Account as on 31.03.2016	(92,71,757)	(86,41,682)
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 7 Short Term Borrowings		
<u>Secured</u>		
Cash Credit	69,91,18,805	64,77,52,963
	69,91,18,805	64,77,52,963

	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 8 Trade Payables		
Micro, Small and Medium Enterprises	40,78,67,910	60,38,64,710
Others	18,78,65,294	3,12,89,204
	<u>59,57,33,204</u>	<u>63,51,53,914</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, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 9 Other Current Liabilities		
Others Payables	-	-
Advances Received from Debtors	-	-
Security deposit payable	1,48,000	1,48,000
Statutory Dues	34,82,554	14,45,697
	<u>36,30,554</u>	<u>15,93,697</u>
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 10 Provisions		
Provisions for Expenses	63,84,785	27,17,047
Provisions for Tax	2,43,81,304	2,14,27,024
	<u>3,07,66,089</u>	<u>2,41,44,071</u>
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 12 Non-current Investments		
UNION KBC SMALL AND MIDCAP FUND	2,00,000	2,00,000
	<u>2,00,000</u>	<u>2,00,000</u>
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 13 Long-term Loans and Advances		
Balance with statutory/ government authorities	71,35,002	73,12,924
Loans & Advances to Others	2,83,68,250	80,30,789
	<u>3,55,03,252</u>	<u>1,53,43,713</u>
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 14 Other non-current assets		
Other Deposits (Including Bank FD)	2,39,02,290	1,31,64,419
	<u>2,39,02,290</u>	<u>1,31,64,419</u>
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 15 Trade Receivable		
For less than Six months, Domestic	85,10,15,858	1,08,59,51,029
For more than Six months, Domestic	23,91,853	1,28,35,152
Advances Received from Creditor	-	-
	<u>85,34,07,711</u>	<u>1,09,87,86,181</u>
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 16 Cash and cash equivalents		
Cash & Bank Balance	62,96,257	1,41,12,381
	<u>62,96,257</u>	<u>1,41,12,381</u>
	31st Mar, 2017 Amt. in Rs. Standalone	31st Mar, 2016 Amt. in Rs. Standalone
Note: 17 Other Current Assets		
Prepaid Expenses (Note: 33)	-	-
Other Advances	12,66,54,947	15,17,78,393
	<u>12,66,54,947</u>	<u>15,17,78,393</u>

Note: 23 Other Expenses

Brokerage and discounts	3,24,590	8,98,961
Electricity expenses	3,95,412	6,23,885
Foreign Exchange Fluctuation loss	60,66,594	11,76,077
Insurance Expenses	4,14,717	5,78,494
Legal & Professional Charges	29,97,520	64,97,175
Office Expenses	77,51,450	1,15,447
Penalty & Interest	5,51,849	31,147
Bad Debts	-	3,15,767
Postage/courier Charges	15,58,554	2,66,603
Printing & Stationary Expenses	1,43,897	1,82,877
Rent	94,000	2,89,500
ROC Fees	30,159	18,800
Sales promotion expenses	24,46,073	17,79,711
Society Maintenance Expenses	3,30,840	4,41,120
Stamp Duty	1,120	10,08,480
Telephone/Telex/Fax Charges	7,91,380	4,02,835
Transport Charges	29,43,466	91,226
Travelling /Conveyance Expenses	22,64,205	7,76,686
Payment to Auditor		
Statutory Audit Fees	8,70,000	8,70,000
Tax Audit Fees	1,30,800	1,30,800
Repairs & Maintanance		
Machinery Repairs & Maintanance	-	-
General Repairs & Maintenance	21,64,658	2,08,539
Total	3,22,71,285	1,67,04,130
Less - Capitalisation of Software Development Cost	-	-
	3,22,71,285	1,67,04,130

Note: 24 Financial costs

Bank Charges	48,32,282	3,54,110
Bank Interest	9,88,15,474	8,63,13,178
Processing fee	70,14,169	59,66,810
Other Interest Paid	10,53,918	16,58,919
	11,17,15,843	9,42,93,017

PRABHAT TELECOMS (INDIA) LIMITED

Notes to Financial Statements for the year ended 31st Mar, 2017

Fixed Assets AS per IT Act -Standalone

Particulars	Dep. Rate	Gross Block			Depreciation		Net Block				
		WDV as on 01.04.2016	Addition before 30.09.2016	Addition after 01.10.2016	WDV as on 31.03.2017	From 01.04.2016	Dep. on Sold Asset	As on 31.03.2017	WDV as on 31.03.2017	WDV as on 31.03.2016	
<u>(i) Tangible Assets</u>											
EF (Electricals&Fitting)	15%	44,83,547	-	2,46,05,415	-	2,90,88,962	25,17,938	-	25,17,938	2,65,71,024	44,83,547
OE (Office Equipments)	15%	3,69,618	-	1,12,793	-	4,82,411	63,902	-	63,902	4,18,509	3,69,618
Computer & its Accessories	60%	21,07,621	-	3,600	-	21,11,221	12,65,653	-	12,65,653	8,45,568	21,07,621
Furniture	10%	1,00,69,303	-	-	-	1,00,69,303	10,06,930	-	10,06,930	90,62,373	1,00,69,303
Building	10%	18,00,78,962	-	-	-	18,00,78,962	1,80,07,896	-	1,80,07,896	16,20,71,066	18,00,78,962
Current Year Total		19,71,09,051	-	2,47,21,808	-	22,18,30,859	2,28,62,319	-	2,28,62,319	19,89,68,539	19,71,09,051

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, 2017, 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, 2017, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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: Mumbai
Date: 30th May, 2017

“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, 2017:

- 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.
 - 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, Juridicial 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 I86 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, 2017 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: Mumbai
Date: 30th May, 2017

“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, 2017 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, 2017, 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.:010478N

Sd/-

Arvind Kumar
Partner
M. No: 099782

Place: Mumbai
Date: 30th May, 2017

PRABHAT TELECOMS (INDIA) LIMITED

Financial Statement for the period ended 31st Mar, 2017

	Notes	Amt. in Rs. As at 31st Mar, 2017 Consolidated	Amt. in Rs. As at 31st Mar, 2016 Consolidated
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	8,31,48,008	8,31,48,009
(b) Reserves and Surplus	3	34,09,03,022	32,35,78,782
(2) Share application money pending allotment			
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	-	3,57,01,112
(b) Other Long term liabilities	5	17,29,62,100	10,77,69,027
(c) Deffered Tax Liabilities	6	92,71,757	86,41,682
(4) Current Liabilities			
(a) Short-term borrowings	7	69,91,18,805	64,77,52,963
(b) Trade payables	8	72,10,60,370	82,54,33,945
(c) Other current liabilities	9	38,25,131	17,90,771
(d) Short term provisions	10	4,45,41,794	2,43,28,340
Total Equity and Liabilities		2,07,48,30,989	2,05,81,44,631
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	22,85,73,030	22,14,29,491
(ii) Intangible assets		45,39,548	76,55,442
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current Investments	12	2,00,000	2,00,000
(c) Long Term Loans and Advances	13	3,55,03,252	1,53,43,713
(d) Other Non-Current Assets	14	2,39,02,290	1,31,64,419
(2) Current assets			
(a) Inventories (refer. note 22)		65,20,70,886	34,28,56,472
(b) Trade receivables	15	98,82,00,997	1,28,97,22,307
(c) Cash and Bank Balances	16	64,77,953	1,41,77,116
(d) Other current assets	17	13,53,63,034	15,35,95,671
Total Assets		2,07,48,30,989	2,05,81,44,631

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

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

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

Arvind Kumar
Partner
M.No.099782

Managing Director Whole Time Director Company Secretary

PRABHAT TELECOMS (INDIA) LIMITED

Statement of Profit and Loss for the period ended 31st Mar, 2017

	Notes	Amt. in Rs. As at 31st Mar, 2017 Consolidated	Amt. in Rs. As at 31st Mar, 2016 Consolidated
I. Revenue from Operations (Net)	18	3,19,49,53,051	3,36,04,14,870
II. Other Income	19	50,20,360	34,53,434
III. Total Revenue (I +II)		3,19,99,73,410	3,36,38,68,304
IV. Expenses:			
Purchases (inclusive of Branch transfer)	20	3,19,17,54,392	3,22,71,78,673
Increase / (Decrease) in Value of Stock	21	(23,02,79,899)	(2,96,25,932)
Employee benefits expense	22	4,34,63,731	1,32,77,105
Other expenses	23	3,28,86,095	1,71,67,382
Total Expenses		3,03,78,24,320	3,22,79,97,228
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(IV)		16,21,49,091	13,58,71,076
Financial costs	24	11,17,40,165	9,42,99,969
Depreciation and amortization expense	11	2,10,34,672	2,12,42,606
V. Profit before exceptional and extraordinary items and tax (III - IV)		2,93,74,254	2,03,28,501
VI. Exceptional Items			
- Prior Period Expenses		-	-
- Prior Period Incomes		-	-
VII. Profit before Extraordinary items		2,93,74,254	2,03,28,501
VIII. Extraordinary Items (Exemption U/S 80IC)		-	-
IX. Profit before tax (VII - VIII)		2,93,74,254	2,03,28,501
X. Tax expense:			
(1) Current tax		51,68,919	62,16,794
(2) Deferred tax (Note: 5)		6,30,075	12,76,195
XI. Profit(Loss) from the continuing operations (VII-VIII)		2,35,75,260	1,28,35,512
XII. Profit(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit(Loss) from discontinuing operations (after tax) (XII-XIII)		2,35,75,260	1,28,35,512
XV. Profit/(Loss) for the period (XI + XIV)		2,35,75,260	1,28,35,512
XVI. Earning per equity share :			
Basic & Diluted		2.84	1.54

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

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

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

Arvind Kumar
Partner
M.No.099782

Managing Director Whole Time Director Company Secretar

PRABHAT TELECOMS (INDIA) LIMITED

Cash Flow Statement for the period ended 31st Mar, 2017

Particulars	31st Mar, 2017 Amt. in Rs.	31st Mar, 2016 Amt. in Rs.
	Consolidated	Consolidated
<u>Cash flow from operating activities</u>		
Profit before tax	2,31,64,254	2,03,28,501
<u>Non-cash adjustment to reconcile profit before tax to net cash flows</u>		
Depreciation	2,10,34,672	2,12,42,606
Foreign exchange (gain)/loss (net)	60,66,594	11,76,077
Interest Income	(22,89,084)	(10,35,141)
Interest expense	11,16,91,521	9,42,86,063
<u>Operating profit before working capital changes</u>	15,96,67,957	13,59,98,106
Movements in working capital :		
Increase / (decrease) in trade payables	8,56,24,955	19,40,86,426
Increase / (decrease) in short-term provisions	66,22,018	(8,25,36,934)
Increase / (decrease) in other current liabilities	19,62,407	(1,64,455)
Decrease / (increase) in trade receivables	11,15,21,290	(28,14,46,885)
Decrease / (increase) in inventories	(30,92,14,414)	(2,96,25,932)
Decrease / (increase) in short-term loans and advances	(3,79,70,421)	9,24,12,330
Decrease / (increase) in other current assets	1,82,32,637	4,03,62,292
Decrease / (increase) in Provision for Income Tax	60,07,319	-
<u>Cash generated from operations</u>	4,24,53,748	6,90,84,948
Foreign exchange fluctuation (net)	(60,66,594)	(11,76,077)
Provision (benefit) for deferred taxes	6,04,275	12,76,195
<u>Net cash flow from operating activities</u>	(A) 3,69,91,429	6,91,85,066
<u>Cash flow from investing activities</u>		
<u>Proceeding from Increasing in Share Capital</u>	-	9
Purchase of fixed assets including intangible, CWIP & capital advances	43,68,154	(6,63,374)
Received from loans and advances	2,01,59,539	42,32,875
Purchase of current investment including dividend reinvestment	-	-
Purchase of other Non-Current Assets	1,07,37,871	39,22,029
Interest received	22,89,084	10,35,141
<u>Net cash flow used in investing activities</u>	(B) 3,75,54,648	85,26,680
<u>Cash flow from financing activities</u>		
Proceed of long term borrowings	6,54,62,100	4,65,28,627
Repayment from long term borrowings	(3,57,01,112)	(2,36,83,710)
Interest paid	(11,16,91,521)	(9,42,86,063)
<u>Net cash flow from financing activities</u>	(C) (8,19,30,532)	(7,14,41,146)
<u>Net increase/(decrease) in cash and cash equivalent (A + B + C)</u>	(73,84,456)	62,70,600
Cash and cash equivalents at the beginning of the year	1,41,77,118	79,06,518
<u>Unrealised Gain/(Loss) on Foreign Currency Cash and Cash equivalents</u>		
<u>Cash and cash equivalents at the end of the year</u>	67,92,662	1,41,77,118

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

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

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

Arvind Kumar
Partner
M.No.099782

Managing Director Whole Time Director Company Secretary

PRABHAT TELECOMS (INDIA) LIMITED
Notes to Financial Statements for the year ended 31st Mar, 2017

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, 2017		31st Mar, 2016	
Number	Amount (Rs)	Number	Amount (Rs)
1,20,00,000	12,00,00,000	1,20,00,000	12,00,00,000
Total	1,20,00,000	1,20,00,000	12,00,00,000
83,14,801	8,31,48,010	83,14,800	8,31,48,000
Total	83,14,801	83,14,800	8,31,48,000
83,14,801	8,31,48,010	83,14,800	8,31,48,000
Sub Total	83,14,801	83,14,800	8,31,48,000
Grand Total	83,14,801	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, 2017		31st Mar, 2016	
Number	Amount (Rs)	Number	Amount (Rs)
83,14,801	8,31,48,010	83,14,800	8,31,48,000
Sub Total	83,14,801	83,14,800	8,31,48,000
Outstanding at the end of the period	83,14,801	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

Prabhat Telecom Hong Kong Limited

Public Issue

31st Mar, 2017		31st Mar, 2016	
Number	% of Holding	Number	% of Holding
51,97,100	62.50%	61,94,800	74.50%
2,22,600	2.68%	13,22,600	15.91%
1	0.00%	1	0.00%
28,95,100	34.82%	7,97,400	9.59%
83,14,801	100.00%	83,14,801	100.00%

(iv) **Aggregate number of bonus shares issued**

Financial Years

Fully paid up bonus shares (Rs 10/- each)

Financial Years

Fully paid up bonus shares (Rs 10/- each)

2010-11	2011-12	2012-13	2013-14
Nil	Nil	Nil	Nil
2014-15	2016-17	2015-16	2016-17
Nil	Nil	Nil	Nil

Notes to Financial Statements for the year ended 31st Mar, 2017

Particulars	31st Mar, 2017	31st Mar, 2016
	Amt. in Rs. Consolidated	Amt. in Rs. Consolidated
Note: 3 Reserves & surplus		
Securities Premium Account		
As per last Balance Sheet	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	11,96,51,762	10,87,48,622
Add : Profit for the year	1,73,91,060	1,09,44,160
Less : Appropriations		
Transfer to General Reserve	-	-
Corporate Dividends Tax	-	-
Dividend Proposed	-	-
Total Appropriations	-	-
Net Surplus in the statement of Profit and Loss	34,09,28,822	32,35,78,782
Total Reseve and Surplus	34,09,28,822	32,35,78,782
	31st Mar, 2017	31st Mar, 2016
	Amt. in Rs.	Amt. in Rs.
	Consolidated	Consolidated
Note: 4 Long Term Borrowings		
<u>Secured</u>		
Term loans- From Banks	-	-
<u>Unsecured</u>		
Loans and advances from related parties	-	-
Loans From Others	-	3,57,01,112
	-	3,57,01,112
	31st Mar, 2017	31st Mar, 2016
	Amt. in Rs.	Amt. in Rs.
	Consolidated	Consolidated
Note: 5 Other Long term Liabilities		
From Others	17,29,62,100	10,77,69,027
	17,29,62,100	10,77,69,027
	31st Mar, 2017	31st Mar, 2016
	Amt. in Rs.	Amt. in Rs.
	Consolidated	Consolidated
Note: 6 Deffered Tax (Liabilities/Assets)		
Op. Bal. of Deferred Tax Account as on 01.04.2016	(86,41,682)	(73,65,487)
Difference of IT Tax Calculation 01.04.2016	-	-
Depreciation as per Income Tax Act	2,28,62,319	2,51,02,494
Depreciation as per Books	2,10,34,672	2,12,42,606
Difference (A)	(18,27,647)	(38,59,888)
Other Timing Differences	-	-
Previous Year Loss Recovered	-	-
Difference (A)	(18,27,647)	(38,59,888)
Deferred Tax Liabilities @ 33.063%	(6,04,275)	(12,76,195)
Cl. Bal. of Deferred Tax Account as on 31.03.2016	(92,45,957)	(86,41,682)
	31st Mar, 2017	31st Mar, 2016
	Amt. in Rs.	Amt. in Rs.
	Consolidated	Consolidated
Note: 7 Short Term Borrowings		
<u>Secured</u>		
Cash Credit	69,91,18,805	64,77,52,963
	69,91,18,805	64,77,52,963

	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 8 Trade Payables		
Micro, Small and Medium Enterprises	53,31,95,076	79,41,44,741
Others	18,78,65,294	3,12,89,204
	<u>72,10,60,370</u>	<u>82,54,33,945</u>
* Disclosure under Micro, Small and Medium Enterprises Development Act, 2006		
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, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 9 Other Current Liabilities		
Others Payables	1,94,577	1,97,074
Advances Received from Debtors	-	-
Security deposit payable	1,48,000	1,48,000
Statutory Dues	34,82,554	14,45,697
	<u>38,25,131</u>	<u>17,90,771</u>
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 10 Provisions		
Provisions for Expenses	1,96,28,066	27,17,047
Provisions for Tax	2,49,13,728	2,16,11,293
	<u>4,45,41,794</u>	<u>2,43,28,340</u>
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 12 Non-current Investments		
UNION KBC SMALL AND MIDCAP FUND	2,00,000	2,00,000
	<u>2,00,000</u>	<u>2,00,000</u>
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 13 Long-term Loans and Advances		
Balance with statutory/ government authorities	71,35,002	73,12,924
Loans & Advances to Others	2,83,68,250	80,30,789
	<u>3,55,03,252</u>	<u>1,53,43,713</u>
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 14 Other non-current assets		
Other Deposits (Including Bank FD)	2,39,02,290	1,31,64,419
	<u>2,39,02,290</u>	<u>1,31,64,419</u>
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 15 Trade Recievable		
For less than Six months, Domestic	98,58,09,145	1,27,68,87,155
For more than Six months, Domestic	23,91,853	1,28,35,152
Advances Received from Creditor	-	-
	<u>98,82,00,997</u>	<u>1,28,97,22,307</u>
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 16 Cash and cash equivalents		
Cash & Bank Balance	64,77,953	1,41,77,116
	<u>64,77,953</u>	<u>1,41,77,116</u>
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 17 Other Current Assets		
Prepaid Expenses (Note: 33)	-	-
Other Advances	13,53,63,034	15,35,95,671
	<u>13,53,63,034</u>	<u>15,35,95,671</u>

PRABHAT TELECOMS (INDIA) LIMITED
Notes to Financial Statements for the year ended 31st Mar, 2017

Particulars	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 18 Revenue from operations		
Net Sales (inclusive of Branch transfer)	3,19,49,53,051	3,36,04,14,870
	3,19,49,53,051	3,36,04,14,870
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 19 Other Income		
Interest Received on FDR	22,89,084	10,35,141
Rental Income	24,16,680	24,16,680
Discount Received /written off	-	-
Miscellaneous	3,14,596	1,613
	50,20,360	34,53,434
Note: 20 Purchases (inclusive of Branch transfer)		
Purchase (inclusive of Branch transfer)	3,19,17,54,392	3,22,71,78,673
	3,19,17,54,392	3,22,71,78,673
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 21 Increase / (decrease) in Inventory		
Increase / (decrease) in Raw Material		
Opening Stock	-	-
Closing Stock	7,95,25,618	-
Net Changes in Inventories (A)	(7,95,25,618)	-
Increase / (decrease) in Stock of Store & Spares		
Opening Stock	-	-
Closing Stock	-	-
Net Changes in Inventories (B)	-	-
Increase / (decrease) in Finished Stock		
Opening Stock	34,28,56,472	31,32,30,540
Closing Stock	36,84,38,475	34,28,56,472
Net Changes in Inventories (B)	(2,55,82,003)	(2,96,25,932)
Increase / (decrease) in Work in Progress		
Opening Stock	-	-
Closing Stock	12,51,72,278	-
Net Changes in Inventories (B)	(12,51,72,278)	-
TOTAL (A) + (B)	(23,02,79,899)	(2,96,25,932)
	31st Mar, 2017 Amt. in Rs. Consolidated	31st Mar, 2016 Amt. in Rs. Consolidated
Note: 22 Employee benefits expense		
Salary Basic	2,98,09,230	1,28,54,708
PF Admin Charges	64,933	3,462
ESIC Employers Contribution	-	-
Expenses Reimbursement	-	51,282
Director Remuneration	1,29,71,782	-
Other Benefits	39,016	1,57,124
Staff Welfare	5,78,770	2,10,529
	4,34,63,731	1,32,77,105

Note: 23 Other Expenses

Brokerage and discounts	3,24,590	8,98,961
Electricity expenses	3,95,412	6,23,885
Foreign Exchange Fluctuation loss	60,66,594	11,76,077
Insurance Expenses	4,14,717	5,78,494
Legal & Professional Charges	29,97,520	64,97,175
Office Expenses	83,66,260	5,78,699
Penalty & Interest	5,51,849	31,147
Bad Debts	-	3,15,767
Postage/courier Charges	15,58,554	2,66,603
Printing & Stationary Expenses	1,43,897	1,82,877
Rent	94,000	2,89,500
ROC Fees	30,159	18,800
Sales promotion expenses	24,46,073	17,79,711
Society Maintenance Expenses	3,30,840	4,41,120
Stamp Duty	1,120	10,08,480
Telephone/Telex/Fax Charges	7,91,380	4,02,835
Transport Charges	29,43,466	91,226
Travelling /Conveyance Expenses	22,64,205	7,76,686
Payment to Auditor		
Statutory Audit Fees	8,70,000	8,70,000
Tax Audit Fees	1,30,800	1,30,800
Repairs & Maintainance		
Machinery Repairs & Maintanance	-	-
General Repairs & Maintenance	21,64,658	2,08,539
Total	3,28,86,095	1,71,67,382
Less - Capitalisation of Software Development Cost	-	-

3,28,86,095**1,71,67,382****Note: 24 Financial costs**

Bank Charges	48,56,604	3,61,062
Bank Interest	9,88,15,474	8,63,13,178
Processing fee	70,14,169	59,66,810
Other Interest Paid	10,53,918	16,58,919
	11,17,40,165	9,42,99,969

PRABHAT TELECOMS (INDIA) LIMITED

Notes to Financial Statements for the year ended 31st Mar, 2017

Note: 11 Fixed Assets - Consolidated

Particulars	Gross Block		Depreciation			Net Block		
	SLM as on 01.04.2016	Addition Deduction	SLMV as on 31.03.2017	As on 01.04.2016	From 31.03.2017	Dep. on Sold Asset	As on 31.03.2017	SLMV as on 31.03.2016
<u>(i) Tangible Assets</u>								
Land & Office Building	21,17,42,545	-	21,17,42,545	-	1,02,55,762	-	20,14,86,783	21,17,42,545
Furniture	49,41,883	3,40,509	52,82,392	-	16,03,112	-	36,79,280	49,41,883
Plant & Machinery	29,08,790	2,46,05,415	2,75,14,205	-	50,26,388	-	2,24,87,817	29,08,790
Car	10,59,635	-	10,59,635	-	4,36,925	-	6,22,710	10,59,635
Office Equipments	7,76,638	1,12,793	8,89,431	-	5,92,992	-	2,96,439	7,76,638
Current Year Total	22,14,29,491	2,50,58,717	24,64,88,208	-	1,79,15,178	-	22,85,73,030	22,14,29,491
Previous Year Total								

Particulars	Gross Block		Depreciation			Net Block		
	SLM as on 01.04.2016	Addition Deduction	SLMV as on 31.03.2017	As on 01.04.2016	From 31.03.2017	Dep. on Sold Asset	As on 31.03.2017	SLMV as on 31.03.2016
<u>(i) Intangible Assets</u>								
Computer Software	76,55,442	3,600	76,59,042	-	31,19,494	-	45,39,548	76,55,442
Current Year Total	76,55,442	3,600	76,59,042	-	31,19,494	-	45,39,548	76,55,442
Current Year Grand Total	22,90,84,933	2,50,62,317	25,41,47,250	-	2,10,34,672	-	23,31,12,578	22,90,84,933
Previous Year Total	1,30,23,692	47,429	1,30,71,121	-	54,15,679	-	76,55,442	1,30,23,692

PRABHAT TELECOMS (INDIA) LIMITED

Notes to Financial Statements for the year ended 31st Mar, 2017

AS per IT Act

Fixed Assets - Consolidated

Particulars	Dep. Rate	Gross Block			Depreciation			Net Block		
		WDV as on 01.04.2016	Addition before 30.09.2016	Addition after 01.10.2016	WDV as on 31.03.2017	From 01.04.2016	Dep. on Sold Asset	As on 31.03.2017	WDV as on 31.03.2017	WDV as on 31.03.2016
<u>(I) Tangible Assets</u>										
EF (Electricals&Fitting)	15%	44,83,547	-	2,46,05,415	2,90,88,962	25,17,938	-	25,17,938	2,65,71,024	44,83,547
OE (Office Equipments)	15%	3,69,618	-	1,12,793	4,82,411	63,902	-	63,902	4,18,509	3,69,618
Computer & its Accessories	60%	21,07,621	-	3,600	21,11,221	12,65,653	-	12,65,653	8,45,568	21,07,621
Furniture	10%	1,00,69,303	-	-	1,00,69,303	10,06,930	-	10,06,930	90,62,373	1,00,69,303
Building	10%	18,00,78,962	-	-	18,00,78,962	1,80,07,896	-	1,80,07,896	16,20,71,066	18,00,78,962
Current Year Total		19,71,09,051	-	2,47,21,808	22,18,30,859	2,28,62,319	-	2,28,62,319	19,89,68,539	19,71,09,051