

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 22<sup>nd</sup> Annual Report and Audited Accounts for the year ended March 31, 2017.

### Financial Summary

(Amount in Rs.)

Particulars	Year ended 31 <sup>st</sup> March 2017	Year ended 31 <sup>st</sup> March 2016
Revenue from Operations & other Income	1,528,682,926	1,253,685,098
Expenditure	1,545,707,749	1,235,591,946
Operating Profit / (Loss) (PBIDT)	(14,440,726)	18,093,152
Depreciation	11,164,025	27,289,244
Finance Cost	6,913,734	8,631,438
Profit/(Loss) before tax	(32,518,485)	(17,827,530)
Currant Tax	-	600,000
Deferred Tax	572,688	(5,000,000)
Profit/(Loss) after tax	(33,091,173)	(13,427,530)
Balance Brought from Previous year	57,899,909	71,327,439
Balance Transfer to Balance Sheet	24,808,736	57,899,909

### Review of Operations

During the year under review, revenue of the Company was Rs. 1,528,682,926 as compared to Rs. 1,253,685,098 in the corresponding previous year. The Company incurred a loss of Rs. 33,091,173 as compared to loss of Rs. 13,427,530 in the previous year.

### Transfer to reserves

Due to losses, the Directors has not transferred any amount to reserves for the year ended 31.03.2017.

### Dividend

In view of losses, the Board does not recommend any dividend this year.

### Share Capital

The paid up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2017 was Rs. 13,94,51,178 /-. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity nor any voting rights are exercised by employees indirectly in respect of shares to which the scheme relates.

During the year under review, the Company has not issued shares with differential voting rights nor has issued any sweat equity. As on March 31, 2017, none of the Directors of the Company hold any convertible instruments of the Company.

### **Management Discussion & Analysis Reports**

The Management Discussion and Analysis of financial condition, including the results of operations of the Company for the year under review as required under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as a separate section forming part of the Annual Report.

### **Deposits**

There was no deposit accepted by the Company within the meaning of Section 73 and 76 of the Companies Act, 2013 and Rules made thereunder at the beginning of the year. The Company has not invited or accepted deposit during the year and there was no deposit which remained unpaid or unclaimed at the end of the year.

### **Particulars of Loans, Guarantees or Investments**

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

### **Internal Control Systems and their Adequacy**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined by the Audit Committee. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Managing Director.

The Accounts Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

Since your Company does not own manufacturing facility that energy consumed unit, the particulars relating to conservation of energy and technology absorption stipulated as per Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, are not applicable.

There were no foreign exchange earnings / outgo during the year.

### **Directors and Key Managerial Personnel**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company Mr. Pulkit Vimal Mehta, retires by rotation at the ensuing Annual General Meeting and offers himself for reappointment. The profile of the Mr. Pulkit Vimal Mehta, Director to be reappointed / appointed at the annual general meeting is provided in Annexure II to the Notice.

### **Declaration by an Independent Director(s)**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees.

### **Nomination and Remuneration Policy**

The Company's policy on Directors appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in Corporate Governance Report, which forms part of Annual Report.

The Nomination and Remuneration Policy of the Company is also posted on the website of the Company under Investors' Relation Section.

### **Meetings of the Board**

Six (6) meetings of the Board of Directors were held during the year, the details of which are provided in Report on Corporate Governance. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Separate meetings of Independent Directors, pursuant to Section 149 (7) read with Schedule VI of the Companies Act, 2013 was held on 14<sup>th</sup> February, 2017.

### **Directors' Responsibility Statement As Required Under Section 134(3)(C) of the Companies Act, 2013**

The Directors state that: -

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation by way of notes to accounts relating to material departures;
- b. The selected accounting policies were applied consistently and the judgments and estimates made by them are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2017 and of the losses for the year ended on that date;
- c. The proper and sufficient care has been taken for the 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 fraud and other irregularities;
- d. The annual accounts have been prepared on a going concern basis.
- e. The Directors had laid down internal financial controls to be followed by the Company and that such internal controls are adequate and were operating effectively.
- f. 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.

#### **Related Party Contracts or Arrangements**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

#### **Subsidiary Companies**

The Company does not have any subsidiary.

#### **Code of Conduct**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The Code has been posted on the Company's website.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place ,in business practices and in dealing with stakeholders.

### **Vigil Mechanism / Whistle Blower Policy**

The Company has a vigil mechanism named Whistle Blower Policy (WBP) to deal with instance of fraud and mismanagement, if any. Whistle Blower Policy is available on the Company's website.

### **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 pre-clearance beyond threshold limit mentioned in the policy 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 Managing Director is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

### **Audit Committee**

The details pertaining to composition of Audit Committee are included in Corporate Governance Report, which forms part of this annual report.

### **Statutory Auditor**

The Company's Auditors, M/s Mahesh Kumar Jain & Co, Chartered Accountants, Mumbai (Firm's Regn No. 114179W) were appointed as the Statutory Auditors of the Company for a period of five years, upto the conclusion of FY 2018-2019, subject to ratification by members at every Annual General Meeting of the Company. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company.

The Audit Committee has considered and recommended the re-appointment of M/s Mahesh Kumar Jain & Co, Chartered Accountants, Mumbai (Firm's Regn No. 114179W), as Statutory Auditors of the Company, to the Board of Directors at its meeting held on June 14, 2017. The Directors have accepted the recommendation and recommend to the shareholders for ratification of re-appointment of M/s Mahesh Kumar Jain & Co, Chartered Accountants, Mumbai (Firm's Regn No. 114179W) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company.

The Notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### **Secretarial Audit and Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Riddhi Shah, Company Secretary in Practice (COP 17035) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as **Annexure 'A'** to this Report.

The Secretarial Audit Report contain qualification, reservations or adverse remark as per the report attached.

### **Statement Pursuant to Listing Agreement**

The Company's Equity shares are listed at Bombay Stock Exchange Limited, (SME Segment). The Annual Listing fee for the year 2017-18 has been paid.

### **Extract of Annual Return**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure 'B'**.

### **Statutory Disclosures**

None of the Directors of the Company are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Listing regulations.

### **Risk Management**

The Company has a well-defined risk management framework in place. The Company has established procedures to periodically place before the Audit Committee and the Board, the risk assessment and minimization procedures being followed by the Company and steps taken by it to mitigate these risks.

### **Particulars of Employees**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable as during the year under review the Managing Director of the Company has not received any remuneration.

Further during the year, no employees of the Company were in receipt of remuneration in terms of the provisions of Section 197(12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **Corporate Governance**

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Regulations of Corporate Governance the Company is fully compliant with the applicable provision and the Company is committed to ensure compliance with all modification within prescribed norms under Companies Act, 2013. Company is committed to maintain the highest standards of corporate practices, a separate section on Corporate Governance is provided as part of this Annual Report.

**Committee and Policy under Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013**

The Company has constituted Internal Complaints Committee under and as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no instance of complaint or report under the said Act was registered in any of the units of the Company.

**Corporate Social Responsibility**

As per the Section 134 (o) Corporate Social Responsibility is not applicable to our Company.

**Industrial Relations**

During the year under review, your Company enjoyed cordial relationship with contractor and employees at all levels.

**Acknowledgements**

The Board of Directors wish to place on record their appreciation for the support extended by the Company's bankers, Bombay Stock Exchange Limited, Local Authorities, business associates, clients, consultants, auditors, shareholders and the employees of the Company for their continued co-operation and support .Company and look forward to their continued support. The Directors also thank the members for continuing their support and confidence in the Company and its management.

**By Order of the Board of  
Directors  
Sd/-**

Place: Mumbai,  
Dated: June 14, 2017

**For Mobile Telecommunications Limited  
Anil B Vedmehta  
Managing Director  
(DIN: 00283486)**