

SHYAM



Shyam Telecom Limited
20th Annual Report 2013

Contents

Directors' Report	I
Corporate Governance Report	7
Auditors' Certificate on Corporate Governance.....	16
Management Discussion & Analysis Report	17
Auditors' Report to Shareholders	18
Balance Sheet	22
Profit & Loss Account.....	23
Cash Flow Statement	24
Notes to the Accounts	25
Statement Pursuant to Section 212	39
Shyam Telecom Inc.	40
Consolidated Financial Statement	51
Notice	68
Communication to Members	70

DIRECTORS' REPORT

Dear Members,

Your Director's are pleased to present the Twentieth Annual Report on the business and operations of the company together with the Audited Financial statements and Accounts for the year ended 31st March, 2013.

TELECOM INDUSTRY IN INDIA

AN OVERVIEW

India's telecommunication network is the second largest in the world based on the total number of telephone users (both fixed and mobile phone). It has one of the lowest call tariffs in the world enabled by the mega telephone networks and hyper-competition among them. It has the world's third-largest Internet user-base with over 137 millions. Major sectors of the Indian telecommunication industry are telephony, internet and television broadcasting.

The central paradox inherent in the business of telecommunications over the past several years was at its most vivid in 2013. Having finally recovered fully from the global economic downturn and come to terms with the challenge of mass broadband and digitization, the industry had to contend with the ongoing issues of how to grow and become more profitable. We define *digitization* as the mass adoption of connected digital technologies and applications by consumers, enterprises, and governments—a revolutionary movement that is reshaping the sector.

The Indian telecommunication industry is one of the fastest growing in the world. Government policies and regulatory framework implementation by Telecom Regulatory Authority of India (TRAI) have provided conducive environment for service providers. This has made the sector more competitive, while enhancing the accessibility of telecommunication service at affordable tariffs to the consumers. In the last two decades, the Indian Telecom Sector and mobile telephony in particular has caught the imagination of Indian by revolutionizing the way we communicate, share information; and through its staggering growth helped millions stay connected.

The Telecom industry has witnessed significant growth in subscriber's base over the last decade, with increasing network coverage and a competition-induced decline in tariffs acting as catalysts for the growth in subscriber's base. The growth story and the potential have also served to attract newer players in the industry, with the result that the intensity of competition has kept increasing.

According to Telecom Regulatory Authority of India (TRAI), the number of telephone subscriber base in the country reached 898.02 million as on March 31, 2013, thereby showing a monthly growth rate of 0.67% resulting to overall teledensity of 73.32 million. The share of urban subscriber database is 548.80 million whereas share of rural subscriber base reached to 349.22 million resulting in teledensity of 146.96 million in Urban & 41.02 million in Rural.

The wireless subscriber base reached to 867.80 million at the end of March 2013 having teledensity of 140.67 million in urban & 40.23 in rural which results in a total wireless teledensity as 70.85 million.

The wireline subscriber base reached to 30.21 million at the end of March 2013 having teledensity of 6.29 million in urban & 0.79 in rural which results in a total wireline teledensity as 2.47 million.

Mobile Number Portability requests increased to 89.70 million at the end of March 2013. In the month of March 2013 alone, 2.87 million requests have been made for MNP.

The controversies surrounding the telecom sector, notwithstanding, Industry still present a positive picture of this area, saying the telephone density has increased and call prices have dropped to the lowest level in the world.

Telephone density in rural areas has increased 25 times, while India now has one of the lowest telecom rates in the world making phones accessible to the poor.

With an aim to provide connectivity to the farthest corner of the country, the government is also connecting around 2.5 lakh gram panchayats through optical fibre by 2014.

The telecom sector, which has been hit by controversies and court judgements in the last few years, has also witnessed regulatory uncertainty and hurt the investor sentiment.

NATIONAL TELECOM POLICY, 2012

The National Telecom Policy 2012 was encapsulated to adopt such telecommunication technologies which would offer viable options in subjugating developmental challenges in the field of education, health and employment generation. NTP 2012 strives to ensure an investor friendly environment thereby attracting domestic as well as foreign investors. Currently, there is 74% FDI in the Indian telecom sector. The core objective of this policy is to provide affordable and effective communication facilities to all the citizens.

The key objectives of NTP 2012 are as follows:

- To provide broadband on demand by 2015 to all citizens and businesses in both rural and urban areas, and participate

in internet and web economy. It also aims to achieve 175 million broadband connections by the year 2017 and 600 million by the year 2020 at minimum 2 Mbps download speed and making available higher speeds of at least 100 Mbps on demand.

- To support platform neutral services in e-governance and m-governance in key social sectors such as health, education and agriculture.
- To address and enable the coordinated action to respond to the dynamic needs resulting from confluence of telecom, broadcasting and IT sectors.
- To incorporate framework for enhancing spectrum availability, comprising of triple play services (voice, video and data) using broadband technology.
- Common Service Centers, AADHAR based electronic authentication framework and Cloud computing enabled.
- To provide clear cut strategies to overcome challenges in network and communication security and communication assistance to law enforcement agencies.
- To recognize and reinforce the role of PSUs in providing telecom services in rural areas and broadband penetration in the country.
- To further empower the Telecom Regulatory Authority of India (TRAI) as a backbone of policy implementation.
- To recognize the need of robust and resilient telecom networks for mitigating any kind of natural or manmade calamities.
- To recognize the futuristic role of Internet Protocol Version 6 (IPv6) and its application in different sectors of Indian economy.
- Increase rural teledensity from the current level of around 39 to 70 by the year 2017 and 100 by the year 2020.
- Create a corpus to promote indigenous R&D, IPR creation, entrepreneurship, manufacturing, commercialization and deployment of state-of-the-art telecom products and services during the 12th five year plan period.
- To meet Indian telecom sector demand to the extent of 60% and 80% with a minimum value addition of 45% and 65% by the year 2017 and 2020 respectively.
- To simplify the licensing framework and create a one nation – one license policy across service and service areas.

- To achieve full mobile portability throughout India work towards free roaming.
- To reinvent mobile communication so as to provide proof of identity, full financial security, multi-lingual services, high quality seamless voice, data, multimedia and broadcasting services, fixed- mobile convergence.
- To make available additional 300 MHz spectrum for IMT services by the year 2017 and another 200 MHz by 2020.
- To provide for regular audit of spectrum usage, de-licensing additional frequency bands for public use, address the Right of Way (RoW) issues in setting up of telecom infrastructure, setting up of a common platform for interconnection of various networks for providing non-exclusive and non-discriminatory access.
- To enhance and continue adoption of green policy in telecom and incentivize use of renewable energy sources for sustainability.

TELECOM SECTOR: STRATEGIC REVIEW

In 2012, the telecom sector in India came under intense scrutiny due to a number of reasons ranging from cancellation of 2G licenses, ambiguity in implementation of key policy measures and dip in wireless subscriber net additions. Topping them all was the spectrum auction debacle. In February 2012, the Supreme Court of India cancelled 122 telecom licenses issued in 2008. The cancellation of telecom licenses and muted response to their re-auction has resulted in consolidation in the telecom industry. These events have stolen the limelight from the National Telecom Policy (NTP), the draft of which is hailed as progressive and encouraging for the sector in the coming decade. The past year induced negative sentiment in the sector and affected investor confidence. As a result, international interest in the India telecom market is gradually waning.

EXPORTS

Your Company is exporting Telecommunication products and system to various countries.

Your Company has done some major exports is the New Markets which includes Dominican Republic, Jersey Island, Vietnam, Georgia, Mongolia, Mozambique, Zanzibar, Bolivia, etc. The Export revenue is growing on yearly basis. In the recent past the Company has completed some major in- building projects in different countries. The Company has taken Turnkey Projects in many countries, which includes the survey, planning, installation, commissioning etc. The products are being sold to more than 100 operators in 40 countries. We have also appointed many Agents/ Distributors/ Value Added Resellers in many countries. In the recent past

we have been short listed as a preferred supplier for many operators in Europe, Africa, and Latin America etc. We are expecting many big orders from the North and South America.

FOREIGN DIRECT INVESTMENT POLICY

The consolidated foreign direct investment (FDI) policy of India 2013 has been announced by India and it has brought many far reaching changes and reforms. FDI in the licensee company/ India promoters/investment companies including their holding companies shall require approval of the Foreign Investment Promotion Board (FIPB) if it has a bearing on the overall ceiling of 74 percent. The investment up to 49% is through Automatic Entry Route but beyond it, the approval of FIPB is required. While approving the investment proposals, FIPB takes note that investment is not coming from countries of concern and/or unfriendly entities.

Telecom is considered to be highly potential for investments and upcoming industries. The Investments in telecom equipment manufacturing is allowed up to 100% and entry route is fully automatic but subject to sectoral caps.

FUTURE IN TELECOM

The Indian telecommunication sector has registered a phenomenal growth during the past few years and has emerged as the second largest network in the world. On back of ongoing investments into infrastructure, the country is projected to witness high penetration of Internet, broadband, and mobile subscribers in the near future.

India's mobile services market will touch Rs.1,200 billion (US\$20.24 billion) in 2013, registering a growth of 8 percent from Rs.1,100 billion (US\$18.55 billion) in 2012, according to a report by Gartner Inc. Mobile connections are expected to grow to 770 million in 2013, an 11 percent increase from 712 million connections in 2012.

Internet traffic in India is expected to reach from 393 retabytes per month in 2012 to 2.5 exabytes per month in 2017, as highlighted that the "Internet traffic growth in India is the fastest globally."

Key Statistics

India is expected to have 130.6 million mobile internet users by March 2014, as per a joint study by the Internet and Mobile Association of India (IAMAI) and Indian Market Research Bureau (IMRB).

The mobile value-added services (MVAS) market is expected to reach US\$9.5 billion in 2015, from US\$4.9 billion in 2012, stated a joint research report by Wipro Technologies and the Internet and Mobile Association of India (IAMAI).

The telecommunications industry attracted foreign direct investments (FDI) worth US\$12,856 million between April 2000 to March 2013, an increase of 7 percent to the total FDI inflows in terms of US\$, according to data published by Department of Industrial Policy and Promotion (DIPP).

Market Dynamics

The Indian mobile phone market is highly competitive with more than 150 device manufacturers trying to woo the consumers with their offerings. Most of these producers focus their efforts on the low-cost feature phone market, which constitutes over 91 percent of overall mobile phone sales, offering a huge scope for growth.

"India will add more Internet users than any country in the world over the next three years, as average penetration rises from 10 percent to 28 percent," as per McKinsey and Co report. Besides, with increased Internet penetration, 22 million jobs would be created by 2015.

The number of mobile banking transactions in India doubled to 5.6 million worth US\$114.72 million in January 2013 from 2.8 million transactions worth US\$35.06 million in January 2012.

COMPANY'S OVERVIEW

Your company is a leading global telecom manufacturer supplying indoor and outdoor wireless signal enhancement solution for various networks. Your company designs and manufactures cost effective RF Repeaters , Optical distributive antenna solutions, IP Cellular backhauls systems and signals enhancement accessories that enable mobile operators, real estate developers, neutral host providers and business providers, seamless, wireless coverage within their network. Besides manufacturing we are also in trading of CDMA handsets, data cards and accessories. Substantial turnover from these handsets and accessories contributes to the top line of the company.

The company import these mobile handsets and accessories from world renowned suppliers like Alcatel, ZTE, and HUAWEI. The company is also planning to add a range of new handsets and accessories in the market in the coming years.

The present Telecom Environment post cancellation of the Telecom Licenses, Industry is looming under immense pressure from all fronts. Uncertainty and Insecurity in the sector has compelled the companies to hold on all expansions & capital expenditures activities. Financial Institutions and other lenders have also shown indifferent lending terms for the present state of industry and have shown cold feet in funding few big projects. Your Company believes the sector goes through a next level change on all fronts like regulatory, Legal, Policy, etc...

FINANCIAL PERFORMANCE

(Rupees in Lacs)

PARTICULARS	Financial Year 2012-2013	Financial Year 2011-2012
Sales and Services	42,579.51	79,975.15
Profit before Tax & Exceptional Items	148.45	825.55
Exceptional Items	118.31	339.75
Profit before Tax	30.14	485.80
Provision for Income Tax		
- Current Tax	133.00	240.00
- Deferred Tax	(107.92)	(69.49)
- Income Tax/ Deferred Tax for earlier year	-	40.92
Profit after Tax	5.06	274.37

OPERATIONS

During the Year under review your company has registered a turnover of Rs. 42,579.51 Lacs against Rs. 79,975.15 Lacs in year 2011- 2012. A net profit of Rs. 5.06 Lacs has been made during this year as against a profit of Rs 274.37 Lacs in the previous year. This year to year decrease in the turnover is 46.76 %. The reduction in the net profit is due to reduction in turnover.

The fall in turnover is on account of cancellation of Telecom operator's licenses, which has reduced the circles of various operators including Sistema Shyam Teleservices Ltd. (SSTL). Your company is the national distributor of handsets for SSTL and accordingly the hit to our top line was imperative along with them. The full potential of the Repeater business could also not fructify due to capital expenditure freeze, squeezed liquidity in the industry and on the planned rollouts by operators.

The company during the year restructured its working capital requirements and reconfigured the consortium partners as full working capital credit limits were not optimally utilized, hence your company surrendered the limits extended by the State Bank of India.

DIVIDEND

The Board considering prudent to conserve resources for investment in business regrets its inability to recommend any dividend for the year ended 31st March 2013.

SUBSIDIARY

The Company has only one subsidiary viz. Shyam Telecom Inc, USA and therefore as per section 212 of the Companies Act, 1956, the report and Audited Accounts of the subsidiary company along with the statement from the part of Annual Report. The subsidiary being near to the customer is able to provide the end to the end support to the customers. The subsidiary has appointed to the local manpower so that it can fully understand the customer requirement and can provide the best solutions. Your Subsidiary also provides the logistic benefits which helps in quick delivery of products at the customer end.

The financial year of the subsidiary is from 1st January to 31st December, accordingly Accounts enclosed are only for the full year i.e. from 1st Jan 2012 to 31st December 2012.

PUBLIC FIXED DEPOSIT

During the financial year, the company has not accepted any deposits from Public under section 58A of the Companies Act, 1956.

DIRECTORS

In accordance with the provisions of section 256 of the Companies Act, 1956 and Article of Association of the company, Mr. Rajiv Mehrotra, Mr. Alok Tandon and Mr. Arun Kumar, Directors of the company, retire by rotation at the ensuing Annual General Meeting and be eligible, offer themselves for re-appointment. Their brief profile has been provided in the Corporate Governance Report.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of the provision of section 217(2AA) of the Companies Act, 1956, your directors confirm that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with the proper explanation relating to material departure wherever necessary;
- The Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the company at the end of financial year 2012-2013 and of the profit/ loss of the company for the year ended as on that date;
- The Directors had taken proper and sufficient care for the maintenance of adequate Accounting Records in the accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

M/S Mehra Goel and Co. Chartered Accountants, the retiring Auditors of your company expressed their willingness to continue as Auditors, if re- appointed at the Annual General Meeting to hold the office until the conclusion of the next Annual General Meeting. The company has received from the Auditors a certificate to this effect that their appointment, if made, would be within the prescribed limit under section 224(1-B) of the Companies Act, 1956.

AUDITOR'S REPORT AND CLARIFICATION

The notes to the accounts in Auditors' Report are self explanatory.

COST AUDITOR

The Company has appointed M/s K.G Goyal and Associates as Cost accountants on the recommendations of the

Audit and Finance committee. M/s K.G Goyal and Associates has confirmed their independence and arms length relation with the company and their eligibility under section 224 (1B), 233B and 226 of the Companies act 1956 for the year 2013-2014.

CORPORATE SOCIAL RESPONSIBILITY

Your Company endeavours to grow its business in a socially and environmentally responsible way, while upholding the interest of the stakeholders. The company also believes in taking an active role and responsibility in helping NGO's and other charitable institutions.

In the tragedy caused by the catastrophic flood which devastated the whole Uttarakhand state, Your Company participated in the Rescue Operations whole heartedly and vigorously. Besides Financial help, Members of Shyam family came forward and strove physically with material like blankets, bottled water, biscuits, candles, milk powder, woolen clothes (collected from Shyam family and Associates) to distribute and deliver personally. An Ashram in Rishikesh, where thousands of people got stranded, your company extended physical and financial help to them. The sole endeavor was to reach to needy and aggrieved with help. Your company places its condolences for those who lost their lives and properties in the unfortunate abysmal happening. Your company is cautious, participating, committed and responsible corporate citizen of the society.

The company shows an exceptional caution in use of paper (as duplex printing is the standard setting for all printer and copiers). No paper is trashed unless it has been used both the sides. The company is conscious and committed towards its social responsibility.

PARTICULARS OF CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, as required under section 217 (1) (e) of the Companies Act, 1956 read with the companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988, is annexed and form the part of this Report.

PARTICULARS OF THE EMPLOYEES

In compliance with provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rule 1975, statement of particulars of employees has not been given as none of employee during the financial year drew remuneration more than Rs. 5 Lacs per month or Rs. 60 Lacs per annum.

INDUSTRIAL RELATIONS

Relation with the Employees remain cordial and your Directors wish to place on record their appreciation of the co-operation and contribution made by the employees at all levels.

CORPORATE GOVERNANCE

A Report on Corporate Governance as required under Clause 49 of the Listing Agreement, as applicable, form the part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis as required under clause 49 of the Listing Agreement, as applicable, form the part of this report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard 21, Audited Consolidated Financial statements have been attached which form the part of this report and accounts.

COMPOSITION OF AUDIT & FINANCE COMMITTEE

Disclosure pursuant to the provisions of section 292A of the Companies Act, 1956, the Audit & Finance Committee of the company consists of:

Mr. Achintya Karati	- Independent Director & Chairman
Mr. Vinod Juneja	- Independent Director & Member
Mr. Narendra Kumbhat	- Independent Director & Member
Mr. Praveen Kumar Bhatia	- Independent Director & Member
Mr. C.S.Malhotra	- Independent Director & Member
Mr. Arun Khanna	- Non Executive Director & Member
Mr. Dharmender Dhingra	- Vice President (Legal) & Company Secretary.

ACKNOWLEDGMENT

Your Directors acknowledge with gratitude the co-operation received from bankers, Central and State Government Departments, Local Authorities and Customer for their continued guidance and support.

Your Directors also convey their gratitude to the Shareholders, Statutory Auditors, Cost Auditors and Employees of the company for their commitment and support which has contributed to the growth and success of the company.

On Behalf of the Board of Directors of
SHYAM TELECOM LIMITED

Sd/-

PLACE : New Delhi
DATE : 25th May, 2013

RAJIV MEHROTRA
Chairman & Managing Director

ANNEXURES TO DIRECTORS' REPORT

ANNEXURE-I

STATEMENT OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUT GO IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULE, 1988 ARE GIVEN HEREIN BELOW:

CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

- All high- energy lighting is controlled to switch off with manual switches, thus consuming energy only during essential periods.
- Employment of highly efficient low power consuming manufacturing equipment e.g. SMT, Progressive Assembly, Conveyor Belt system and utilizing state of-the art technology.
- Factory layout helps to utilize daylight for illumination in working areas and passages, thus reducing substantially the consumption of electrical energy.

- Use of programmable and high efficiency power supply units for our equipment consumes less power than other power supplies.
- Use of automatic power factor correction penal for energy conservation.
- For lightning purpose, only CFL tubes are used. New purchasing of power equipments with Power Saver Rating have applied.
- Installed automatic voltage regulator for maintaining electricity voltage enabling to reduce consumption of energy units
- All soldering workstation are automated, if not in use it goes in idle mode.
- Employer Awareness has generated to conserve electricity/ power.

(b) Additional investment are proposals, if any, being implemented for reducing consumption of energy:

A continuous study is being made on measure to conserve energy and several new measures are under implementation.

(c) Impact of measures at (a) and (b) above:

By high level of integration and automation in the manufacturing process cycle, saving in the energy/ fuel consumption has been achieved which definitely has an impact on production cost.

DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY:

With its establishment in-house Research and Development Department, Shyam has built its reputation with its customers by offering a winning combination of sophisticated technical expertise, innovation design and high volume manufacturing.

We understand the economic and competitive pressures of the rapidly growing Telecom Market and have responded to this with the on-going development program to increase overall value to our customers.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

Efforts, in brief, made towards Technology absorption, adaptation, and innovation.	The commercialization of in-house developed technology has been done to provide enhanced infrastructure management Technical up-gradation has been done with unstinted efforts of its R&D which has lead to total Control of Technology.
Benefits derived as result of the above efforts, e.g. product improvement, cost of reduction, product development, import substitution, etc.	Increased the range of products like 3G, 4G and tetra repeater products. Offerings to domestic and international customers. With continuous efforts, the benefits derived and namely coverage of area along with cost Reduction. Products got approved by various operators worldwide.

In case of Importing (imported during the last five years reckoned from the beginning of the information) may be furnished:	Optimum utilization of indigenously developed technology is done so as to cater the market with better features in terms of coverage and cost effectiveness, since it has inversely affected European countries and also china in terms of both price and performance.
(a) Technology imported.	
(b) Year of import	
(c) Has technology been fully absorbed?	
(d) If not fully absorbed areas where this has not taken place, reason therefore and further plans of action.	

FOREIGN EXCHANGE EARNINGS AND OUTGO:

1) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

Your Company is exporting Telecommunication products and system to various countries.

Your Company has done some major exports is the New Markets which includes Dominican Republic, Jersey Island, Vietnam, Georgia, Mongolia, Mozambique, Zanzibar, Bolivia, etc. The Export revenue is growing on yearly basis. In the recent past the Company has completed some major in-building projects in different countries. The Company has taken Turnkey Projects in many countries, which includes the survey, planning, installation, commissioning etc. The products are being sold to more than 100 operators in 40 countries. We have also appointed many Agents/ Distributors/ Value Added Resellers in many countries. In the recent past we have been short listed as a preferred supplier for many operators in Europe, Africa, and Latin America etc. We are expecting many big orders from the North and South America.

2) Total foreign exchange used:

a) Expenditure in Foreign Currency

(Rs. in Lacs)

- Travelling	18.15
- Product Development Charges	2.92
- Legal, Professional and consultancy charge	26.39
- Annual Maintenance Contract	1.38
- CIF Value of Imports	
- Raw Material	615.38
- Communication System & Accessories	46.63
- Mobile Handsets & accessories	31,091.56

b) Income in Foreign Currency (Rs. in Lacs)

- F.O.B. Value of Export Goods	1,744.10
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CORPORATE GOVERNANCE REPORT 2012-2013

COMPANY'S PHILOSOPHY

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

The corporate governance philosophy of the Company has been further strengthened with the adoption of the Code of Conduct, Business Excellence Model, Code for Prevention of Insider Trading and Code of Corporate Disclosure Policies. The Company, through its Board and Committees, endeavours to strike and deliver the highest governing standards for the benefit of its stakeholders.

Over the years Shyam has shown a commitment towards effective corporate governance and has always been at the forefront of benchmarking its internal systems and policies with global standards. Consistent with this commitment, Shyam believes that it needs to show a great degree of responsibility and accountability.

Corporate Governance based on the following main principles:

- Constitution of a Board of Directors of appropriate composition, size, varied expertise and commitment to discharge its responsibilities and duties.
- Ensuring timely flow of information to the Board and its Committees to enable them to discharge their functions effectively.
- Independent verification and safeguarding integrity of the Company's financial reporting.
- A sound system of risk management and internal control.
- Timely and balanced disclosure of all material information concerning the Company to all stakeholders.
- Transparency and accountability.
- Compliance with all the applicable rules and regulations.
- Fair and equitable treatment of all its stakeholders including employees, customers, shareholders and investors.

The benefits of Corporate Governance are:

- Creation and enhancement of a corporation's competitive advantage.
- Enabling a corporation performs efficiently by preventing fraud and mal practices.
- Providing protection to shareholders' interest.
- Enhancing the valuation of an enterprise.
- Ensure compliance of laws and regulations.

Corporate Governance Framework



I. BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD OF DIRECTORS

In compliance with clause 49 (I) (A) of the Listing Agreement, the Board comprises of three Executive Directors and six non executive directors of whom five are independent Directors. The Chairman of the Board is an Executive Director and in compliance with the said clause more than half of the Board comprises of Independent Directors. All the members of the Board are highly experienced professionals drawn from the field of business, finance and public enterprises.

Name of the Director	Category	Designation	Number of Directorships held in other Companies	Number of memberships in Committees of the Board of Other Companies	Number of Chairmanship in Committees of the Board of Other Companies
Rajiv Mehrotra	Promoter & Executive	Chairman & Managing Director	4	-	-
Ajay Khanna	Promoter & Executive	Managing Director	4	2	-
Alok Tandon	Promoter & Executive	Managing Director	4	2	-
Achintya Karati	Independent	Director	6	6	-
Vinod Juneja	Independent	Director	3	-	-
Praveen Kumar Bhatia	Independent	Director	1	-	-
C.S. Malhotra	Independent	Director	-	-	-
Narendra Kumbhat	Independent	Director	4	2	-
Arun Khanna	Non Executive	Director	1	2	2

NOTES:

- Number of other Directorships and Committee memberships indicated above is exclusive of Private Limited Companies, Foreign Companies, Companies incorporated under Section 25 of the Companies Act, 1956 and only two committees viz., Audit Committee and Shareholder's Grievance Committee are considered.

2. None of the Directors is a member of more than ten committees or act as a Chairman of more than five committees across all companies in which he is a Director.
3. Mr. Ajay Khanna & Mr. Arun Khanna are related to each others as brothers.
4. Shareholding of Directors for the period ending as on 31st March, 2013 is as follows:

Name of the Director	No. of Shares held as on 31 st March, 2013
Rajiv Mehrotra	52605
Ajay Khanna	4553
Alok Tandon	17570
Achintya Karati	Nil
Vinod Juneja	Nil
P.K. Bhatia	Nil
C.S. Malhotra	Nil
Narendra Kumbhat	Nil
Arun Khanna	490

(B) NON- EXECUTIVE DIRECTORS COMPENSATION AND DISCLOSURES

Non Executive Directors are entitled to Sitting Fees only for attending the Board and Committees Meetings. The Company does not pay any other remuneration to them besides sitting fees. Appropriate records are maintained in respect of the payment made to them.

(C) BOARD MEETINGS

During the financial year 2012-2013, the Board met four times in the following dates in compliance with section 285 of the Companies Act, 1956 and Clause 49 of the Listing Agreement:

1. 14th May, 2012
2. 9th August, 2012
3. 8th November, 2012
4. 8th February, 2013

Attendance of each Director at Board Meetings and Last Annual General Meeting

Name of the Director	Number of Board Meetings Attended	Presence at the Nineteenth Annual General Meeting held on 28 th September, 2012 at Jaipur, Rajasthan.
Rajiv Mehrotra	3	NO
Ajay Khanna	4	YES
Alok Tandon	4	YES
Achintya Karati	4	YES
Vinod Juneja	1	NO
Praveen kumar Bhatia	4	NO
C.S. Malhotra	3	NO
Narendra Kumbhat	3	YES
Arun Khanna	4	YES

- In accordance with Clause 49 of the Listing Agreement, the requisite information was placed before the Board and was also made a part of the minutes of the meeting of the Board.
- All the pecuniary relationship or transaction of the Non Executive Directors vis-a-vis the Company, if any, have been disclosed in the Financial Statements of the company for the year ended 31st March, 2013. (Refer Other Notes to the Accounts No. 31).

BOARD PROCESS

It has always been a dry run on the part of the company's management that all the major decisions pertaining to the business are handled through Board Meeting's and with the approvals of the Members of the Board.

All important decisions including quarterly results of the company, financial restructuring, capital expenditure proposals, collaboration, material investment proposals in Joint Ventures/ promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations etc are regularly placed before the Board.

(D) CODE OF CONDUCT

A revised model of Code of Conduct has been approved and adopted by the board, to maintain highest standards of Corporate Governance.

Pursuant to Clause 49 of the Listing Agreement, the Board Members and Senior Management Executives of the company have confirmed compliance with the Code of Conduct for the period ended 31st March, 2013. The CEO of the Company affirms the compliances of the Code of Conduct of the Company.

SEBI (Prohibition of Insider Trading) Amendment Regulation 2011 has also been complied. The compliances of the Code of Conduct for prevention of Insider Trading are strictly adhered to; CEO of the Company has also pronounced the compliance of the Board Members and Senior Management Executives.

COMMITTEES OF THE BOARD

- o In compliance with clause 49 of the Listing Agreement, the Board has constituted the following committees:
 - Audit & Finance committees
 - Shareholder Investor Grievance Committees
 - Remuneration Committees

II. AUDIT & FINANCE COMMITTEE

(A) COMPOSITION OF COMMITTEE

The Committee comprises of six Non Executive Directors of whom five are Independent Directors. The Chairman of the Committee is an independent Director. Mr. Dharmender Dhingra, Vice President (Legal) & Company Secretary, acts as the secretary of the Committee. All the members are well versed with Accounting and Financial Knowledge.

Name of the Member	Category	Designation
Achintya Karati	Independent Director	Chairman
Vinod Juneja	Independent Director	Member
Praveen Kumar Bhatia	Independent Director	Member
C. S. Malhotra	Independent Director	Member
Narendra Kumbhat	Independent Director	Member
Arun Khanna	Non Executive Director	Member

(B) AUDIT & FINANCE COMMITTEE MEETINGS

During the financial year 2012-2013, the Committee met four times on the following dates:

1. 14th May, 2012
2. 9th August, 2012
3. 8th November, 2012
4. 8th February, 2013.

ATTENDANCE OF EACH MEMBER AT THE AUDIT & FINANCE COMMITTEE MEETINGS HELD DURING THE YEAR 2012-2013

Name of the Member	Number of Meetings Attended
Achintya Karati	4
Vinod Juneja	1
Praveen Kumar Bhatia	4
C. S. Malhotra	3
Narendra Kumbhat	3
Arun Khanna	4

The Chairman, Mr. Achintya Karati attended the last AGM to answer the queries of shareholders.

ROLE AND POWERS OF THE AUDIT & FINANCE COMMITTEE

The role and powers of the Audit Committee are as per provisions of Section 292A of the Companies Act, 1956 and guidelines set out in the listing Agreement.

(C) ROLE

The Audit Committee will assist the Board in fulfilling its oversight responsibilities for:

- The integrity of the company's statements;
- The company's compliance with legal and statutory requirements;
- The Independent Auditor's qualifications and independence;
- The performance of the company's Internal Audit function and Independent Auditors and
- The appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.

(D) POWERS

The powers of Audit & Finance Committee shall include the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain information outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise if it considers necessary.

BRIEF DESCRIPTION OF THE TERMS OF REFERENCE

The Committee looks after the following matters:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and creditable.
2. Review major issues regarding accounting principles and financial statements presentation, including any significant changes in the company's selection or application of accounting principles, the effect of the regulatory and accounting initiatives as well as off balance sheet structures on this on the financial statement of the company.
3. Recommending to the Board, to appoint, re-appoint and oversee the work of the public accounting firm employed by the organization to conduct the statutory external audit and, if required, the replacement, or removal of the Statutory Auditor and fixation of audit fees.
4. Approval of payment of statutory audit for any other services rendered by the Statutory Auditors.
5. Reviewing with the management, the annual financial statement before submission to the board for approval with particular reference to:
 - Matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with Listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualification in the draft Audit Report.
6. Reviewing with the management, the quarterly financial statement before submission to the approval. Such review will include scrutiny of earnings and the effects of any changes in accounting practice.

7. Reviewing with the management effectiveness of the company's the internal control systems.
8. Review with the management and the chief internal auditors, the charter, plans, activities, including the structure of the internal audit function, staffing and seniority of the officials heading the department, reporting structure coverage and frequency of internal audit.
9. Obtain and review a report by the independent Auditor describing the company's internal quality-control procedure, any material issues raised by the most recent internal quality-control review, or peer review of the firm and assess the auditor's independence.
10. Discussion with the management the company's major policies with respect to risk management.
11. Reviewing the company's procedure for detecting fraud and ensure the arrangement are in place by which staff may, in confidence, raised concerns about possible improprieties in matter of financial reporting, financial control or any other matters.
12. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern.
13. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
14. Carrying out any other function as in mentioned in the terms of reference of the Audit Committee.

(E) REVIEW OF INFORMATION BY AUDIT & FINANCE COMMITTEE

The Audit and Finance Committee shall mandatory review the following information:

- Management Discussion and Analysis of Financial condition and results of operations.
- Statement of significant related party transaction (as defined by the Audit & Finance Committee) submitted by management.
- Management letters/ letter of internal control weaknesses issued by the internal Auditors.
- Internal Audit Reports relating to internal control weaknesses, and
- The appointment, removal and terms of remuneration of the chief Internal Auditor shall be subject to review by the Audit & Finance Committee.

(F) SHAREHOLDER & INVESTOR GRIEVANCE COMMITTEE

(I) COMPOSITION OF COMMITTEE

Mr. Arun Khanna, Non Executive Director is the Chairman of the Committee along with Mr. Narendra Kumbhat, Independent Director and Mr. Dharmender Dhingra,

Vice President (Legal) & Company Secretary Acts as the compliance officer of the committee. :

Name of Member	Category	Designation
Arun Khanna	Non Executive Director	Chairman
Narendra Kumbhat	Independent Director	Member
Dharmender Dhingra	Vice President (Legal) & Company Secretary	Compliance Officer

During the financial year 2012-2013, the committee met 16 times.

(II) BRIEF DESCRIPTION OF TERMS OF REFERENCE

The committee looks after the following matters:

- Redressal of shareholder and investor's complaints, etc. relating to transfer of shares, non receipt of annual report, non receipt of declared dividends, etc.
- Consolidation and sub division of share certificates.
- Approval of Transfer and Transmission of shares certificates.
- Issue of Duplicate or Fresh Share Certificates.

(III) DETAILS OF QUERIES/ COMPLAINTS RECEIVED AND SOLVED DURING THE FINANCIAL YEAR 2012-2013

Nature of Queries/Complaints	Received (No.'s)	Solved (No.'s)	Pending (No.'s)
Non-receipt of Share Certificate	Nil	Nil	Nil
Number of requests for change of address	Nil	Nil	Nil
Number of requests for Transfer	02	02	Nil
Issue of Duplicate Share Certificates	Nil	Nil	Nil
Non-receipt of Dividend Warrants	Nil	Nil	Nil
Revalidation of Dividend Warrants	Nil	Nil	Nil
Non-receipt of Annual Report	Nil	Nil	Nil
Total	02	02	Nil

- The Company addresses all complaints, suggestions and grievances expeditiously and sent/ issues resolved usually within 15 days.
- The company has complied with submissions of its response to the queries/ clarification sought by the Stock Exchanges on various market related information like clarifications on market rumours, etc. from time to time. These responses have not been included in the above list.
- Registrar and Transfer agent does share Transfer Works and as on 31st March, 2013, no complaints were pending.

(G) REMUNERATION COMMITTEE

(I) COMPOSITION OF COMMITTEE

The committee comprises of three independent directors, the details are as follows:

Name of Member	Category	Designation
Achintya Karati	Independent Director	Chairman
Praveen Kumar Bhatia	Independent Director	Member
C.S. Malhotra	Independent Director	Member

No meeting held during the year 2012- 2013, regarding the revision of the remuneration of executives and employees of the Company.

(II) TERMS OF REFERENCE

The Committee looks after the following matters:

- To determine the company's policy on and approve the remuneration packages for Executive Directors and their relatives working in the Company including pension rights and compensation payment.
- To approve the remuneration payable to the managerial personnel under the companies Act, 1956, taking into account the financial position of the company, trend in the industry, the appointee's qualification, experience, past remuneration and performance.

(III) REMUNERATION COMMITTEE POLICY:

The Remuneration Policy as outlined by the committee aims at:-

- Recognizing and rewarding performance and achievements
- Motivating and including the concerned executives to put in their best.

This policy is in tune with current national and international practices considering the highly competitive business scenario.

(III) SUBSIDIARY COMPANY

- The Company has one subsidiary namely Shyam Telecom Inc. USA.
- The Audit & Finance Committee of the company review the financial statements of the subsidiary company.
- The Minutes of the Board Meeting of subsidiary company are placed before the Audit & Finance Committee and Board of the company and reviewed in detail.

(IV) DISCLOSURES

- (A) Disclosure of statement in the summary form of transactions which are not in the normal course of business with its Promoters, Directors or the management, their subsidiaries or relatives that may have conflicts with the interest if the company at large
- All the disclosures in the related party transactions are made in other Notes to the Accounts No 31 to the Balance Sheet.
- (B) Disclosures of Accounting Treatment: All the financial statements made are as per the Accounting Standards, given by the Institute of Chartered Accountants of India (ICAI). The financial statements present true and fair view of underlying business transactions.

- (C) Board Disclosure- Risk Management: The Company has laid down the various procedures to inform Board members about the risk involved in the business, its assessment and also its minimization.

These procedures are been periodically reviewed and ensures that management controls risk through properly defined framework

- (D) Proceeds from public issue, right issue, preferential issue etc.: No proceeds has been made through public, right or preferential issue.
- (E) Details of non- compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any other statutory authority, on any matter related to capital market, during the last three years

The company has complied with the requirement of regulatory authorities of capital markets and no penalties/ strictures have been imposed against it in the last three years.

- (F) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee:

The Company has effective Whistle Blower Policy mechanism in place and during the year no personnel has been denied access to the Audit Committee.

- (G) Details of compliance with mandatory requirement and adoption of the non- mandatory requirement of Clause 49 of the Listing Agreement:

The company has stringently complied with all the mandatory requirements of this clause & the non- mandatory requirement were followed to the extent possible.

(H) DETAILS OF REMUNERATION TO ALL DIRECTORS

REMUNERATION TO EXECUTIVE DIRECTORS

The Company is not paying any remuneration to its Executive Directors.

DETAILS OF REMUNERATION TO NON-EXECUTIVE DIRECTORS

Non Executive Directors are entitled to Sitting Fees only for attending the Board and Committees Meeting. The Company does not pay any other remuneration to them besides sitting fees. Appropriate records are maintained in respect of the payment made to them.

(I) MANAGEMENT DISCUSSION AND ANALYSIS.

A report on Management discussion analysis is enclosed herewith separately.

(J) GENERAL SHAREHOLDERS INFORMATION.

(A) ANNUAL GENERAL MEETING

AGM	Year	Day & Date	Time	Venue
20th Annual General Meeting	2013	Monday, 23rd September 2013	11.00 A.M.	Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme, Bais Godam Circle, Jaipur-302001 (Raj.)

(B) DETAILS OF LAST THREE ANNUAL GENERAL MEETING

AGM	Year	Day & Date	Time	Venue
17th Annual General Meeting	2010	Tuesday, 27th September, 2010	10.00 A.M.	Hotel The Fern, Plot No. 3, Airport Plaza Tonk Road, Durgapura, Jaipur-302018
18th Annual General Meeting	2011	Monday, 5th September, 2011	12.00 Noon	Hotel Marriot, Near Jawahar Circle Ashram Marg, Tonk Road, Jaipur-302015
19th Annual General Meeting	2012	Friday, 28th September, 2012	11.30 A.M.	Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme, Bais Godam Circle, Jaipur-302001 (Raj.)

(C) SPECIAL RESOLUTION PASSED IN PREVIOUS THREE ANNUAL GENERAL MEETINGS

There has been no special resolution passed in the previous three Annual General Meetings.

(D) POSTAL BALLOT

There has been no resolution passed through Postal Ballot during the year 1st April, 2012 to 31st March, 2013.

(E) FINANCIAL CALENDER

The Company follows financial year from 1st April to 31st March each year.

Particulars	Due Date
First Quarter Results	9 th August, 2012
Second Quarter Results	8 th November, 2012
Third Quarter Results	8 th February, 2013
Fourth Quarter Results	25 th May, 2013
Audited Annual Results	25 th May, 2013
Consolidated Audited Annual Results	25 th May, 2013

MEANS OF COMMUNICATION

(A) QUARTERLY RESULTS

Quarterly Results along with the notes are normally published in Business Standard and Jalte Deep and also informed to all Stock Exchanges where the shares of the Company are listed.

(B) WEB-STIE/ INVESTORS GRIEVANCE ID

The results and official news are displayed on the company's website viz. www.shyamtelecom.com. Further the investor Grievance ID as per Listing Agreement for investor's queries

has been generated on the company's website which is investors@shyamtelecom.com.

(F) DATE OF BOOK CLOSURE

The book shall be closed from 20th September, 2013 (Friday) to 23rd September, 2013 (Monday). (Both days inclusive).

(G) DIVIDEND PAYMENT DATE

The company has not declared dividends for the financial year ending 31st March, 2013.

(H) LISTING ON STOCK EXCHANGES

The company's shares are listed on the **National Stock Exchange of India Limited** and the **Stock exchange, Mumbai**.

The company has paid the Annual Listing Fees due to all stock Exchanges up to the year 2013-2014.

(I) STOCK CODE

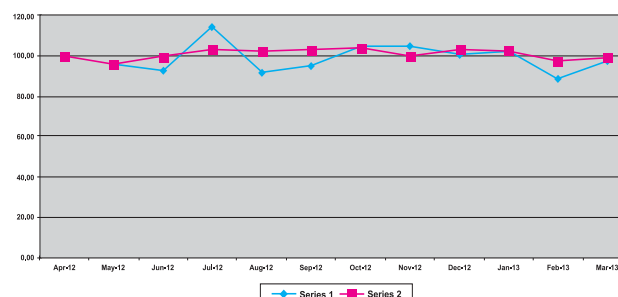
BSE 517411
NSE SHYAMTEL
ISIN INE635A01023

(J) MARKET PRICE DATA

High, Low during each month during the financial year 2012-2013

Month	BSE (In Rs.)		NSE (In Rs.)	
	High	Low	High	Low
April, 2012	30.20	26.05	31.95	26.1
May, 2012	30.75	23.20	28	23.05
June, 2012	28.45	21.50	28.85	22.25
July, 2012	33.70	23.30	33.85	24.80
August, 2012	28.85	23.30	29.00	23.10
September, 2012	26.35	23.00	25.90	23.15
October, 2012	28.00	23.55	28	23.25
November, 2012	30.70	23.30	27.9	23.15
December, 2012	30.00	24.35	28.5	24.1
January, 2013	31.00	24.60	29.8	24.1
February, 2013	26.30	22.90	26.5	22.65
March, 2013	28.45	19.35	28.85	19.45

The Performance of the company's equity share relative to the BSE Sensitive Index (Sensx) is given in the chart below:



(K) REGISTRAR AND TRANSFER AGENT

Share transfer work in physical as well as demat mode is done by the company's Registrar and Transfer Agent :

Indus Portfolio Private Limited

G-65, Bali Nagar, New Delhi- 110015.

Email: rnt@indusinvestment.com;

bharat.b@indusinvest.com

Web: www.indusinvest.com

(L) SHARE TRANSFER SYSTEM

Physical share transfer are registered and returned within a period of 15 days of receipt, if the documents are correct and valid in all respects.

(M) DISTRIBUTION OF SHAREHOLDING

Distribution of shareholding as on 31st March, 2013 is as follows:

Number of shares	No. of shareholders	% of Total shareholders	No. of Shares held	% of Total Equity
Upto 100	10983	73.40	461234	4.08
101-500	3115	20.82	765982	6.80
501-1000	451	3.01	355617	3.16
1001-5000	326	2.18	694001	6.16
5001-10000	41	0.27	301219	2.67
10001-20000	25	0.17	349055	3.10
20001-30000	5	0.03	112104	0.99
30001-40000	1	0.01	36790	0.33
40001-50000	4	0.03	189432	1.68
50001-100000	1	0.01	52570	0.47
100001-500000	3	0.02	801263	7.11
500001 and above	7	0.05	7150733	63.45
Total	14962	100.00	11270000	100.00

(N) CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2013

Shareholder's Category	Percentage of Holding
Promoters', Relatives and Associates	66.28
Bodies Corporate (Domestic)	3.51
Banks & Financial Institutions	0.01
Mutual Funds	0.00
Foreign Institutional Investors	4.19
Non-Resident Indians & Overseas Corporate Bodies	2.30
Resident Individuals	23.09
Any Other (Clearing Houses, Clearing Members, Trust, unclaimed)	0.62
Total	100.00

(O) SHAREHOLDING WITH MORE THAN ONE PERCENT HOLDING AS ON 31ST MARCH, 2013

Shareholder's Category	Shares	Percentage
Intell InvoFin India Private Limited	1697807	15.07
Mehrotra InvoFin India Private Limited	1560877	13.85
Cellcap InvoFin India Private Limited	818081	7.26
A T InvoFin India Private Limited	809890	7.19
Teletec Finsec India Private Limited	803913	7.13
Cellphone Credit & Securities India Private Limited	760165	6.75
Shyam Antenna Electronic Limited	700000	6.21
Cresta Fund Limited	472578	4.19
Rakesh Kanwar	185500	1.65
Sandeep Sharma	143185	1.27

(P) DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Securities and Exchange Board of India (SEBI) mandated compulsory trading in shares of the company by all investors in electronic form. As on 31st March 2013, 112,38,891 shares of the company held by shareholders are in dematerialized form, aggregating to 99.72 % of the equity share capital. With this the problem associated with the physical delivery will now be reduced to a large extent.

(Q) OUTSTANDING ADRs/GDRs/ WARRENTS/ ANY CONVERTIBLE INSTRUMENTS WHICH HAVE LIKELY IMPACT ON EQUITY

The company has no outstanding ADRs/ GDRs/ WARRENTS/ any convertible instruments which have likely impact on its equity.

(R) PLANT LOCATION

246, Phase-IV, Udyog Vihar,
Gurgaon-122015, Haryana INDIA
Telephone No.: +91 11 24 4311 600-609

(S) INVESTOR QUERY/ ADDRESS FOR CORRESPONDENCE

The Company Secretary
Shyam Telecom Limited,
A-60, Naraina Industrial Area,
Phase – I, New Delhi-110028 INDIA
Telephone No.: +91 11 4141 1070-72
Fax No.: +91 11 2579 2194, +91 11 4141 0839

BRIEF RESUME OF THE DIRECTORS PROPOSED TO BE RE-APPOINTED:

■ **RAJIV MEHROTRA**

Date of Birth 5th August, 1954
Date of Appointment 15th June, 1992
Qualification Electronics Engineer

Mr. Rajiv Mehrotra is the Chairman & Managing Director of the Company. He is an Electronics engineer who founded the Shyam Group, which began its operations in Entertainment hardware with the launch of Cable TV and Satellite TVRO systems in 1974.

His vision and foresight have established Shyam Telecom as a front-runner and a well known name in Telecom. Be it manufacturing, services or R&D, he has been the driving force behind the Shyam Group of Companies.

With his exemplary, innovative and global experience, he has engineered the diversification of the group on several fronts including cellular and basic telephony services in the states of Rajasthan.

He is associated with Federation of Indian chambers of Commerce & Industry (FICCI), Confederation of Indian Industry (CII), and Telecom Equipment Manufacturers Association (TEMA).

OTHER DIRECTORSHIPS

S. No.	Name of the Company	Position
1.	Vihaan Network Limited	Chairman & Managing Director
2.	Sistema Shyam Teleservices Ltd.	Director
3.	Shyam Antenna Electronics Ltd.	Director
4.	Shyam Networks Limited	Director

COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES:

Name of the Company	Committee	Position
-	-	-

■ MR. ALOK TANDON

Date of Birth	5th March, 1961
Date of Appointment	30 th January, 1993
Qualification	Chartered Accountant

Mr. Alok Tandon, Managing Director of the Company, is one of the co-promoter and heads the financial and business operations of the Shyam Group. He is actively involved in promoting its various businesses, He successfully launched the IPO of Shyam Telecom in 1994 that received an overwhelming response and was oversubscribed by 25 times. He was instrumental in formulating consortium and closing the financing for the Cellular, V-SAT & Basic Service projects.

He has been instrumental in restructuring operations and reorganizing the various Group Companies through Strategic Mergers, Amalgamations and Acquisitions.

OTHER DIRECTORSHIPS

S. No.	Name of the Company	Position
1.	Sistema Shyam Teleservices Ltd.	Director
2.	RMS Automation Systems Ltd.	Director
3.	Kribhco Shyam Fertilizers Ltd.	Director

COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES:

Name of the Company	Committee	Position
RMS Automation System Ltd.	Audit	Member
RMS Automation System Ltd.	Share Grievance Committee	Member

■ MR. ARUN KHANNA

Date of Birth	10th May, 1951
Date of Appointment	29 th May, 1998
Qualification	B.com, LLB

Mr Arun Khanna, Non Executive Director, was inducted on the Board in 1998 as Director. He is associated with various reputed institutions like Confederation of India Industries, Indian Institute of Bankers, Indian Institute of Material Management, and Electronics & Computer Software Export Promotion Council. He has been the President of Telecom Manufacturers Association (TEMA). He is responsible for overall operations of the Company including project implementation, cash flow management, liaison with DoT, Defence, Railways, Government departments and various public and private sector organizations. He actively participates in the activities of various associations, institutions, banks, and councils of which he is a member.

OTHER DIRECTORSHIPS

Name of the Company	Position
RMS Automation System Ltd.	Chairman & Managing Director

COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES

Name of the Company	Committee	Position
RMS Automation System Ltd.	Audit Committee	Chairman
RMS Automation System Ltd.	Share Grievance Committee	Chairman

(V) CEO & CFO CERTIFICATION

CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) ON THE FINANCIAL OFFICER OF THE COMPANY

We, B.S. Yadav, Acting as C.E.O. & Mr. Gursharan Singh, C.F.O. of the company, hereby certify and affirm that as on & upto the date of this certificate, there has been due compliance of Accounting Standards and other related functions as laid down by the company, under Clause 49 V of the Listing Agreement, honest and ethically.

We heading & discharging the finance function hereby certify to the Board that:

- (a) We have reviewed financial statement and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statements or might fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the company and have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which were aware and the steps we have taken or proposes to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee:
 - (i) Significant change in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

This certificate is given by the undersigned & full reliance can be placed for what has been stated above.

Sd/-
B.S. YADAV
(Acting CEO)

Sd/-
GURSHARAN SINGH
(CFO)

CORPORATE GOVERNANCE CERTIFICATE

To
The Members of
Shyam Telecom Limited

We have examined the compliance of conditions of Corporate Governance by **SHYAM TELECOM LIMITED**, for the year ended 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
Firm Registration No: 000517N

PLACE : NEW DELHI
DATE : 25th May, 2013

GEETIKA MEHRA
(PARTNER)
M. No. 510525

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

TELECOM INDUSTRY IN INDIA

The Indian telecommunication industry is one of the fastest growing in the world. Government policies and regulatory framework implementation by Telecom Regulatory Authority of India (TRAI) have provided conducive environment for service providers. This has made the sector more competitive, while enhancing the accessibility of telecommunication service at affordable tariffs to the consumers. In the last two decades, the Indian Telecom Sector and mobile telephony in particular has caught the imagination of Indian by revolutionizing the way we communicate, shares information; and through its staggering growth helped millions stay connected. This growth however, has and continues to be at the cost of the Climate, powered by an unsustainable and inefficient model of energy generation and usage. Simultaneously, this growth has also come at significant and growing loss to the state exchequer, raising fundamental questions on the future business and operation model of the Telecom Sector.

The Telecom industry has witnessed significant growth in subscriber's base over the last decade, with increasing network coverage and a competition- induced decline in tariffs acting as catalysts for the growth in subscriber's base. The growth story and the potential have also served to attract newer players in the industry, with the result that the intensity of competition has kept increasing.

Given these challenges, operators must treat 2013 as the year in which they double down on their efforts to resolve this paradox. They must settle on better ways to monetize the flow of traffic over their networks and capture considerably more of the revenue now going to Internet players. They must then use these new sources of income to keep making the investments in new technologies that are needed to build out truly ubiquitous mobile broadband networks on par with the current state of fixed-line broadband, and speed up their restructuring and innovation efforts.

Simply relying on higher demand over networks with limited capacity to boost prices and restore growth will certainly not be acceptable to policymakers and regulators increasingly aware of the importance of fixed and mobile broadband to promote economic growth.

According to Telecom Regulatory Authority of India (TRAI), the number of telephone subscriber base in the country reached 898.02 million as on March 31, 2013, thereby showing a monthly growth rate of 0.67% resulting to overall teledensity of 73.32 million. The share of urban subscriber database is 548.80 million whereas share of rural subscriber base reached to 349.22 million resulting in teledensity of 146.96 million in Urban & 41.02 million in Rural.

The wireless subscriber base reached to 867.80 million at the end of March 2013 having teledensity of 140.67 million in urban & 40.23 in rural which results in a total wireless teledensity as 70.85 million.

The wireline subscriber base reached to 30.21 million at the end of March 2013 having teledensity of 6.29 million in urban & 0.79 in rural which results in a total wireline teledensity as 2.47 million.

Mobile Number Portability requests increased to 89.70 million at the end of March 2013. In the month of March 2013 alone, 2.87 million requests have been made for MNP.

STRATEGIC REVIEW

In 2012, the telecom sector in India came under intense scrutiny due to a number of reasons ranging from cancellation of 2G licenses, ambiguity in implementation of key policy measures and dip in wireless subscriber net additions. Topping them all was the spectrum auction debacle. In February 2012, the Supreme Court of India cancelled 122 telecom licenses issued in 2008. The cancellation of telecom licenses and muted response to their re-auction has resulted in consolidation in the telecom industry. These events have stolen the limelight from the National Telecom Policy (NTP), the draft of which is hailed as progressive and encouraging for the sector in the coming decade. The past year induced negative sentiment in the sector and affected investor confidence. As a result, international interest in the India telecom market is gradually waning. Unless the government makes a

strong move to support the sector, telecom may follow the aviation sector, which despite being opened up for FDI has not seen much of an interest.

EXPORTS

Your Company is exporting Telecommunication products and system to various countries worldwide.

Your Company has done some major exports in the New Markets which includes Dominican Republic, Jersey Island, Vietnam, Georgia, Mongolia, Mozambique, Zanzibar, Bolivia, etc. The Export revenue is growing on yearly basis. In the recent past the Company has completed some major in- building projects in different countries. The Company has taken Turnkey Projects in many countries, which includes the survey, planning, installation, commissioning etc. The products are being sold to more than 100 operators in 40 countries. We have also appointed more than 50 Agents/ Distributors/ Value Added Resellers in many countries. In the recent past we have been short listed as a preferred supplier for many operators in Europe, Africa, and Latin America etc. We are expecting many big orders from the North and South America.

COMPANY'S OVERVIEW

Your company is a leading global telecom manufacturer supplying indoor and outdoor wireless signal enhancement solution for more than 100 networks in 5 continents. Your company designs and manufactures cost effective RF Repeaters, Optical distributive antenna solutions, IP Cellular backhauls systems and signals enhancement accessories that enable mobile operators, real estate developers, neutral host providers and business provide seamless, wireless coverage within their network. Besides manufacturing we are also in trading of CDMA handsets, data cards and accessories. Substantial turnover from these handsets and accessories contributes to the top line of the company.

The company import these mobile handsets and accessories from world renowned suppliers like Alcatel, ZTE, and HUAWEI. The company is also planning to add a range of new handsets and accessories in the market in the coming years.

The fall in turnover is on account of cancellation of Telecom operator's licenses, which has reduced the circles of various operators including Sistema Shyam Teleservices Ltd. (SSTL). Your company is the national distributor of handsets for SSTL and accordingly the hit to our top line was imperative along with them. The full potential of the Repeater business could also not fructify due to capital expenditure freeze, squeezed liquidity in the industry and on the planned rollouts by operators.

THREATS

The present Telecom Environment post cancellation of the Telecom Licenses, Industry is looming under immense pressure from all fronts. Uncertainty and Insecurity in the sector has compelled the companies to hold on all expansions & capital expenditures activities. Financial Institutions and other lenders have also shown indifferent lending terms for the present state of industry and have shown cold feet in funding few big projects. Your Company believes the sector goes through a next level change on all fronts like regulatory, Legal, Policy, etc...

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has proper internal control system commensurate to the size of the operations of the company which effectually verifies adequacy, efficacy, propriety and compliances.

The Board regularly monitors the findings of the internal control system and ensures stringent Corporate Governance.

The person heading the internal control functions has complete independence and resources to ensure the internal control function.

The person continuously ensures the adequacy and efficacy of the internal control system and where the deviations, aberrations and anomalies are detected appropriate remedies are immediately carried out with the concurrence of the Board of Directors.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHYAM TELECOM LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **SHYAM TELECOM LIMITED** which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and 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

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS
Firm Registration No: 000517N

PLACE: NEW DELHI
DATED: 25th May, 2013

R.K.MEHRA
PARTNER
M.No. 6102

ANNEXURE

- (i) The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets covering significant value have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. On the basis of the information and explanations given by the management, no material discrepancies have been noticed on such verification. No substantial Part of fixed assets have been disposed off during the year.

- (ii) The inventory of the Company in its possession has been physically verified by the management at reasonable intervals. Stocks in the possession and custody of third parties and stocks-in-transit as on March 31, 2013, have been verified by the management with reference to confirmations or statements of account or correspondence of the third parties or subsequent receipt of goods. In our opinion the frequency of verification is reasonable.

The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and these have been properly dealt with in the books of account.

- iii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956.

The Company has not taken any secured loans from Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. In respect of unsecured loan taken from a Company covered in the register maintained under section 301 of the Companies Act, 1956, the rate of interest and other terms and conditions of loan are, prima facie, not prejudicial to the interest of the Company. The maximum amount outstanding at any time during the year is Rs.3232.20 lacs and year end balance Rs. 808.48 lacs including interest accrued thereon. The principal and interest amount is repayable on demand.

- iv) There are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control.

- v) The particulars of contracts or arrangements that need to be entered into the Register maintained under section 301 have been so entered.

The transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard that in respect of certain items alternative sources are limited and others are made with reference to price list, quality, delivery schedules and prevailing market prices for such goods and materials or the prices at which transactions for similar goods have been made with other parties.

- vi) The particulars of contracts or arrangements that need to be entered into the Register maintained under section 301 have been so entered.

- vii) The internal audit of the company is done by other chartered accountants firm, which is commensurate with its size and nature of its business.

- viii) On the basis of records produced before us, we are of the opinion that prima facie, the cost records and accounts prescribed by the central government under clause (d) of sub section (1) of section 209 of the Companies Act, 1956, have been maintained. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.

- ix) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income-Tax, Wealth-Tax, Sales-Tax, Custom Duty, Excise-Duty, Cess, Service-Tax and other statutory dues applicable to it and no amount were in arrears as at 31st March 2013, for a period of more than six months from the date they become payable.

Dues of Sale Tax, Income-Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute are as under:

Name of the Statute	Nature of the Dues	Period to which the amount pertains	Amount (Rs. in lacs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Assessment Year 2007-2008	39.71	CIT(A)

- x) The company has no brought forward losses and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion the Company has not defaulted in repayment of dues to Financial Institutions or Banks.
- xii) In our opinion the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provision of any special statute applicable to chit fund /nidhi /mutual benefit fund/societies is not applicable to the company.
- (xiv) The company is not dealing or trading in shares, securities debentures and other securities.
- (xv) The Company has not given any guarantee for loans taken by others from banks or Financial Institutions.
- (xvi) The term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the Cash Flow Statement and other records examined by us, on an overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued debentures during the financial year covered by our audit report.
- (xx) The company has not raised money by public issue during the financial year covered by our audit report.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year..

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS
 Firm Registration No: 000517N

PLACE : NEW DELHI
DATED : 25th May, 2013

R.K.MEHRA
 PARTNER
 M.No. 6102

BALANCE SHEET AS AT 31st MARCH, 2013

	NOTE	AS AT 31-Mar-2013 (Rs. In Lacs)	AS AT 31-Mar-2012 (Rs. In Lacs)
I) EQUITY AND LIABILITIES			
1) SHAREHOLDER'S FUNDS			
a) Share Capital	2	1,127.00	1,127.00
b) Reserves and Surplus	3	4,103.41	4,098.35
2) NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	4	8.78	2.62
b) Deferred Tax Liability (Net)	5	151.82	259.74
c) Long -Term Provisions	6	88.17	86.98
3) CURRENT LIABILITIES			
a) Short-Term Borrowings	7	718.90	3,468.35
b) Trade Payables	8	3,757.28	17,290.21
c) Other Current Liabilities	9	3,678.07	6,703.67
d) Short-Term Provisions	10	80.59	54.46
TOTAL		13,714.02	33,091.38
II) ASSETS			
1) NON-CURRENT ASSETS			
a) FIXED ASSETS	11		
i) Tangible Assets		2,139.27	2,326.79
ii) Intangible Assets		2.86	7.12
		2,142.13	2,333.91
b) Non-Current Investment	12	79.82	79.82
c) Long-Term Loans and Advances	13	2,233.42	2,168.92
d) Other Non-Current Assets	14	0.90	455.41
2) CURRENT ASSETS			
a) Inventories	15	3,565.06	9,472.58
b) Trade Receivables	16	1,131.75	8,243.31
c) Cash & Bank Balances	17	1,522.75	2,754.25
d) Short-Term Loans and Advances	18	3,038.19	7,583.18
TOTAL		13,714.02	33,091.38
SIGNIFICANT ACCOUNTING POLICIES	I		
OTHER NOTES TO ACCOUNTS	27 To 38		

As per our report of even date attached

For **MEHRA GOEL & CO.**

CHARTERED ACCOUNTANTS

Firm Registration No.000517N

R.K. MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 25th May, 2013

GURSHARAN SINGH
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2013

	NOTE	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)
REVENUE FROM OPERATIONS			
Sale of Goods		41,870.12	80,017.40
Sale of Services		243.35	462.20
Other Operating Income	19	93.79	117.51
		42,207.26	80,597.11
Less : Excise Duty & Service Tax		162.76	781.41
Net		42,044.50	79,815.70
Other Income	20	535.01	159.45
TOTAL REVENUE		42,579.51	79,975.15
EXPENSES			
Cost of Raw Materials Consumed	21	963.84	5,013.77
Purchases of Traded Goods	22	35,050.48	64,414.29
Change in Inventory of Finished Goods, Work-in-Progress, Stock-in-Trade	23	2,469.88	4,101.18
Employee Benefits Expense	24	1,111.12	1,390.10
Finance Costs	25	180.55	306.63
Depreciation and Amortization Expense	11	216.70	237.35
Other Expenses	26	2,438.49	3,686.28
		42,431.06	79,149.60
PROFIT BEFORE EXCEPTIONAL ITEMS & TAX		148.45	825.55
Exceptional Items (Refer Note 30)		118.31	339.75
PROFIT BEFORE TAX		30.14	485.80
Tax Expense:			
- Current Tax		133.00	240.00
- Deferred Tax		(107.92)	(69.49)
Income Tax/ Deferred Tax For Earlier Year		-	40.92
PROFIT FOR THE YEAR		5.06	274.37
No. of Equity Shares (No.)		11,270,000	11,270,000
Profit After Tax		5.06	274.37
Basic and Diluted Earning Per Share (Rs)		0.04	2.43
Nominal Value of each equity share (Rs)		10	10
SIGNIFICANT ACCOUNTING POLICIES	I		
OTHER NOTES TO ACCOUNTS	27 To 38		

As per our report of even date attached
For **MEHRA GOEL & CO.**

CHARTERED ACCOUNTANTS
Firm Registration No.000517N

R.K. MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 25th May, 2013

GURSHARAN SINGH
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

		(Rs. in lacs)
	Current Year	Previous Year
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Exceptional items	148.45	825.55
Adjustments for :		
Depreciation	216.70	237.35
Interest and Financial Charges	180.55	306.63
Bad Debts Written Off	38.42	2.45
Provision for Doubtful Debts/ Advances (Net)	227.50	46.65
Provision (Leave Encashment & Retirement Benefit)	27.32	(31.14)
Profit / Loss on Sale Of Fixed Assets	17.60	5.68
Plant and Machinery Discarded	-	175.66
Operating Profit before working capital change	856.54	1,568.83
Adjustments for :		
Trade & Other Receivables	11,325.64	(6,650.62)
Inventories	5,907.52	2,452.73
Trade & Other Payables	(15,639.56)	2,614.46
Fixed deposit	1,024.72	1,074.66
Cash Generated from Operations	3,474.86	1,060.06
Direct Taxes Paid	(132.51)	(245.70)
Cash flow before exceptional items	3,342.35	814.36
Exceptional Items (Refer Note 30)	118.31	339.75
Net Cash Flow from Operating Activities (A)	3,224.04	474.61
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Aseets (including Capital Work in Progress)	(51.13)	(77.28)
Sale of Fixed assets	8.61	13.08
Net cash Used In / from Investing Activities (B)	(42.52)	(64.20)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Borrowings (net)	(2,743.29)	(37.93)
Interest and financial charges paid	(1,099.52)	(118.15)
Net cash (used in) / from Financing Activities (C)	(3,842.81)	(156.08)
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	(661.29)	254.33
Cash and Cash Equivalents at beginning of the year	1,186.70	932.37
Cash and Cash Equivalents at the end of the year	525.41	1,186.70

Notes :

- Cash flow statement has been prepared following the "indirect method " as set out in the Accounting Standarard-3 on Cash flow statement.
- Cash and cash equivalents represent cash and bank balance.

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS
Firm Registration No.000517N

R.K. MEHRA
 Partner
 M. No. 6102

RAJIV MEHROTRA
 Chairman & Managing Director

AJAY KHANNA
 Managing Director

ALOK TANDON
 Managing Director

PLACE : NEW DELHI
DATED : 25th May, 2013

GURSHARAN SINGH
 Chief Financial Officer

DHARMENDER DHINGRA
 Vice President (Legal) & Company Secretary

NOTES TO THE ACCOUNTS

NOTE - I SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF ACCOUNTS

The Financial Statements have been prepared under historical cost convention on accrual basis in accordance with generally accepted accounting principles and applicable Accounting Standards as specified in Companies (Accounting Standard) Rules, 2006 under Companies Act, 1956.

2. USE OF ESTIMATES

The presentation of financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions to be made that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon management best knowledge of current events and actions, actual results could differ from those estimated.

3. FIXED ASSETS

Fixed Assets are stated at cost, net of VAT/ CENVAT, less accumulated depreciation. All costs comprises purchase price, non-refundable duties, levies and borrowing costs till assets are ready for intended use are capitalized. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue.

4. INTANGIBLE ASSETS

In accordance with the Accounting Standard (AS) 26 relating to intangible assets, all costs incurred on technical know-how / license fee relating to production process are charged to revenue in the year of incurrence. Costs incurred on technical know-how / license fee relating to process design/ plants/ facilities are capitalized, at the time of capitalization of the said plant/ facility and amortized on pro-rata basis over a period of five years. Computer software is capitalized on the date of installation and is amortized on pro-rata basis over a period of three years.

5. IMPAIRMENT OF ASSETS

Carrying amount of cash generating units/ assets is reviewed for impairment. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

6. EXPENDITURE INCURRED DURING CONSTRUCTION PERIOD

Expenditure directly relating to construction activity including trial run production expenses (net of income, if any) is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto, is charged to the Statement of Profit & Loss.

7. INVESTMENTS

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and quoted/ fair value. Long term investments are stated at cost less any provision for diminution in value other than temporary.

8. REVENUE RECOGNITION

Sales are inclusive of, excise duty, service tax and net of sales tax and discount. Export sales are net of ocean freight and insurance.

Revenue in respect of long-term turnkey works contracts is recognized under percentage of completion method, subject to such contracts having progressed to a reasonable extent. Revenue in respect of installation services is recognized on completion of services for which ascertained amount is more likely to be recovered than not.

9. INVENTORY VALUATION

Inventories are valued at lower of cost or net realizable value except scrap which is valued at net realizable value. The cost is determined by using first-in-first-out (FIFO) method. Finished goods and work-in progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Excise duty on closing stock of finished goods and scrap are accounted for on the basis of payments made in respect of goods cleared and also provision is made for goods lying in the factory and included in the value of such stocks.

10. DEPRECIATION

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in case of mobile phones on which depreciation has been charged on pro-rata basis over four years. Individual assets costing Rs.5000 or less are depreciated in full in the year of purchase. Leasehold land for lease period below 90 years is amortized over the period of lease from the date of commencement of commercial operations.

11. PRODUCT WARRANTY EXPENSES

Liability for Warranties is recognized at the time the claim is accepted. The necessary provisions are made with respect to warranties claimed and accepted up to the end of one month from the close of the year.

12. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the date of the transaction. Monetary items denominated in foreign currencies outstanding at the year-end are translated at exchange rate applicable as on that date. Non monetary items are valued at the exchange rate prevailing on the date of transaction. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit & Loss.

13. BORROWING COST

Borrowing costs that are attributable to the acquisition or the construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

14. INCOME ON INVESTMENTS

Dividend on shares is accounted for, as and when the right to receive the same is established.

15. CLAIMS

Claims receivables are accounted for depending on the certainty of receipt and claims payables are accounted at the time of acceptance.

16. EMPLOYEE'S BENEFITS

- i. Short term employee benefit are recognized as an expenses at the undiscounted amount in the Statement of Profit & Loss of the year in which related service is rendered.
- ii. The company has defined contribution plans for post-retirement benefit, namely Employee Provident Fund Scheme administered through Provident Fund Commissioner and company contribution is charged to revenue every year.
- iii. Company contribution to state plans namely Employees State Insurance Fund & Employee Welfare Fund are charged to revenue every year.
- iv. The company has defined benefit plan namely Leave Encashment / Compensated absence and Gratuity, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity Trust is administrated through Life Insurance Corporation of India (LIC).
- v. Termination benefits are recognized as expense immediately.
- vi. Gain or Loss arising out of actuarial valuation is recognized in the Statement of Profit & Loss as income or expense.

17. DERIVATIVES

In case of forward contracts, the difference between the forward rate and the exchange rate, being the premium or discount, at the inception of a forward exchange contract is recognized as income/expense over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit & Loss in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

18. TAXATION

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the company.

In accordance with the Accounting Standard 22-Accounting for Taxes on income, the deferred tax for timing differences between the book & tax profit for the period is accounted for using the tax rates and the tax laws that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax assets arising from temporary timing difference are recognized to the extent there is virtual certainty that the asset will be realized in future.

Minimum alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

19. GOVERNMENT GRANTS

Government grant in the nature of promoter's contribution is treated as capital receipt and credited to investment subsidy account.

Grant in the nature of revenue subsidy is treated as revenue receipt and credited to profit and loss account.

20. PROVISION AND CONTINGENT LIABILITIES

Show cause notices issued by various government authorities are not considered as obligation. When the demand notice are raised against such show cause notice and are disputed by the company then these are classified as possible obligations.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes.

21. LEASES

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Annual lease payments are recognized as an expense on straight-line basis and in accordance with the respective lease agreements.

Assets acquired under leases where company has substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired under the finance lease are capitalized and corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease or present value of minimum lease payment, whichever is lower.

22. PROPOSED DIVIDEND

Dividend if proposed by Board of Directors will be provided for in the books of account, pending approval at the Annual General Meeting.

23. CENVAT/VAT

CENVAT /VAT claimed on capital assets are credited to assets/ capital work in progress account. CENVAT /VAT on purchase of raw materials and other materials are deducted from the cost of such material.

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 2 SHARE CAPITAL

AUTHORISED

50,000,000 Equity Shares of Rs. 10/- each

2,500,000 Preference Shares of Rs 100/- each.

ISSUED , SUBSCRIBED AND PAID UP

11,270,000 Equity Shares of Rs 10/- each, fully paid up

	AS AT 31-Mar-2013 (Rs. In Lacs)	AS AT 31-Mar-2012 (Rs. In Lacs)
	5,000.00	5,000.00
	2,500.00	2,500.00
	7,500.00	7,500.00
	1,127.00	1,127.00
	1,127.00	1,127.00

The Company has only one class of Equity Share having par value of Rs 10/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of Equity share will be entitled to receive the remaining assets of the Company in proportion to the number of Equity shares held by each Shareholder.

No Equity share has been issued/cancelled during the current/previous financial year.

Detail of Shareholder's holding more than 5% shares

Name of Share Holders	As at 31.03.2013		As at 31.03.2012	
	No. of shares	% Held	No. of shares	% Held
Cellphone Credit & Securities India Pvt Ltd	760165	6.75	760165	6.75
Mehrotra Invofin India Pvt Ltd.	1560877	13.85	1560877	13.85
Shyam Antenna Electronics Ltd	700000	6.21	700000	6.21
Intell Invofin India Pvt Ltd	1697807	15.07	1697807	15.07
AT Invofin India Pvt Ltd	809890	7.19	809890	7.19
Teletec Finsec India Pvt Ltd	803913	7.13	803913	7.13
Cellcap Invofin India Pvt Ltd	818081	7.26	818081	7.26

NOTE - 3 RESERVE & SURPLUS

Investment Subsidy

(Acquired under the scheme of Arrangement)

Surplus

As per last Balance Sheet

Add: Net profit for the current year

	15.00	15.00
	4,083.35	3,808.98
	5.06	274.37
	4,088.41	4,083.35
	4,103.41	4,098.35

NOTE - 4 LONG-TERM BORROWINGS

Secured Loan

Vehicle Loans*

- From Bank

- From Body corporate

Less: Current Maturities of Long Term borrowings

	8.00	1.37
	2.63	3.19
	10.63	4.56
	1.85	1.94
	8.78	2.62

*Secured by hypothecation of Specific Vehicle and are repayable in 58/60 equal monthly Instalments from the date of disbursment.

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 5 DEFERRED TAX LIABILITY (NET)

Deferred Tax liability

- Related to Fixed Assets

Total (A)

Deferred Tax Assets

- Disallowance under Section 43B of the Income tax Act 1961.

- Provision for Doubtful debts/ Advances

Total (B)

Total (A-B)

**AS AT
31-Mar-2013
(Rs. In Lacs)**

**AS AT
31-Mar-2012
(Rs. In Lacs)**

345.69

372.26

345.69

372.26

57.34

49.52

136.53

63.00

193.87

112.52

151.82

259.74

NOTE - 6 LONG-TERM PROVISIONS

Provision For Employee Benefits

88.17

86.98

88.17

86.98

NOTE - 7 SHORT-TERM BORROWINGS

SECURED LOANS

From Banks

Cash Credit

-

229.24

Buyer's credit from Foreign Bank

-

1,015.46

UNSECURED LOANS

Inter Corporate Deposit from Related Party

718.90

2,223.65

718.90

3,468.35

NOTE - 8 TRADE PAYABLES

Trade Payables

3,757.28

17,290.21

(Due to amount outstanding to Micro, Small and Medium Enterprises Rs NIL,

Previous year Rs NIL)

3,757.28

17,290.21

The Company has not received any intimation from "suppliers" regarding their status under the Micro, small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been furnished.

NOTE - 9 OTHER CURRENT LIABILITIES

Current Maturities of Long-Term Borrowings

1.85

1.94

Interest Accrued but not due on Loans

89.58

1,008.55

Advance From Customers & Others

3,180.54

5,035.41

Statutory Liabilities

126.72

408.22

Employees Related Payables

128.81

104.30

Others Payable

150.57

145.25

3,678.07

6,703.67

NOTE-10 SHORT-TERM PROVISIONS

Provision For Employee Benefits

80.59

54.46

80.59

54.46

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 11 FIXED ASSETS

(Rs. In Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As At 01-Apr-12	Additions During the year	Deletions/ Adjustments during the year*	As At 31-Mar-13	As At 01-Apr-12	During the year	Written Back	Up to 31-Mar-13	As At 31-Mar-13	As At 31-Mar-12*
Tangible Assets										
Land Free Hold	1.77	-	-	1.77	-	-	-	-	1.77	1.77
Land Lease Hold	83.52	-	-	83.52	-	-	-	-	83.52	83.52
Building	444.75	-	-	444.75	114.47	15.90	-	130.37	314.38	330.28
Plant & Equipment	2,493.70	21.14	10.71	2,504.13	1,035.07	141.71	9.30	1,167.48	1,336.65	1,458.63
Electric Installation	119.02	-	7.59	111.43	29.57	6.55	5.76	30.36	81.07	89.45
Furniture & Fixture	130.90	-	32.08	98.82	59.97	6.42	33.48	32.91	65.91	70.93
Vehicles	265.28	20.46	52.51	233.23	117.43	23.44	34.33	106.54	126.69	147.85
Office Equipment	187.29	9.05	25.65	170.69	72.12	12.41	19.46	65.07	105.62	115.17
Computer	68.53	0.42	-	68.95	39.34	5.95	-	45.29	23.66	29.19
TANGIBLE ASSETS TOTAL (A)	3,794.76	51.07	128.54	3,717.29	1,467.97	212.38	102.33	1,578.02	2,139.27	2,326.79
Intangible Assets										
Software	229.48	0.06	-	229.54	222.36	4.32	-	226.68	2.86	7.12
INTANGIBLE ASSETS TOTAL (B)	229.48	0.06	-	229.54	222.36	4.32	-	226.68	2.86	7.12
TOTAL (A+B)	4,024.24	51.13	128.54	3,946.83	1,690.33	216.70	102.33	1,804.70	2,142.13	2,333.91
Previous Year	4,420.24	77.28	473.28	4,024.24	1,731.84	237.35	278.86	1,690.33	2,333.91	

* Assets costing Rs.74.55 Lacs (Previous year Rs. 432.77 Lacs) having depreciated value Rs. 6.67 Lacs (Previous year Rs. 175.65 Lacs) acquired in earlier years, has been retired from active use due to technical obsolescence and the same disposed off during the year

NOTE - 12 NON-CURRENT INVESTMENTS

(Long - Term, At Cost)

In Equity Shares

NON TRADE

QUOTED - Fully Paid-up(*)

3,300 Equity Shares of Rs 10/- each of Intec Capital Limited

1,41,427 Equity Shares of Rs10/- each of Spanco Limited

TRADE INVESTMENTS

UNQUOTED - Fully Paid-up (At Cost)

IN SUBSIDIARY COMPANIES

100 common stock of \$1.00 each of Shyam Telecom inc.USA

IN OTHERS

3,80,307 Equity Shares of Rs. 10/- each of Sistema Shyam Teleservices Ltd.

**AS AT
31-Mar-2013
(Rs. In Lacs)**

**AS AT
31-Mar-2012
(Rs. In Lacs)**

0.33
52.33
52.66

0.33
52.33
52.66

0.04

0.04

27.12

27.12

27.16

27.16

79.82

79.82

(*) Aggregated market value of Quoted Investments Rs. 16.99 Lacs (Previous Year Rs. 116.80 Lacs) including cost where market value is not readily available.

NOTE - 13 LONG-TERM LOANS AND ADVANCES

(Unsecured considered good, unless otherwise stated)

Security Deposits

- Considered Good
- Considered Doubtful

Less: Provision for doubtful security deposits

Loans and Advances to related party (Subsidiary)

- Advance for Non-current investment
- Loans

Advances recoverable in cash or in kind or for value to be received*

- Considered Good
- Considered Doubtful

Less : Provision for Doubtful Advances

Advance Tax (Net)

Prepaid Expenses

129.18

172.99

1.32

1.32

130.50

174.31

1.32

1.32

129.18

172.99

10.95

10.95

1,891.66

1,779.32

4.55

-

7.00

-

11.55

-

7.00

-

4.55

-

196.85

197.34

0.23

8.32

2,233.42

2,168.92

* Advances recoverable from Employees

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 14 OTHER NON-CURRENT ASSETS

Bank Balances
Non-current Fixed Deposits (Refer Note 17)
(including interest accrued But Not due)

AS AT 31-Mar-2013 (Rs. In Lacs)	AS AT 31-Mar-2012 (Rs. In Lacs)
0.90	455.41
0.90	455.41

NOTE - 15 INVENTORIES

(At Lower of cost and Net Realisable Value)

Raw Material
Raw Material In Transit
Finished Goods
Finished Goods in Transit
Work In Process
Stores & Spares
Stock in Trade
Stock in Trade In Transit

333.06	472.03
10.93	2.78
11.20	34.68
-	7.80
97.73	135.49
2.67	12.35
2,621.09	5,021.93
488.38	3,785.52
3,565.06	9,472.58

NOTE - 16 TRADE RECEIVABLES

(Unsecured considered good, unless otherwise stated)

More than six months
- Considered Good
- Considered Doubtful

365.00	1,164.58
399.42	184.43
764.42	1,349.01
399.42	184.43
365.00	1,164.58
766.75	7,078.73
1,131.75	8,243.31

Less : Provision for Doubtful Debt

Others- Considered Good

NOTE - 17 CASH AND BANK BALANCES

Cash & Cash Equivalents

Cash-in-hand
Balances with Banks
- in Current Account

11.27	32.46
514.14	1,154.24

OTHER BANK BALANCES

- Fixed Deposits (including interest accrued and Margin Money) (*)

998.24	2,022.96
1,523.65	3,209.66
0.90	455.41
1,522.75	2,754.25

Less: Non-current Fixed Deposits

(*) Rs. 937.67 Lacs (Previous Year Rs. 1398 Lacs) under lien with Bank as Margin Money.

NOTE - 18 SHORT-TERM LOAN AND ADVANCES

(Unsecured considered good, unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received *

- Considered Good
- Considered Doubtful

184.93	353.26
3.04	8.40
187.97	361.66
3.04	8.40

Less : Provision for Doubtful Advances

Inter Corporate Deposits

Prepaid Expenses

Advance to Supplier

- Considered Good
- Considered Doubtful

184.93	353.26
-	4,500.00
22.26	28.58
2,375.17	2,251.60
9.95	-

2,385.12	2,251.60
9.95	-

Less : Provision for Doubtful Advances

Cenvat Receivable

Balance with Excise Department

Security Deposits

2,375.17	2,251.60
431.37	436.13
0.02	2.14
24.44	11.47
3,038.19	7,583.18

*Advances include export income receivable and Staff advances etc.

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 19 OTHER OPERATING INCOME

Dividend on Long Term Investments
Dividend on Short Term Investments
Export incentive

YEAR ENDED 31-Mar-2013 (Rs. In Lacs)	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)
12.63	1.43
-	51.62
81.16	64.46
93.79	117.51

NOTE - 20 OTHER INCOME

Interest On Deposits (*)
Sundry Balance Written Back
Miscellaneous Income

374.97	129.32
143.99	3.80
16.05	26.33
535.01	159.45

(*) Tax deducted at source Rs.34.69 Lacs (Previous Year Rs 11.06 Lacs)

NOTE - 21 COST OF MATERIAL CONSUMED

PARTICULARS OF MATERIALS CONSUMED

- Electronic Components
- Mechanical Components

676.75	4,492.41
287.09	521.36
963.84	5,013.77

NOTE - 22 PURCHASE OF TRADED GOODS

PARTICULARS OF PURCHASE OF GOODS TRADED

- Communication Systems & Accessories
- Mobile Handsets & Accessories

212.30	443.17
34,838.18	63,971.12
35,050.48	64,414.29

NOTE - 23 CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE

Opening Stock

Work In Process
Finished Goods
Stock-In-Trade

135.49	749.32
42.48	72.30
5,021.93	8,479.46
5,199.90	9,301.08

Closing Stock :

Work in Process
Finished Goods
Stock-In-Trade

97.73	135.49
11.20	42.48
2,621.09	5,021.93
2,730.02	5,199.90
2,469.88	4,101.18

Details of Finished Goods	As at 31.03.2013		As at 31.03.2012	
Class of Products	Closing Stock	Opening Stock	Closing Stock	Opening Stock
Repeater & Radio Modems	11.20	42.48	42.48	72.30
Communication Systems & Accessories	42.10	127.76	127.76	158.06
Mobile Handsets & Accessories	2,578.99	4,894.17	4,894.17	8,321.40
	2,632.29	5,064.41	5,064.41	8,551.76

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 24 EMPLOYEE BENEFITS EXPENSE

	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)
Salary, Wages & Bonus	954.91	1,211.13
Employer's Contribution to P.F. & Other Fund	92.37	68.19
Staff Welfare	63.84	115.39
	1,111.12	1,394.71
Less:- Provision for Gratuity Written back	-	4.61
	1,111.12	1,390.10

NOTE - 25 FINANCE COSTS

Interest Expenses	129.79	252.63
Other financial cost	50.76	54.00
	180.55	306.63

NOTE - 26 OTHER EXPENSESES

Stores & Spares Consumed	134.16	190.16
Power & Fuel	64.95	79.14
Other Manufacturing Expenses	223.17	407.88
Excise Duty on Closing Stock (Finished Goods) (Net)	(3.65)	(1.25)
Repair to:		
Plant & Machinery	9.15	12.75
Building	4.26	6.51
Auditor's Remuneration :		
Audit Fee	7.75	7.75
Tax Audit Fee	1.75	1.75
Other Services	2.50	2.50
Exchange rate Fluctuation (Net)	229.97	327.32
Research & Development Expenses (Refer Note No. 29)	-	-
Rates & Taxes	42.81	45.42
Insurance	38.07	50.43
Rent	179.58	225.87
Selling & Distribution Expenses	397.62	859.59
Sundry Balance Written off	10.60	-
Bad Debts Written Off	38.42	2.45
Provision for Doubtfull Debts	227.50	46.65
Legal & Professional Charges	179.72	343.14
Other Administrative Expenses	403.55	516.56
Loss on Sale/Discarded of Assets (Net)	17.60	181.34
Miscellaneous Expenses	229.01	380.32
	2,438.49	3,686.28

OTHER NOTES TO ACCOUNTS

	CURRENT YEAR (Rs. In Lacs)	PREVIOUS YEAR (Rs. In Lacs)
27 Contingent liabilities :		
-Income Tax	39.71	75.00
28 Commitments:		
Letter of Credits issued by the Banks (Agst. which Goods have not been despatched)	-	2,484.89

29 Research & Development:

Research and Development expenses, clubed in respective head of expenses amounting to Rs. 69.86 Lacs in Current year(Previous Year Rs. 204.55 lacs).

30 Exceptional items:

The company in financial year 1994-95 rejected "Digital Micro Radio Equipment" supplied by M/s Bharat Electronics Limited on ground of defects in the equipments supplied and non adherence to delivery schedule. On appeal by the Bharat Electronic Limited for recovery of interest on the unpaid amount the company had deposited Rs.339.75 lacs in the High Court of Delhi in the previous year ended 31.03.2012 which was charged to revenue as exception Item. On final disposal of appeal by Bharat Electronics Limited the Honable High Court directed to deposit of Rs.118.31 lacs as amount of interest which has also been charged to revenue during the year as exceptional item.

31 Related Party Information:

Relationship

a) Subsidiary :

- Shyam Telecom Inc.

b) Key Management Personnel and relative of Key Management personal :

Mr. Rajiv Mehrotra, Mr Alok Tondon, Mr. Arun Khanna and Mr.Ajay Khanna

Relative of Key Management personal : Mr. K.N. Mehrotra.

c) Enterprises over which Key Management Personnel and relatives are able to exercise significant influence:

Shyam Antenna Electronics Ltd., Intercity Cable System Pvt. Ltd, Shyam Communication Systems, Shyam Basic Infrastructures Projects Pvt. Ltd., Shyam Networks Ltd. (formerly Shyam Telecom Systems Pvt. Ltd.), A.T. Invofin India Pvt. Ltd., Cell cap Invofin India Pvt Ltd, Intell Invofin India Pvt Ltd, Shyam Digital Communications Pvt Ltd, Sistema Shyam Teleservices Ltd.,Ubico Networks Pvt.Ltd., RMS Automation Systems Ltd., Spectranet Pvt Ltd., Shyam infratel Pvt ltd and Vihaan Networks Ltd.

Note; Related party relationship is as identified by the Company and relied upon by the auditors.

Transactions with the above related parties are as follows:

(Rs. in Lacs)

PARTICULARS	31.03.2013				31.03.2012			
	Subsidiaries	Enterprises over which key management personnel & their relatives are able to exercise significant influence	Key Management Personnel and their relatives	Total	Subsidiaries	Enterprises over which key management personnel & their relatives are able to exercise significant influence	Key Management Personnel and their relatives	Total
a) Sale of Goods & Services								
Shyam Telecom Inc.	557.15	-	-	557.15	614.35	-	-	614.35
Spectranet ISP Pvt Ltd.	-	-	-	-	-	35.25	-	35.25
Vihaan Networks Ltd.	-	59.32	-	59.32	-	1,237.69	-	1,237.69
Ubico Networks Pvt Ltd.	-	30.92	-	30.92	-	554.13	-	554.13
Sistema Shyam Teleservices Ltd.	-	16,077.23	-	16,077.23	-	19,714.47	-	19,714.47
Shyam Digital Communication Ltd	-	1.29	-	1.29	-	-	-	-
RMS Automation Systems Ltd.	-	319.58	-	319.58	-	2,735.74	-	2,735.74
Sub Total	557.15	16,488.34	-	17,045.49	614.35	24,277.28	-	24,891.63
b) Purchase of the goods								
Vihaan Networks Ltd.	-	50.23	-	50.23	-	1,550.00	-	1,550.00
Spectranet ISP Pvt Ltd.	-	1.25	-	1.25	-	6.08	-	6.08
Shyam Networks Ltd	-	1.89	-	1.89	-	-	-	-
Shyam infratel Pvt. Ltd.	-	151.36	-	151.36	-	140.10	-	140.10
RMS Automation Systems Ltd.	-	1,211.83	-	1,211.83	-	10,048.15	-	10,048.15
Sub Total	-	1,416.56	-	1,416.56	-	11,744.33	-	11,744.33
c) Rent Paid								
Mr.K.N. Mehrotra	-	-	-	-	-	-	1.20	1.20
Shyam Antenna Electronics Ltd.	-	-	-	-	-	19.44	-	19.44
Shyam Communication Systems	-	67.42	-	67.42	-	66.18	-	66.18
Intercity Cable System Pvt. Ltd.	-	20.22	-	20.22	-	19.85	-	19.85
Sub Total	-	87.64	-	87.64	-	105.47	1.20	106.67
d) Rent Received								
RMS Automation Systems Ltd.	-	11.15	-	11.15	-	14.96	-	14.96
e) Interest Expense								
Shaym Networks Ltd.	-	95.62	-	95.62	-	209.39	-	209.39
f) Loan Received								
Shaym Networks Ltd.	-	85.00	-	85.00	-	500.00	-	500.00
Recoverables & Payables								
a) Amount Receivable								
Shyam Telecom Inc.	-	-	-	-	291.13	-	-	291.13
Shaym Networks Ltd.	-	11.90	-	11.90	-	2.90	-	2.90
Vihaan Networks Ltd.	-	-	-	-	-	94.92	-	94.92
Shyam Digital Communication Ltd	-	1.29	-	1.29	-	-	-	-
Sistema Shyam Teleservices Ltd.	-	279.82	-	279.82	-	4,159.57	-	4,159.57
Shyam Antenna Electronics Ltd.	-	0.62	-	0.62	-	-	-	-
Ubico Networks Pvt. Ltd.	-	26.45	-	26.45	-	384.59	-	384.59
RMS Automation Systems Ltd.	-	2,171.50	-	2,171.50	-	1,523.01	-	1,523.01
Sub Total	-	2,491.58	-	2,491.58	291.13	6,164.99	-	6,456.12
b) Amount Payable								
Shyam Communication Systems	-	-	-	-	-	0.78	-	0.78
Vihaan Networks Ltd.	-	34.21	-	34.21	-	-	-	-
Shyam infratel Pvt. Ltd.	-	134.92	-	134.92	-	78.78	-	78.78
Shyam Telecom Inc.	42.34	-	-	42.34	-	-	-	-
Intercity Cable System Pvt. Ltd.	-	26.13	-	26.13	-	8.61	-	8.61
Spectranet ISP Pvt. Ltd.	-	1.25	-	1.25	-	21.79	-	21.79
Shyam Antenna Electronics Ltd.	-	140.17	-	140.17	-	140.29	-	140.29
Sub Total	42.34	336.68	-	379.02	-	250.25	-	250.25
c) Loans Outstanding								
Shaym Networks Ltd.	-	718.90	-	718.90	-	2,223.65	-	2,223.65
d) Advances recoverable								
Shyam Telecom Inc.	1,891.66	-	-	1,891.66	1,779.32	-	-	1,779.32
Intercity Cable System Pvt. Ltd.	-	10.00	-	10.00	-	10.00	-	10.00
Shyam Communication Systems	-	60.00	-	60.00	-	60.00	-	60.00
Sub Total	1,891.66	70.00	-	1,961.66	1,779.32	70.00	-	1,849.32
e) Advance Against Equity Share								
Shyam Telecom Inc.	10.95	-	-	10.95	10.95	-	-	10.95
f) Interest Accrued & Due								
Shaym Networks Ltd.	-	89.58	-	89.58	-	1,008.55	-	1,008.55

32 i.) The Company use forward contract to hedge current account transaction. The company does not use these contracts for trading or speculation purpose.

		Foreign Currency (In Lacs)		(Rs in Lacs)	
Particulars	Currency	Amount as on 31.03.2013	Outstanding as on 31.03.2012	Amount Outstanding in INR as on 31.03.2013	Amount Outstanding in INR as on 31.03.2012
ii.) Particulars of Hedged Foreign Currency Exposure					
Creditors	USD	5.53	79.42	311.72	4,078.60
iii.) Particulars of Unhedged Foreign Currency Exposure					
Particulars	Currency				
a) Debtors	USD	8.03	19.29	436.63	955.39
	Euro	0.26	0.26	18.29	16.96
	CHF	2.48	2.48	142.13	142.60
b) Creditors	USD	10.99	115.69	597.38	5,918.32
	Euro	0.07	0.07	4.34	4.60
	CHF	0.00	0.00	0.30	1.47
c) Advance to Suppliers	USD	1.11	2.52	29.45	129.15
	Euro	0.00	0.02	0.30	1.47
d) Buyer Credit	USD	-	19.96	-	1,020.97
e) Advance Received	USD	53.89	92.15	2,931.17	4,710.50
	Euro	0.01	-	0.89	-

33 SEGMENT INFORMATION

The Company's operations predominantly relate to providing Telecommunication products, Trading and respective related Services. The company has considered business segment as the primary segment for disclosure. The segments have been identified taking into account the nature of the products, the deferring risk and returns, the organisation structure and internal reporting system. The company caters mainly to the needs of the domestic market and export turnover is not significant in context of the total turnover, hence there is no reportable geographical segment. The Telecom products & Services segment comprise of manufacturing, trading and services in the related area. Trading services segment includes the Trading in Telecom Products. Investments are primarily in the companies which are dealing in IT and telecommunication sectors.

Revenue & expenditure which relates to enterprises as a whole and are not attributable to segments are included in unallocable expenditure (Net of unallocable income). Assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segment, as all the assets and services are used interchangeably between segments, The Company believes that it is currently not practicable to provide segment disclosure relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

		Rs. in Lacs	
Segment Reporting	Year Ended	Year Ended	
Particulars	31-Mar-13	31-Mar-12	
Segment Revenue			
- Telecom Products & Services	2,697.09	8,758.41	
- Trading	39,334.78	71,004.24	
- Investments	12.63	53.05	
Net Sales	42,044.50	79,815.70	
Segment Results			
(Profit before Amortization, Interest, Exceptional Item, Tax and unallocable overheads)			
- Telecom Products & Services	28.37	314.15	
- Trading	579.39	2,604.24	
- Investments	12.63	53.05	
Total	620.39	2,971.44	
Less :			
- Depreciation & Amortization	216.70	237.35	
- Interest & Financial Charges	180.55	306.63	
- Exceptional Item	118.31	339.75	
- Other un-allocable Expenditure (Net of un-allocable Income)	74.69	1,601.91	
Profit Before Tax	30.14	485.80	
Taxes (Net of MAT Credit)	25.08	211.43	
Net profit after taxes	5.06	274.37	

- 34 Some of the personal accounts are subject to adjustments / reconciliation / confirmation .
- 35 In the opinion of Board of Directors Fixed Assets, Current Assets, Loans and Advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and provision for all liabilities have been made in the Accounts, which has been relied upon by the auditors.
- 36 In compliance with the accounting standards 15 (revised 2005) "Employee Benefits" The company has got the employee benefits evaluated from actuarial valuer.

The Company has calculated the various benefits provided to employees as under:

A. Provident Fund & Other fund

During the year the Company has recognized Rs.49.63 Lacs (previous Year Rs. 64.47 lacs) towards contribution to PF in the Statement of Profit and Loss.

B. State Plans

Employer's contribution to Employee State insurance and to welfare fund

During the year the Company has recognised Rs. 4.92 lacs (Previous year Rs. 6.71 Lacs) towards contribution to ESI and Rs. 0.23 Lacs (previous Year Rs. 0.16 Lacs) towards welfare fund, in the Statement of Profit and Loss.

C. Defined Benefit Plans

The actuarial valuation carried out is based on following assumption:

- a) Leave Encashment
- b) Contribution to Gratuity Fund - Employee's Gratuity Fund.

(Rs In Lacs)				
	Current Year		Previous Year	
	Leave Encashment	Employee Gratuity Fund	Leave Encashment	Employee Gratuity Fund
i) Actuarial Assumptions				
Discount Rate (per annum)	8.00%	8.00%	8.70%	8.70%
Rate of increase in compensation levels	5.50%	5.50%	5.50%	5.50%
Rate of return on plan assets	-	9.15%	-	9.15%
ii) Change in the obligation during the year				
Present value obligation as at beginning of period	100.57	114.60	111.88	136.18
Impact of Transition provision of AS-15	-	-	-	-
Interest cost	8.75	9.97	9.04	10.98
Past Service cost	-	-	-	-
Current service cost	11.05	12.62	15.82	13.24
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(9.30)	(47.02)	(13.01)	(23.79)
Actuarial (gain)/ loss on Obligations	(9.16)	20.69	(23.16)	(22.01)
Present value obligation as at the end of the period	101.91	110.87	100.57	114.60
Receivable from other company's fund	-	-	-	-
Net Present value obligation as at the end of the period	101.91	110.87	100.57	114.60
iii) Change in fair value plan Assets				
Fair value of Plan Assets as at beginning of the period	-	73.74	-	75.49
Expected return on Plan Assets	-	4.42	-	6.69
Contributions	-	0.55	-	15.22
Benefits Paid	-	(34.68)	-	(23.79)
Actuarial gain/ (loss) on Obligations	-	-	-	0.13
Fair value of Plan Assets as at the end of the period	-	44.02	-	73.74
iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Assets				
Present value obligation as at the end of the period	101.91	110.87	100.57	114.60
Fair value of Plan Assets as at the end of the period	-	44.02	-	73.74
Funded Status	(101.91)	(66.85)	(100.57)	(40.86)
Present value of un-funded obligation as at the end of the period	-	-	-	-
Un-recognized Actuarial (gains)/ losses	-	-	-	-
Un-funded Net Asset/ (Liability) recognised in Balance Sheet.	(101.91)	(66.85)	(100.57)	(40.86)
v) Expenses recognised in Statement of Profit and Loss				
Current service cost	11.05	12.62	15.82	13.24
Past Service cost	-	-	-	-
Interest cost	8.75	9.97	9.04	10.98
Expected return on Plan Assets	-	(4.42)	-	(6.69)
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(9.16)	20.69	(23.16)	(22.14)
Received / Receivable from other company's fund	-	-	-	-
Net Expense recognised in Statement of Profit and Loss	10.64	38.87	1.70	(4.61)

37 Previous year figures have been regrouped / reclassified wherever considered necessary

38 ADDITIONAL INFORMATION

A. TURNOVER (Including Services)

	Current Year (Rs in Lacs)	Previous Year (Rs in Lacs)
- Repeater & Radio Modems	2,238.75	8,313.84
- Communication Systems & Accessories	207.80	713.08
- Mobile Handsets & accessories	39,423.57	70,990.48
- Service Charges	243.35	462.20
- Others	93.79	117.51
	42,207.26	80,597.11

B. EARNINGS IN FOREIGN CURRENCY

- F.O.B.Value of Export Goods	1,744.10	1,986.12
- F.O.B.Value of Export Service	-	3.18

C. EXPENDITURE IN FOREIGN CURRENCY

- Travelling	18.15	33.82
- Business Promotion	-	16.39
- Commission	-	2.40
- Exhibition Expenses	-	69.48
- Product Development Charges	2.92	-
- Legal ,Professional and consultancy Charges	26.39	22.86
- Annual Maintenance Contract	1.38	1.33

D. C.I.F.VALUE OF IMPORTS

- Raw Material	615.38	1,677.63
- Communication Systems & Accessories	46.63	135.92
- Mobile Handsets & accessories	31,091.56	58,269.37

E. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS SPARE PARTS AND COMPONENTS CONSUMED:

RAW MATERIAL	Current Year		Previous Year	
	(Rs in Lacs)	% of Total Consumption	(Rs in Lacs)	% of Total Consumption
IMPORTED	785.20	81.47	3,385.35	67.52
INDIGENOUS	178.64	18.53	1,628.42	32.48
TOTAL	963.84	100.00	5,013.77	100.00

As per our report of even date attached

For **MEHRA GOEL & CO.**

CHARTERED ACCOUNTANTS

Firm Registration No.000517N

R.K. MEHRA

Partner

M. No. 6102

RAJIV MEHROTRA

Chairman & Managing Director

AJAY KHANNA

Managing Director

ALOK TANDON

Managing Director

PLACE : NEW DELHI

DATED : 25th May, 2013

GURSHARAN SINGH

Chief Financial Officer

DHARMENDER DHINGRA

Vice President (Legal) & Company Secretary

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956.

1. Name of the Subsidiary Company	Shyam Telecom Inc.
2. Financial Year of the Subsidiary Company ended on	31 st December, 2012
3. Financial Year of Holding Company ended on	31 st March, 2013
4. Holding Company's Interest as on 31.03.2013	Holders of the entire issued, subscribed & paid up Share capital of 100 shares of 1 US\$ each.
5. Net aggregate amount of profit / (loss) of the Subsidiary Company so far as it concerns the members of Shyam Telecom Limited. (a) Not dealt with the accounts of Shyam Telecom Limited. (i) For the subsidiary's Financial Year ended 31.12.2012 (ii) For the previous financial year of subsidiary's since it became subsidiary of Shyam Telecom Limited. (b) Dealt with the accounts of Shyam Telecom Limited. (i) For the subsidiary's Financial Year ended 31.12.2012 (ii) For the previous subsidiary's financial year of subsidiary's since it became subsidiary of Shyam Telecom Limited.	US\$ 1,42,004 (US\$ 14,99,340) N.A.
6. Material changes which have occurred between the end of financial year of the Subsidiary Company and the end of the holding company's financial year in respect of (a) Fixed Assets (including capital work in progress of the subsidiary company). (b) Investment of Subsidiary Company. (c) Money lent by subsidiary company. (d) Money borrowed by subsidiary company for any purpose other than that of meeting of current liabilities.	N.A.

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 25th May, 2013

GURSHARAN SINGH
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Annual Report on the business and operations of the company together with the Audited Accounts for the Financial Year ended 31st December, 2012.

CAPITAL

The Company has an issued, subscribed and paid-up capital of 100 shares of US 1\$ each amounting to US 100\$ (INR 4,374).

HOLDING COMPANY

Your Company is wholly owned subsidiary of Shyam Telecom Limited, company incorporated in India.

FINANCIAL PERFORMANCE

PARTICULARS	For the year ended 31st December 2012		For the period ended 31st December 2011	
	In USD	In INR	In USD	In INR
Sales & Other Income	1817744	97473256	1459954	68764236
Profit/(Loss) for the year	142004	7951368	186175	(8861123)
Balance brought forward from previous year	(1499340)	(84121631)	(1685515)	(75260508)
Balance carried to Balance Sheet	(1357336)	(76170263)	(1499340)	(84121631)

CORPORATE REVIEW

During the year under review your company has registered a turnover of USD 18,17,744 (INR 9,74,73,256) as against USD 14,59,954 (INR 6,87,64,236) in the previous year. There is a net profit of USD 1,42,004 (INR 79,51,368) in the period under review.

DIVIDEND

No dividends have been declared for the year ended 31st December, 2012.

DIRECTORS

Mr. B.A. Majmudar is the Director who holds office and looks after the affairs of the Company.

RELATED PARTIES TRANSACTIONS

Disclosures on Related Party Transactions is in Note no. 20 of Others Notes to Accounts to the Balance Sheet under the heading "Related Parties".

DIRECTORS RESPONSIBILITY STATEMENT

In terms of the provision of Section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, where necessary;
- The Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of period ended on 31st December, 2012 and of the profit of the company for the year ended on that date;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s Mehra Goel & Co., Chartered Accountants, Auditors of your company have audited the Annual Accounts of the company for the Financial Year ending 31st December 2012 and expressed their willingness to continue as Auditors of the Company.

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

On Behalf of the Board of Directors of
SHYAM TELECOM INC

PLACE : NEW DELHI

DATE : 15th May, 2013

B.A MAJMUDAR

Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SHYAM TELECOM INC. USA

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **SHYAM TELECOM INC.** which comprise the Balance Sheet as at 31st December 2012, the Statement of Profit and Loss and 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

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2012;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. Company is registered outside India and as per information and explanation given to us, company does not have any place of business within India, hence the requirement of Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and Clause (g) of sub section (1) of section 274 of the companies act, 1956, is not applicable on the company.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

For MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS
Firm Registration No: 000517N

PLACE : NEW DELHI
DATED : 15th May, 2013

R.K. MEHRA
Partner
M.No. 6102

BALANCE SHEET AS AT 31st DECEMBER, 2012

	NOTE	AS AT 31-Dec-12 US\$	AS AT 31-Dec-12 Rs.	AS AT 31-Dec-11 US\$	AS AT 31-Dec-11 Rs.
I EQUITY AND LIABILITIES					
1) SHAREHOLDER'S FUNDS					
a) Share Capital	2	100	4,374	100	4,374
b) Reserves and Surplus	3	(1,357,336)	(76,170,263)	(1,499,340)	(84,121,631)
c) Advance Against Share Capital		25,050	1,094,684	25,050	1,094,684
2) CURRENT LIABILITIES					
a) Long-Term Borrowings	4	3,477,950	190,522,101	3,477,950	185,256,485
b) Trade Payables	5	404,495	22,158,244	778,958	41,491,967
c) Other Current Liabilities	6	126,567	6,933,281	35,693	1,901,198
TOTAL		2,676,826	144,542,421	2,818,411	145,627,077
II ASSETS					
1) NON-CURRENT ASSETS					
a) Fixed Assets	7				
i) Tangible Assets		8,802	397,767	10,025	469,173
ii) Intangible Assets		-	-	-	-
		8,802	397,767	10,025	469,173
b) Long-Term Loans and Advances	8	1,225,825	67,150,694	1,213,206	64,622,657
2) CURRENT ASSETS					
a) Inventories	9	485,219	24,570,568	713,399	33,566,298
b) Trade Receivables	10	744,862	40,803,544	806,290	42,947,830
c) Cash & Bank Balances	11	212,118	11,619,848	75,491	4,021,119
TOTAL		2,676,826	144,542,421	2,818,411	145,627,077
SIGNIFICANT ACCOUNTING POLICIES	I				
OTHER NOTES TO ACCOUNTS	17 To 27				

As per our report of even date attached
For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS
Firm Registration No. 000517N.

R.K. MEHRA
Partner
M. No. 6102

B.A. MAJMUDAR
Director

PLACE : NEW DELHI
DATE : 15th May, 2013

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 2012

	NOTE	YEAR ENDED 31-Dec-12 US\$	YEAR ENDED 31-Dec-12 Rs.	YEAR ENDED 31-Dec-11 US\$	YEAR ENDED 31-Dec-11 Rs.
REVENUE FROM OPERATIONS					
Sale of Goods		1,815,261	97,340,456	1,453,255	68,451,604
Other Income	12	2,483	132,800	6,699	312,632
TOTAL REVENUE		1,817,744	97,473,256	1,459,954	68,764,236
EXPENSES					
Purchases of Traded Goods	13	1,129,436	59,751,289	1,300,708	61,675,936
Change in Inventory of Stock-in-Trade	14	228,180	8,995,730	(403,453)	(19,459,046)
Employee Benefits Expense	15	121,914	6,425,219	239,105	10,973,657
Depreciation and Amortization Expense	7	1,223	71,406	1,620	73,436
Other Expenses	16	194,987	14,278,244	135,799	24,361,376
		1,675,740	89,521,888	1,273,779	77,625,359
PROFIT/(LOSS) FOR THE YEAR		142,004	7,951,368	186,175	(8,861,123)
EARNING PER SHARE (REFER NOTE 23)					
Basic Earning Per Share		1,420.04	79,513.68	1,861.75	(88,611.23)
Diluted earning Per Share		5.65	316.16	7.40	(352.33)
Nominal Value of equity share (USD)		\$1	\$1	\$1	\$1

SIGNIFICANT ACCOUNTING POLICIES I

OTHER NOTES TO ACCOUNTS 17 To 27

As per our report of even date attached
For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS
Firm Registration No. 000517N.

R.K. MEHRA
Partner
M. No. 6102

B.A. MAJUMDAR
Director

PLACE : NEW DELHI
DATE : 15th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

	Current Year		Previous Year	
	US\$	Rs.	US\$	Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) after tax	142,004	7,951,368	186,175	(8,861,123)
Adjustments for :				
Depreciation	1,223	71,406	1,620	73,436
Interest and Financial Charges	1,298	69,430	571	26,649
Exchange Fluctuation	-	11,752,688	-	9,967,964
Operating Profit before working capital change	144,525	19,844,892	188,366	1,206,926
Adjustments for :				
Trade & Other Receivables	48,809	(12,136,439)	(294,102)	(40,223,515)
Inventories	228,180	8,995,730	(403,453)	(19,459,046)
Trade & Other Payables	(283,589)	(14,301,640)	449,001	27,008,434
Margin Money	-	-	20,000	896,200
Cash flow from operating activities (A)	137,925	2,402,543	(40,189)	(30,571,001)
(B) CASH FLOW FROM INVESTING ACTIVITIES :				
Net cash Used In / from Investing Activities (B)	-	-	-	-
(C) CASH FLOW FROM FINANCING ACTIVITIES :				
Interest and Financial Charges Paid	(1,298)	(69,430)	(571)	(26,649)
Long Term Borrowings(Net)	-	5,265,616	-	29,409,546
Net cash (used in) / from financing activities (C)	(1,298)	5,196,186	(571)	29,382,897
Increase/(Decrease) In cash and cash equivalents				
Net increase / (decrease) in cash and cash equivalents (A+B+C)	136,627	7,598,729	(40,760)	(1,188,104)
Cash and cash equivalents at beginning of the year	75,491	4,021,119	116,251	5,209,223
Cash and cash equivalents at the end of the year	212,118	11,619,848	75,491	4,021,119

Notes :

- Cash flow statement has been prepared following the " indirect method " as set out in the Accounting Standard-3 on Cash flow statement.
- Cash and cash equivalents represent cash and bank balance.

As per our report of even date attached

For **MEHRA GOEL & CO.**

CHARTERED ACCOUNTANTS

Firm Registration No. 000517N.

R.K. MEHRA

Partner

M. No. 6102

B.A. MAJMUDAR

Director

PLACE : NEW DELHI

DATE : 15th May, 2013

NOTES TO THE ACCOUNTS

NOTE - I SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India and the applicable accounting standards.

Use of Estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Recognition of Income/Expenditure

All Income & Expenditure having a material bearing on the financial statements is accounted for on an accrual basis and provision is made for all known losses and liabilities.

Fixed Assets

Fixed Assets are stated at cost, net of Taxes, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production are capitalized. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue.

Intangible Assets

In accordance with the Accounting Standard (AS) 26 relating to intangible assets, all costs incurred on technical know-how / license fee relating to production process are charged to revenue in the year of incurrence. Costs incurred on technical know-how / license fee relating to process design/ plants/ facilities are capitalized at the time of capitalization of the said plant/ facility and amortized on pro-rata basis over a period of five years. Computer software is capitalised on the date of installation and is amortised on prorata basis over a period of three years.

Depreciation

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Inventories

Inventories of finished goods traded are valued at lower of procurement cost (FIFO Method) or net realizable value. Cost includes all expenses incurred to bring the inventory to the present location and condition.

Foreign Currency Transactions

Transactions in foreign currency are recorded at the original rates of the exchange in force at the time transactions are effected. Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are restated using the exchange rates prevailing at the date of Balance Sheet and the resulting net exchange difference is recognized in the statement of Profit and Loss Account.

Taxation

Provisions for tax consist of current tax and deferred tax. Current tax provision is computed for current income based on tax liability after considering allowances and exemptions. Deferred tax assets and liabilities are computed on the timing differences at the balance sheet date between the carrying amount of assets and liabilities and their respective tax bases. Deferred tax assets are recognized based on management estimates of available future taxable income and assessing its certainty.

Employee Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss account of the year in which related service is rendered.

The company does not have any long term benefit plans.

NOTES FORMING PART OF THE ACCOUNTS

	AS AT 31-Dec-12 US\$	AS AT 31-Dec-12 Rs.	AS AT 31-Dec-11 US\$	AS AT 31-Dec-11 Rs.
NOTE - 2 SHARE CAPITAL				
ISSUED, SUBSCRIBED AND PAID UP				
100 (Previous Year 100) Equity Shares of USD 1/- each	100	4,374	100	4,374
	100	4,374	100	4,374
<p>The Company has only one class of Equity Share having par value of \$ 1 per share.</p> <p>No Equity share has been issued/cancelled during the current/previous financial year.</p> <p>The Whole of the Shares of Shyam Telecom Inc are held by Shyam Telecom Limited the Holding company.</p>				
NOTE - 3 RESERVE & SURPLUS				
Surplus				
As per last Balance Sheet	(1,499,340)	(84,121,631)	(1,685,515)	(75,260,508)
Add: Net profit for the current year	142,004	7,951,368	186,175	(8,861,123)
	(1,357,336)	(76,170,263)	(1,499,340)	(84,121,631)
NOTE - 4 LONG-TERM BORROWINGS				
Unsecured Loan				
Loan From Related Party (Holding company)	3,477,950	190,522,101	3,477,950	185,256,485
	3,477,950	190,522,101	3,477,950	185,256,485
NOTE - 5 TRADE PAYABLES				
Trade Payables*	404,495	22,158,244	778,958	41,491,967
	404,495	22,158,244	778,958	41,491,967
* There are no dues to creditors coming under the definition of Small Scale Industrial Undertakings as at December 31, 2012				
NOTE - 6 OTHER CURRENT LIABILITIES				
Advance From Customers & Others	103,242	5,655,574	21,386	1,139,136
Due to Director*	100	5,478	100	5,327
Others	23,225	1,272,229	14,207	756,735
	126,567	6,933,281	35,693	1,901,198
* Maximum amount outstanding during the year Rs.5,478/- (Previous year Rs.5,327/-)				
NOTE - 8 LONG-TERM LOANS AND ADVANCES				
(Unsecured considered good, unless otherwise stated)				
Security Deposits	4,500	246,510	4,500	239,697
Loans and Advances to Others	1,221,325	66,904,184	1,208,706	64,382,960
	1,225,825	67,150,694	1,213,206	64,622,657
NOTE - 9 INVENTORIES				
(At Lower of cost and Net Realisable Value)				
Stock-In-Trade	485,219	24,570,568	713,399	33,566,298
	485,219	24,570,568	713,399	33,566,298

NOTES FORMING PART OF THE ACCOUNTS

NOTES-7 FIXED ASSETS

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 01.01. 2012	As at 01.01. 2012	Additions	Upto 31.12. 2012	As at 01.01. 2012	During the period	During the period	Upto 31.12. 2012	As at 31.12. 2012	As at 31.12. 2011	As at 31.12. 2011	As at 31.12. 2011
	US\$	Rs.	US\$	US\$	US\$	Rs.	Rs.	US\$	US\$	Rs.	US\$	Rs.
Tangible Assets :												
Furniture & Fixtures	7,750	345,882	-	7,750	2,787	491	21,894	3,278	4,472	197,973	4,963	219,867
Office Equipment	5,864	275,198		5,864	1,517	279	13,072	1,796	4,068	187,928	4,347	201,000
Computers	5,234	237,320		5,234	4,519	453	36,440	4,972	262	11,866	715	48,306
TOTAL :	18,848	858,400	-	18,848	8,823	1,223	71,406	10,047	8,802	397,767	10,025	469,173
Intangible Assets :												
Software	18,000	838,080		18,000	18,000	-	-	18,000	-	-	-	-
GRANDTOTAL	36,848	1,696,480	-	36,848	26,823	1,223	71,406	28,047	8,802	397,767	10,025	469,173
Previous Year	36,848	1,696,480	-	36,848	25,203	1,620	73,436	26,823	10,025	469,173	11,645	542,609

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 10 TRADE RECEIVABLES

(Unsecured considered good, unless otherwise stated)

More than six months

- Considered Good

Others, Considered Good

AS AT 31-Dec-12 US\$	AS AT 31-Dec-12 Rs.	AS AT 31-Dec-11 US\$	AS AT 31-Dec-11 Rs.
493,434	27,030,332	355,057	18,912,457
251,428	13,773,212	451,233	24,035,373
744,862	40,803,544	806,290	42,947,830

NOTE - 11 CASH AND BANK BALANCES

Cash & Cash Equivalents

Balances with Banks

- in Current Account

AS AT 31-Dec-12 US\$	AS AT 31-Dec-12 Rs.	AS AT 31-Dec-11 US\$	AS AT 31-Dec-11 Rs.
212,118	11,619,848	75,491	4,021,119
212,118	11,619,848	75,491	4,021,119

NOTE - 12 OTHER INCOME

Sundry Balance Written Back

Miscellaneous Income

Year Ended 31-Dec-12 US\$	Year Ended 31-Dec-12 Rs.	Year Ended 31-Dec-11 US\$	Year Ended 31-Dec-11 Rs.
2,483	132,800	-	-
-	-	6,699	312,632
2,483	132,800	6,699	312,632

NOTE - 13 PURCHASE OF TRADED GOODS

PARTICULARS OF PURCHASE OF GOODS TRADED

- Telecom equipments

Year Ended 31-Dec-12 US\$	Year Ended 31-Dec-12 Rs.	Year Ended 31-Dec-11 US\$	Year Ended 31-Dec-11 Rs.
1,129,436	59,751,289	1,300,708	61,675,936
1,129,436	59,751,289	1,300,708	61,675,936

NOTE - 14 CHANGES IN INVENTORY OF STOCK-IN-TRADE

Opening Stock

Stock-In-Trade

Closing Stock :

Stock-In-Trade

Year Ended 31-Dec-12 US\$	Year Ended 31-Dec-12 Rs.	Year Ended 31-Dec-11 US\$	Year Ended 31-Dec-11 Rs.
713,399	33,566,298	309,946	14,107,252
485,219	24,570,568	713,399	33,566,298
228,180	8,995,730	(403,453)	(19,459,046)

NOTE - 15 EMPLOYEE BENEFITS EXPENSE

Salary, Wages & Bonus

Staff Welfare

Year Ended 31-Dec-12 US\$	Year Ended 31-Dec-12 Rs.	Year Ended 31-Dec-11 US\$	Year Ended 31-Dec-11 Rs.
83,077	4,367,974	204,896	9,379,079
38,837	2,057,245	34,209	1,594,578
121,914	6,425,219	239,105	10,973,657

NOTE - 16 OTHER EXPENSES

Rent

Rates & taxes

Insurance

Freight & Cartage

Car lease/insurance

Commission expenses

Consultancy charges

Clearing & forwarding expenses

Other administrative charges

Communication expenses

Traveling and conveyance expenses

Advertisement and exhibition expense

Bank charges

Audit fees

Exchange difference on conversion

Year Ended 31-Dec-12 US\$	Year Ended 31-Dec-12 Rs.	Year Ended 31-Dec-11 US\$	Year Ended 31-Dec-11 Rs.
27,200	1,461,387	26,200	1,222,754
5,299	283,452	-	-
-	-	3,469	161,898
13,791	737,689	-	-
-	-	146	6,809
55,540	2,970,837	10,689	498,857
40,505	2,193,718	41,000	1,868,908
75	4,012	158	7,381
17,309	925,837	13,430	626,810
9,744	521,223	7,914	369,358
21,358	3,111,447	28,004	1,306,957
-	-	1,350	63,005
1,298	69,430	571	26,649
2,868	153,409	2,868	133,850
-	1,845,803	-	18,068,140
194,987	14,278,244	135,799	24,361,376

OTHER NOTES TO ACCOUNTS

17 Company Overview

Shyam Telecom Inc. (STI or the Company), incorporated in February 2005 under the laws of the State of New Jersey, is a wholly owned subsidiary of Shyam Telecom Limited, a Company incorporated in India. (Shyam or the Holding Company).

18 Basis of Preparation and Translation into Indian Rupees

- (i) These financial statements have been prepared for the purpose of compliance with the provisions of Section 211 and Section 212 of the Indian companies Act, 1956 and have been translated to Indian Rupees (Rs.) in accordance with Accounting Standard-II as notified under Companies Accounting Standard Rules, 2006 on the 'The Effects of changes in Foreign Exchange Rates'. The functional currency of the Company is United states Dollar(US\$).
- (ii) The translation of Foreign currency into Rs. has been carried out:
 - (a) Sales and major expenses are translated at the rate prevailing on transaction date except Depreciation which is calculated on historical cost of assets.
 - (b) All Non- Monetary assets are translated at historical rates and monetary assets and liabilities are translated at the closing rate on the Balance Sheet date.
 - (c) Share capital is translated at historical rates.
 - (d) Purchase from holding companies recorded at transaction rate on the date of transaction.
 - (e) The resulting exchange difference arises are charged to Statement of Profit and Loss account.

19 Segment Reporting:

Business Segments (Primary)

The Company operates only in ine business segment viz. Repeaters. Accordingly there are no reportable business segments.

Geographical Segments (Secondary)

The following is the distribution of the company's consolidated sales by geographical segment, regardless of where the goods were produced:

	(Rupees)		
Revenue from External customers	U.S.A.	Others	Total
Current Year	94,397,684	2,942,772	97,340,456
Previous Period	(64,730,202)	(3,721,402)	(68,451,604)

The Company has common assets for goods for overseas markets and domestic markets. Hence, Separate Figures for fixed assets etc. can not be furnished.

20 Related Parties are classified as:

- Holding Company – Shyam Telecom Limited, India
- Key Management Personnel: Mr B A Majmudar
- Enterprise over which Key Management Personnel and their relatives are able to exercise significant influence: Embeem Inc.

Note: Related party relationship is as identified by the company and relied upon by the auditors.

Transactions with the above related parties are as follows:-

Description & nature of Transactions	key Management Personnel and their relatives (US \$)	key Management Personnel and their relatives (Rupees)	Enterprises over which key management personnel & their relatives are able to exercise significant influence (US \$)	Enterprises over which key management personnel & their relatives are able to exercise significant influence (Rupees)	Holding company (US\$)	Holding company (Rupees)	Total (US\$)	Total (Rupees)
Receiving of Goods	-	-	-	-	1,129,436 (1,300,708)	59,751,289 (61,675,936)	1,129,436 (1,300,708)	59,751,289 (61,675,936)
Managerial Remuneration- BA Majumdar	12,000 (14,765)	640,201 (689,085)	-	-	-	-	12,000 (14,765)	640,201 (689,085)
Consultancy charges- Embeem Inc	-	-	12,000 (41,000)	642,977 (1,868,908)	-	-	12,000 (41,000)	642,977 (1,868,908)
Recoverables & Payables								
Trade Creditors	-	-	-	-	404,495 (778,958)	22,158,244 (41,491,967)	404,495 (778,958)	22,158,244 (41,491,967)
Advances Received	-	-	-	-	3,477,950 (3,477,950)	190,522,101 (185,256,485)	3,477,950 (3,477,950)	190,522,101 (185,256,485)

Figures in brackets indicate previous year figures

21 Deferred Tax

Deferred tax liability/asset is not recognized since there are no timing differences between the carrying amount of assets and liabilities and their respective tax bases..

22 Details of Goods Traded

Item		Opening stock	Purchases	Sales	Closing stock
Telecom Equipments	Amt-Rs.	33,566,298	59,751,289	97,340,456	24,570,568
Previous Period	Amt-Rs.	14,107,252	61,675,936	68,451,604	33,566,298

23 Earning Per Share

The components of earnings per share are as follows:

Earning Per share is calculated as follows	31st December, 2012		31st December, 2011	
	US\$	RS.	US\$	RS.
Net Profit as per statement of Profit and Loss (A)	142,004	7,951,368	186,175	(8,861,123)
Weighted average outstanding common stock(Nos.) (B)	100	100	100	100
Add:-Shares to be issued against advance for Shares	25050	25050	25050	25050
Weighted average outstanding common stock(Nos.) '(C)	25150	25150	25150	25150
Nominal value of common stock	\$ 1/- Each	\$ 1/- Each	\$ 1/- Each	\$ 1/- Each
Basic Earning Per Share (A/B)	1,420.04	79,513.68	1,861.75	(88,611.23)
Diluted Earning Per Share (A/C)	5.65	316.16	7.40	(352.33)

24 Other disclosure requirements of Schedule VI to the Companies Act, 1956 are not applicable to the Company.

25 In the opinion of the Board, Current assets, Loans & advances have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

26 Previous period figures have been regrouped / reclassified wherever considered necessary to conform to current year's classification.

27 Company has given a interest free advance of USD 11,78,804/- to Shyam Telecom GMBH. Accordingly no interest has been provided.

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS
Firm Registration No. 000517N.

R.K. MEHRA
Partner
M. No. 6102

B.A. MAJUMDAR
Director

PLACE : NEW DELHI
DATE : 15th May, 2013

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SHYAM TELECOM LIMITED

We have audited the accompanying consolidated financial statements of Shyam Telecom Limited and its subsidiaries namely Shyam Telecom Inc., USA which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements of the subsidiary prepared for the purpose of compliance of the provisions of Section 211 & 212 of the Companies Act, 1956 is the responsibility of the management and have been considered and included in the consolidated accounts on the basis of accounts audited by us.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the Preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

- a) The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, and on the basis of the separate audited financial statements of the Company and audited financial statements of its subsidiary included in the consolidated financial statements.
- b) In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - ii) in the case of the consolidated Profit and Loss Account, of the profit/ loss for the year ended on that date; and
 - iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS
Firm Registration No.000517N

Place : NEW DELHI
Dated : 25th May, 2013

R. K. MEHRA
Partner
M. No. 6102

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2013

	NOTE	AS AT 31-Mar-2013 (Rs. In Lacs)	AS AT 31-Mar-2012 (Rs. In Lacs)
I EQUITY AND LIABILITIES			
1) SHAREHOLDER'S FUNDS			
a) Share Capital	2	1,127.00	1,127.00
b) Reserves and Surplus	3	3,305.94	3,221.28
2) NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	4	8.78	2.62
b) Deferred Tax Liability (Net)	5	151.82	259.74
c) Long -Term Provisions	6	88.17	86.98
3) CURRENT LIABILITIES			
a) Short-Term Borrowings	7	718.90	3,468.35
b) Trade Payables	8	3,757.28	17,413.22
c) Other Current Liabilities	9	3,747.40	6,722.69
d) Short-Term Provisions	10	80.59	54.46
TOTAL		12,985.88	32,356.34
II ASSETS			
1) NON-CURRENT ASSETS			
a) FIXED ASSETS	11		
i) Tangible Assets		2,143.21	2,331.47
ii) Intangible Assets		2.86	7.12
		2,146.07	2,338.59
b) Non-Current Investment	12	79.78	79.78
c) Long-Term Loans and Advances	13	1,002.32	1,024.88
d) Other Non-Current Assets	14	0.90	455.41
2) CURRENT ASSETS			
a) Inventories	15	3,761.47	9,699.16
b) Trade Receivables	16	1,318.20	8,380.88
c) Cash & Bank Balances	17	1,638.95	2,794.46
d) Short-Term Loans and Advances	18	3,038.19	7,583.18
TOTAL		12,985.88	32,356.34
SIGNIFICANT ACCOUNTING POLICIES	I		
OTHER NOTES TO ACCOUNTS	25 To 36		

As per our report of even date attached

For **MEHRA GOEL & CO.**

CHARTERED ACCOUNTANTS

Firm Registration No 000517N

R.K MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 25th May, 2013

GURSHARAN SINGH
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2013

	NOTE	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)
REVENUE FROM OPERATIONS			
Sale of Goods		42,246.01	80,085.16
Sale of Services		243.35	462.20
Other Operating Income	19	93.79	117.51
		42,583.15	80,664.87
Less : Excise Duty & Service Tax		162.76	781.41
Net		42,420.39	79,883.46
Other Income	20	536.34	162.57
TOTAL REVENUE		42,956.73	80,046.03
EXPENSES			
Cost of Raw Materials Consumed		963.84	5,013.77
Purchases of Traded Goods		35,050.48	64,414.29
Change in Inventory of Finished Goods, Work-in-Progress, Stock-in-Trade	21	2,500.05	3,978.07
Employee Benefits Expense	22	1,175.37	1,499.84
Finance Costs	23	180.55	306.63
Depreciation and Amortization Expense	11	217.43	238.10
Other Expenses	24	2,640.96	3,856.65
		42,728.68	79,307.35
PROFIT BEFORE EXCEPTIONAL ITEMS & TAX		228.05	738.68
Exceptional Items (Refer Note 28)		118.31	339.75
PROFIT BEFORE TAX		109.74	398.93
Tax Expense:			
- Current Tax		133.00	240.00
- Deferred Tax		(107.92)	(69.49)
- Income Tax / Deferred Tax For Earlier Year		-	40.92
PROFIT FOR THE YEAR		84.66	187.50
No. of Equity Shares (No.)		11,270,000	11,270,000
Profit After Tax		84.66	187.50
Basic and Diluted Earning Per Share (Rs)		0.75	1.66
Nominal Value of equity share (Rs)		10	10

SIGNIFICANT ACCOUNTING POLICIES

OTHER NOTES TO ACCOUNTS

I
25 To 36

As per our report of even date attached

For **MEHRA GOEL & CO.**

CHARTERED ACCOUNTANTS

Firm Registration No 000517N

R.K MEHRA

Partner
M. No. 6102

RAJIV MEHROTRA

Chairman & Managing Director

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Managing Director

ALOK TANDON

Managing Director

PLACE : NEW DELHI

DATED : 25th May, 2013

GURSHARAN SINGH

Chief Financial Officer

DHARMENDER DHINGRA

Vice President (Legal) & Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	(Rs. in Lacs)	
	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Exceptional items	228.05	738.68
Adjustment for :		
Depreciation	217.43	238.10
Provision (leave encashment)	27.32	(31.14)
Interest and financial charges	180.55	306.63
Loss on sale / write off of Fixed Assets	17.60	5.68
Plant and Machinery Discarded	-	175.66
Bad debts & Provision for doubtful debts / advances	265.92	49.10
Interest Income	(374.97)	(129.32)
Operating profit before working capital change	561.90	1,353.39
Adjustment for :		
Trade and Other Receivables	11,363.82	(6,593.48)
Inventories	5,937.69	2,329.62
Trade & other Payables	(15,712.26)	2,751.27
Fixed deposit/Margin money	1,024.72	1,083.62
Cash Generated from operations	3,175.87	924.42
Direct Taxes Paid	(132.51)	(245.70)
Cash flow before exceptional items	3,043.36	678.72
Exceptional Items (Refer Note 28)	118.31	339.75
Net Cash Flow from Operating Activities (A)	2,925.05	338.97
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital Work in Progress	(51.13)	(77.28)
Sale of Fixed Assets	8.62	13.08
Interest received	374.97	129.32
Net cash (used in) / from investing activities (B)	332.46	65.12
C CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings (Net)	(2,743.29)	(43.49)
Interest & Financial Charges	(1,099.52)	(118.15)
Net cash (used in) / from Financing Activities (C)	(3,842.81)	(161.64)
Net increase/(Decrease) in cash and cash equivalents (A+B+C)	(585.30)	242.45
Cash and cash equivalents at beginning of the Period	1,226.91	984.46
Cash and cash equivalents at the end of the Period	641.61	1,226.91

Notes :

- Cash flow statement has been prepared following the "indirect method" as set out in the Accounting Standard-3 on cash flow statement.
- Cash and cash equivalents represent cash and bank balance.

As per our report of even date attached

For **MEHRA GOEL & CO.**

CHARTERED ACCOUNTANTS

Firm Registration No 000517N

R.K MEHRA

Partner

M. No. 6102

PLACE : NEW DELHI

DATED : 25th May, 2013

RAJIV MEHROTRA

Chairman & Managing Director

GURSHARAN SINGH

Chief Financial Officer

AJAY KHANNA

Managing Director

DHARMENDER DHINGRA

Vice President (Legal) & Company Secretary

ALOK TANDON

Managing Director

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE – I SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF CONSOLIDATION

The consolidated financial statements relate to Shyam Telecom Limited (the company) and its subsidiary company.

A. BASIS OF ACCOUNTING

- i. The financial statements of the subsidiary company used in the consolidation are of the period from 1st January 2012 to 31st December' 2012,
- ii. The financial statements of the Company and subsidiary company have been prepared in accordance with the applicable Accounting Standards.

B. USE OF ESTIMATES

The presentation of financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions to be made that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon management best knowledge of current events and actions, actual results could differ from those estimated.

C. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies have been combined on a Line-by-line basis by adding together like items of assets, liabilities, Income & expenses. The intra-group balances and intra-group transactions and unrealized profits or losses are fully eliminated, as per Accounting Standard 21 – “Consolidated Financial Statements” notified by Companies (Accounting Standards) Rules, 2006
- ii. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements
- iii. The excess of cost to the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognized as 'goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment, is in excess of cost of investment of the Company, it is recognized as 'capital reserve' and shown under the head 'Reserves and Surplus', in the consolidate financial statements.
- iv. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- v. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liability as of the date of disposal is recognized in the consolidated statement of profit & loss account as the profit or loss on disposal of investment in subsidiary.

D. INFORMATION ON SUBSIDIARY COMPANIES

The following subsidiary company is considered in the preparation of consolidated financial statements:

Name of the Company	Country of Incorporation	% of voting power held As at December 31, 2012
Shyam Telecom Inc.	USA	100

2. BASIS FOR PREPARATION OF ACCOUNTS

The Financial Statements have been prepared under historical cost convention on accrual basis in accordance with generally accepted accounting principles and applicable Accounting Standards and the provisions of Companies Act, 1956.

3. FIXED ASSETS

Fixed Assets are stated at cost, net of VAT/ CENVAT, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalized. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue.

4. EXPENDITURE INCURRED DURING THE CONSTRUCTION PERIOD

Expenditure directly relating to construction activity including trial run production expenses (net of income, if any) is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto, is charged to the Statement of Profit & Loss.

5. DEPRECIATION

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in case of mobile phones on which depreciation has been charged on pro-rata basis over four years. Individual assets costing Rs.5000 or less are depreciated in full in the year of purchase. Leasehold land for lease period below 90 years is amortized over the period of lease from the date of commencement of commercial operations.

6. INTANGIBLE ASSETS

In accordance with the Accounting Standard (AS) 26 relating to intangible assets, all costs incurred on technical know-how / license fee relating to production process are charged to revenue in the year of incurrence. Costs incurred on technical know-how / license fee relating to process design / plants / facilities are capitalized at the time of capitalization of the said plant / facility and amortized on pro-rata basis over a period of five years.

Computer Software is capitalised on the date of installation and is amortized pro-rata basis over a period of 3 Years.

7. IMPAIRMENT

Carrying amount of cash generating units / assets is reviewed for impairment. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

8. INVESTMENTS

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and quoted / fair value. Long term investments are stated at cost less any provision for diminution in value other than temporary.

9. INVENTORY VALUATION

Inventories are valued at lower of cost or net realizable value except scrap which is valued at net realizable value. The cost is determined by using first-in-first-out (FIFO) method. Finished goods and work-in progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Excise duty on closing stock of finished goods and scrap are accounted for on the basis of payments made in respect of goods cleared as also provision made for goods lying in the factory and included in the value of such stocks.

10. FOREIGN CURRENCY TRANSACTIONS

- I. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the date of the transaction.
- II. Monetary items denominated in foreign currencies at the year end are translated at the year end rates.
- III. Non-monetary foreign currency items are carried at cost.
- IV. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the statement of profit and loss account.
- V. Foreign Subsidiary is integral in nature. Sales and major expenses are translated at the rate prevailing on transaction date except Depreciation which is calculated on historical cost of assets. All Non-Monetary assets are translated at historical rates and monetary assets and liabilities are translated at the closing rate on the Balance Sheet date. Share capital is translated at historical rates. The resulting exchange difference charged to Statement of profit & loss account.

11. REVENUE RECOGNITION

Sales are inclusive of excise duty, service tax and net of sales tax. Export sales are net of ocean freight and insurance.

Revenue in respect of long-term turnkey works contracts is recognized under percentage of completion method, subject to such contracts having progressed to a reasonable extent. Revenue in respect of installation services is recognized on completion of services for which ascertained amount is more likely to be recovered than not.

12. INCOME ON INVESTMENTS

Dividend on shares/units is accounted for, as and when the right to receive the same is established.

13. BORROWING COST

Borrowing costs that are attributable to the acquisition or the construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue in the year in which they are incurred.

14. LEASES

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lesser are classified as operating leases. Annual lease payments are recognized as an expense on straight-line basis and in accordance with the respective lease agreements.

Assets acquired under leases where company has substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired under the finance lease are capitalized and corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease or present value of minimum lease payment, whichever is lower.

15. PRODUCT WARRANTY EXPENSES

Liability for Warranties is recognized at the time the claim is accepted. The necessary provisions are made with respect to warranties claimed and accepted, which are received up to the end of one month from the close of the year.

16. EMPLOYEES BENEFITS

- i. Short term employee benefit are recognized as an expenses at the undiscounted amount in the profit and loss account of the year in which related service is rendered.
- ii. The company has defined contribution plans for post-retirement benefit, namely Employee Provident Fund Scheme administered through Provident Fund Commissioner and company contribution are charged to revenue every year.
- iii. Company contribution to state plans namely Employees State Insurance Fund & Employee Welfare Fund are charge to revenue every year.
- iv. The company has defined benefit plan namely Leave Encashment / Compensated absence and Gratuity, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity Trust is administrated through Life Insurance Corporation of India (LIC).
- v. Termination benefits are recognized as an expenses immediately.
- vi. Gain or Loss arising out of actuarial valuation are recognized immediately in the statement of profit & loss account as income or expenses.

17. CLAIMS

Claims receivable are accounted for depending on the certainty of receipt and claims payable are accounted for at the time of acceptance.

18. DERIVATIVE

In case of forward contracts, the difference between the forward rate and the exchange rate, being the premium or discount, at the inception of a forward exchange contract is recognized as income/expense over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the period.

19. TAXATION

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the company.

In accordance with the Accounting Standard 22-Accounting for Taxes on income, the deferred tax for timing differences between the book & tax profit for the period is accounted for using the tax rates and the tax laws that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax assets arising from temporary timing difference are recognized to the extent there is virtual certainty that the asset will be realized in future.

Minimum alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.

20. GOVERNMENT GRANTS

Government grant in the nature of promoter's contribution is treated as capital receipt and credited to investment subsidy account.

Grant in the nature of revenue subsidy is treated as revenue receipt and credited to statement of profit and loss account.

21. PROVISION AND CONTINGENT LIABILITIES

Show cause notices issued by various government authorities are not considered as obligation. When the demand notice are raised against such show cause notice and are disputed by the company then these are classified as possible obligations.

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes.

22. PROPOSED DIVIDEND

Dividend if proposed by Board of Directors will be provided for in the books of account, pending approval at the Annual General Meeting.

23. CENVAT / VAT

CENVAT / VAT claimed on capital assets are credited to assets / capital work in progress account. CENVAT / VAT on purchase of raw materials and other materials are deducted from the cost of such materials.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

NOTE - 2 SHARE CAPITAL

AUTHORISED

50,000,000 Equity Shares of Rs. 10/- each

2,500,000 Preference Shares of Rs 100/- each.

ISSUED , SUBSCRIBED AND PAID UP

11,270,000 Equity Shares of Rs 10/- each, fully paid up

AS AT 31-Mar-2013 (Rs. In Lacs)	AS AT 31-Mar-2012 (Rs. In Lacs)
5,000.00	5,000.00
2,500.00	2,500.00
7,500.00	7,500.00
1,127.00	1,127.00
1,127.00	1,127.00

The Company has only one class of Equity Share having par value of Rs 10/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of Equity share will be entitled to receive the remaining assets of the Company in proportion to the number of Equity shares held by each Shareholder.

No Equity share has been issued/cancelled during the current/previous financial year.

Detail of Shareholder's holding more than 5% shares

Name of Share Holders	As at 31.03.2013		As at 31.03.2012	
	No. of shares	% Held	No. of shares	% Held
Cellphone Credit & Securities India Pvt Ltd	760165	6.75	760165	6.75
Mehrotra Invofin India Pvt Ltd.	1560877	13.85	1560877	13.85
Shyam Antenna Electronics Ltd	700000	6.21	700000	6.21
Intell Invofin India Pvt Ltd	1697807	15.07	1697807	15.07
AT Invofin India Pvt Ltd	809890	7.19	809890	7.19
Teletec Finsec India Pvt Ltd	803913	7.13	803913	7.13
Cellcap Invofin India Pvt Ltd	818081	7.26	818081	7.26

NOTE - 3 RESERVE & SURPLUS

Investment Subsidy

(Acquired under the scheme of Arrangement)

Surplus

As per last Balance Sheet

Add: Net profit for the current year

15.00	15.00
3,206.28	3,018.78
84.66	187.50
3,290.94	3,206.28
3,305.94	3,221.28

NOTE - 4 LONG-TERM BORROWINGS

Secured Loan

Vehicle Loans*

- From Bank

- From Body corporate

Less: Current Maturities of Long Term borrowings

8.00	1.37
2.63	3.19
10.63	4.56
1.85	1.94
8.78	2.62

*Secured by hypothecation of Specific Vehicle and are repayable in 58/60 equal monthly Instalments from the date of disbursment.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	AS AT 31-Mar-2013 (Rs. In Lacs)	AS AT 31-Mar-2012 (Rs. In Lacs)
NOTE -5 DEFERRED TAX LIABILITY (NET)		
Deferred Tax liability		
- Related to Fixed Assets	345.69	372.26
Total (A)	345.69	372.26
Deferred Tax Assets		
- Disallowance under Section 43B of the Income tax Act 1961.	57.34	49.52
- Provision for Doubtful debts/ Advances	136.53	63.00
Total (B)	193.87	112.52
Total (A-B)	151.82	259.74
NOTE - 6 LONG-TERM PROVISIONS		
Provision For Employee Benefits	88.17	86.98
	88.17	86.98
NOTE - 7 SHORT-TERM BORROWINGS		
SECURED LOANS		
From Banks		
Cash Credit	-	229.24
Buyer's credit	-	1,015.46
UNSECURED LOANS		
Inter Corporate Deposit from Related Party	718.90	2,223.65
	718.90	3,468.35
NOTE - 8 TRADE PAYABLES		
Trade Payables	3,757.28	17,413.22
(Due to amount outstanding to Micro, Small and Medium Enterprises NIL, Previous year NIL)		
	3,757.28	17,413.22
The Company has not received any intimation from "suppliers" regarding their status under the Micro, small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been furnished.		
NOTE - 9 OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Borrowings	1.85	1.94
Interest Accrued but not due on Loans	89.58	1,008.55
Advance From Customers & Others	3,237.09	5,046.81
Statutory Liabilities	126.72	408.22
Due to Director*	0.05	0.05
Employee Related Payables	128.81	104.30
Others payable	163.30	152.82
	3,747.40	6,722.69
* Maximum amount outstanding during the year Rs. 0.05 lacs (Previous year Rs. 0.05 lacs)		
NOTE-10 SHORT-TERM PROVISIONS		
Provision For Employee Benefits	80.59	54.46
	80.59	54.46

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

NOTE - II FIXED ASSETS

(Rs In Lacs)

ASSETS	GROSS BLOCK			DEPRECIATION & AMORTIZATION					NET BLOCK	
	Cost As At 01-4-2012	Additions During the year	Deletions/ Adjustments*	As At 31-3-2013	As At 01-4-2012	During the Year	Deletions/ Adjustments	As At 31-3-2013	As At 31-3-2013	As At 31-3-2012*
Tangible Assets										
Land Free Hold	1.77	-	-	1.77	-	-	-	-	1.77	1.77
Land Lease Hold	83.52	-	-	83.52	-	-	-	-	83.52	83.52
Building	444.75	-	-	444.75	114.47	15.90	-	130.37	314.38	330.28
Plant & Equipment	2,496.07	21.14	10.71	2,506.50	1,036.58	141.71	9.30	1,168.99	1,337.51	1,459.49
Electric Installation	119.02	-	7.59	111.43	29.57	6.55	5.76	30.36	81.07	89.45
Furniture & Fixture	134.36	-	32.08	102.28	61.22	6.64	33.48	34.38	67.90	73.14
Vehicles	265.28	20.46	52.51	233.23	117.43	23.44	34.32	106.55	126.68	147.85
Office Equipment	190.04	9.05	25.65	173.44	72.87	12.55	19.46	65.96	107.48	117.17
Computer	68.53	0.42	-	68.95	39.73	6.32	-	46.05	22.90	28.80
TANGIBLE ASSETS TOTAL (A)	3,803.34	51.07	128.54	3,725.87	1,471.87	213.11	102.32	1,582.66	2,143.21	2,331.47
Intangible Assets										
Software	237.86	0.06	-	237.92	230.74	4.32	-	235.06	2.86	7.12
INTANGIBLE ASSETS TOTAL (B)	237.86	0.06	-	237.92	230.74	4.32	-	235.06	2.86	7.12
TOTAL (A+B)	4,041.20	51.13	128.54	3,963.79	1,702.61	217.43	102.32	1,817.72	2,146.07	2,338.59
Previous Year figures :	4,437.20	77.28	473.28	4,041.20	1,743.37	238.10	278.86	1,702.61	2,338.59	

* Assets costing Rs. 74.55 Lacs (Previous year Rs. 432.77 Lacs) having depreciated value Rs. 6.67 Lacs (Previous year Rs. 175.65 Lacs) acquired in earlier year, has been retired from active value due to technical obsolescence and the same disposed off during the year.

NOTE - 12 NON-CURRENT INVESTMENTS

(Long - Term, At Cost)

In Equity Shares

NON TRADE

QUOTED - Fully Paid-up(*)

3,300 Equity Shares of Rs 10/- each of Intec Capital Limited

1,41,427 Equity Shares of Rs10/- each of Spanco Limited

TRADE INVESTMENTS

UNQUOTED - Fully Paid-up (At Cost)

IN OTHERS

3,80,307 Equity Shares of Rs. 10/- each of Sistema Shyam Teleservices Ltd.

**ASAT
31-Mar-2013
(Rs. In Lacs)**

**ASAT
31-Mar-2012
(Rs. In Lacs)**

0.33

0.33

52.33

52.33

52.66

52.66

27.12

27.12

79.78

79.78

(*) Aggregated market value of Quoted Investments Rs. 16.99 Lacs (Previous Year Rs. 116.80 Lacs) including cost where market value is not readily available.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

NOTE - 13 LONG-TERM LOANS AND ADVANCES

(Unsecured considered good, unless otherwise stated)

Security Deposits

- Considered Good
- Considered Doubtful

Less: Provision for doubtful security deposits

Advances recoverable in cash or in kind or for value to be received*

- Considered Good
- Considered Doubtful

Less : Provision for Doubtful Advances

Advance Tax (Net)

Prepaid Expenses

Others

* Advances recoverable from Employees

NOTE - 14 OTHER NON-CURRENT ASSETS

Bank Balances

Non-current Fixed Deposits (Refer Note 17)
(including interest accrued But Not due)

NOTE - 15 INVENTORIES

(At Lower of cost and Net Realisable Value)

Raw Material

Raw Material In Transit

Finished Goods

Finished Goods in Transit

Work In Process

Stores & Spares

Stock in Trade

Stock in Trade In Transit

NOTE - 16 TRADE RECEIVABLES

(Unsecured considered good, unless otherwise stated)

More than six months

- Considered Good
- Considered Doubtful

Less : Provision for Doubtful Debt

Others-Considered Good

	AS AT 31-Mar-2013 (Rs. In Lacs)	AS AT 31-Mar-2012 (Rs. In Lacs)
	131.65	175.39
	1.32	1.32
	132.97	176.71
	1.32	1.32
	131.65	175.39
	4.55	-
	7.00	-
	11.55	-
	7.00	-
	4.55	-
	196.85	197.34
	0.23	8.32
	669.04	643.83
	1,002.32	1,024.88
	0.90	455.41
	0.90	455.41
	333.06	472.03
	10.93	2.78
	11.20	34.68
	-	7.80
	97.73	135.49
	2.67	12.35
	2,817.50	5,248.51
	488.38	3,785.52
	3,761.47	9,699.16
	413.72	1,061.80
	399.42	184.43
	813.14	1,246.23
	399.42	184.43
	413.72	1,061.80
	904.48	7,319.08
	1,318.20	8,380.88

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

NOTE - 17 CASH AND BANK BALANCES

Cash & Cash Equivalents

	AS AT 31-Mar-2013 (Rs. In Lacs)	AS AT 31-Mar-2012 (Rs. In Lacs)
Cash-in-hand	11.27	32.46
Balances with Banks		
- in Current Account	630.34	1,154.24
OTHER BANK BALANCES		
- Fixed Deposits	998.24	2,022.96
(including interest accrued) (*)		
Current Account	-	40.21
	1,639.85	3,249.87
Less: Non-current Fixed Deposits	0.90	455.41
	1,638.95	2,794.46

(*) Rs. 937.67 Lacs (Previous Year Rs. 1398 Lacs) under lien with Bank as Margin Money.

NOTE - 18 SHORT-TERM LOAN AND ADVANCES

(Unsecured considered good, unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received*

- Considered Good	184.93	353.26
- Considered Doubtful	3.04	8.40
	187.97	361.66
Less : Provision for Doubtful Advances	3.04	8.40
	184.93	353.26
Inter Corporate Deposits	-	4,500.00
Prepaid Expenses	22.26	28.58
Advance to Supplier		
- Considered Good	2,375.17	2,251.60
- Considered Doubtful	9.95	-
	2,385.12	2,251.60
Less : Provision for Doubtful Advances	9.95	-
	2,375.17	2,251.60
Cenvat Receivable	431.37	436.13
Balance with Excise Department	0.02	2.14
Security Deposits	24.44	11.47
	3,038.19	7,583.18

* Advances includes export income receivable and staff advances etc.

NOTE - 19 OTHER OPERATING INCOME

	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)
Dividend on Long Term Investments	12.63	1.43
Dividend on Short Term Investments	-	51.62
Export incentive	81.16	64.46
	93.79	117.51

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

NOTE - 20 OTHER INCOME

Interest On Deposits*
Sundry Balance Written Back
Miscellaneous Income

YEAR ENDED
31-Mar-2013
(Rs. In Lacs)

374.97
145.32
16.05
536.34

YEAR ENDED
31-Mar-2012
(Rs. In Lacs)

129.32
3.80
29.45
162.57

(*) Tax deducted at source Rs.34.69 Lacs (Previous Year Rs 11.06 Lacs)

NOTE - 21 CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE

Opening Stock

Work In Process
Finished Goods
Stock-in-Trade

135.49
42.48
5,248.51
5,426.48

749.32
72.30
8,582.93
9,404.55

Closing Stock :

Work in Process
Finished Goods
Stock-in-Trade

97.73
11.20
2,817.50
2,926.43
2,500.05

135.49
42.48
5,248.51
5,426.48
3,978.07

NOTE - 22 EMPLOYEE BENEFITS EXPENSE

Salary, Wages & Bonus
Employer's Contribution to P.F. & Other Fund
Staff Welfare

998.59
92.37
84.41
1,175.37
-
1,175.37

1,304.92
68.19
131.34
1,504.45
4.61
1,499.84

Less:- Provision for Gratuity Written back

NOTE - 23 FINANCE COSTS

Interest Expenses
Other financial cost

129.79
50.76
180.55

252.63
54.00
306.63

NOTE - 24 OTHER EXPENSES

Stores & Spares Consumed
Power & Fuel
Other Manufacturing Expenses
Excise Duty on Closing Stock (Finished Goods) (Net)
Repair to:
 Plant & Machinery
 Building
Auditor's Remuneration :
 Audit Fee
 Tax Audit Fee
 Other Services
Exchange rate Fluctuation (Net)
Research & Development Expenses (Refer Note 27)
Rates & Taxes
Insurance
Rent
Selling & Distribution Expenses
Sundry Balance Written off
Bad Debts Written Off
Provision for Doubtful Debts
Legal & Professional Charges
Other Administrative Expenses
Loss on Sale/Discarded of Assets (Net)
Miscellaneous Expenses

134.16
64.95
223.17
(3.65)
9.15
4.26
9.28
1.75
2.50
308.11
-
45.64
38.07
194.19
434.74
10.60
38.42
227.50
201.66
412.81
17.60
266.05
2,640.96

190.16
79.14
407.88
(1.25)
12.75
6.51
9.09
1.75
2.50
434.75
-
45.42
52.12
238.09
865.21
-
2.45
46.65
361.83
522.90
181.34
397.36
3,856.65

OTHER NOTES TO ACCOUNTS

	Current Year (Rs in Lacs)	Previous Year (Rs in Lacs)
25 Contingent liabilities :		
-Income Tax	39.71	75.00
26 Commitments:		
Letter of Credits issued by the Banks (Agst. which Goods have not been despatched)	-	2,484.89
27 Research & Development:		
Research and Development expenses, clubed in respective head of expenses amounting to Rs. 69.86 Lacs in Current year(Pevious Year Rs. 204.55 lacs).		
28 Exceptional items:		
The company in financial year 1994-95 rejected "Digital Micro Radio Equipment" supplied by M/s Bharat Electronics Limited on ground of defects in the equipments supplied and non adherence to delivery schedule. On appeal by the Bharat Electronic Limited for recovery of interest on the unpaid amount the company had deposited Rs.339.75 lacs in the High Court of Delhi in the previous year ended 31.03.2012 which was charged to revenue as exception Item. On final disposal of appeal by Bharat Electronics Limited the Honable High Court directed to deposit of Rs.118.31 lacs as amount of interest which has also been charged to revenue during the year as exceptional item.		

29 Related Party Information:

Relationship

- a) Key Management Personnel and relative of Key Management personal :
Mr. Rajiv Mehrotra, Mr Alok Tondon, Mr. Arun Khanna, Mr. Ajay Khanna and Mr B A Majmudar.
Relative of Key Management personal : Mr. K.N. Mehrotra
- b) Enterprises over which Key Management Personnel and relatives are able to exercise significant influence:
Shyam Antenna Electronics Ltd., Intercity Cable System Pvt. Ltd, Shyam Communication Systems, Shyam Basic Infrastructures Projects Pvt. Ltd., Shyam Networks Ltd. (formerly Shyam Telecom Systems Pvt. Ltd.), A.T. InvoFin India Pvt. Ltd., Cell cap InvoFin India Pvt Ltd, Intell InvoFin India Pvt Ltd, Shyam Digital Communications Pvt Ltd, Sistema Shyam Teleservices Ltd., Ubico Networks Pvt.Ltd., RMS Automation Systems Ltd., Spectranet Pvt Ltd., Shyam infratel Pvt Ltd, Vihaan Networks Ltd. and Embeem Inc.

Note; Related party relationship is as identified by the Company and relied upon by the auditors.

Transactions with the above related parties are as follows:

(Rs. in Lacs)

PARTICULARS	31.03.2013			31.03.2012		
	Enterprises over which key management personnel & their relatives are able to exercise significant influence	Key Management Personnel and their relatives	Total	Enterprises over which key management personnel & their relatives are able to exercise significant influence	Key Management Personnel and their relatives	Total
a) Sale of Goods & Services						
Spectranet ISP Pvt Ltd.	-	-	-	35.25	-	35.25
Vihaan Networks Ltd.	59.32	-	59.32	1,237.69	-	1,237.69
Ubico Networks Pvt Ltd.	30.92	-	30.92	554.13	-	554.13
Sistema Shyam Teleservices Ltd.	16077.23	-	16,077.23	19,714.47	-	19,714.47
Shyam Digital Communication Ltd	1.29	-	1.29	-	-	-
RMS Automation Systems Ltd.	319.58	-	319.58	2,735.74	-	2,735.74
Sub Total	16,488.34	-	16,488.34	24,277.28	-	24,277.28
b) Purchase of the goods						
Vihaan Networks Ltd.	50.23	-	50.23	1,550.00	-	1,550.00
Spectranet ISP Pvt Ltd.	1.25	-	1.25	6.08	-	6.08
Shyam Networks Ltd	1.89	-	1.89	-	-	-
Shyam infratel Pvt. Ltd.	151.36	-	151.36	140.10	-	140.10
RMS Automation Systems Ltd.	1,211.83	-	1,211.83	10,048.15	-	10,048.15
Sub Total	1,416.56	-	1,416.56	11,744.33	-	11,744.33
c) Rent Paid						
Mr.K.N. Mehrotra	-	-	-	-	1.20	1.20
Shyam Antenna Electronics Ltd.	-	-	-	19.44	-	19.44
Shyam Communication Systems	67.42	-	67.42	66.18	-	66.18
Intercity Cable System Pvt. Ltd.	20.22	-	20.22	19.85	-	19.85
Sub Total	87.64	-	87.64	105.47	1.20	106.67

(Rs. in Lacs)

PARTICULARS	31.03.2013			31.03.2012		
	Enterprises over which key management personnel & their relatives are able to exercise significant influence	Key Management Personnel and their relatives	Total	Enterprises over which key management personnel & their relatives are able to exercise significant influence	Key Management Personnel and their relatives	Total
d) Rent Received						
RMS Automation Systems Ltd.	11.15	-	11.15	14.96	-	14.96
e) Remuneration Paid						
B A Majumdar	-	6.40	6.40	-	6.89	6.89
f) Consultancy Paid						
Embeen Inc	6.43	-	6.43	18.69	-	18.69
g) Interest Expense						
Shaym Networks Ltd.	95.62	-	95.62	209.39	-	209.39
h) Loan Received						
Shaym Networks Ltd.	85.00	-	85.00	500.00	-	500.00
Recoverables & Payables						
a) Amount Receivable						
Shaym Networks Ltd.	11.90	-	11.90	2.90	-	2.90
Vihaan Networks Ltd.	-	-	-	94.92	-	94.92
Shyam Digital Communication Ltd	1.29	-	1.29	-	-	-
Sistema Shyam Teleservices Ltd.	279.82	-	279.82	4,159.57	-	4,159.57
Shyam Antenna Electronics Ltd.	0.62	-	0.62	-	-	-
Ubico Networks Pvt. Ltd.	26.45	-	26.45	384.59	-	384.59
RMS Automation Systems Ltd.	2,171.50	-	2,171.50	1,523.01	-	1,523.01
Sub Total	2,491.58	-	2,491.58	6,164.99	-	6,164.99
b) Amount Payable						
Shyam Communication Systems	-	-	-	0.78	-	0.78
Vihaan Networks Ltd.	34.21	-	34.21	-	-	-
Shyam infratel Pvt. Ltd.	134.92	-	134.92	78.78	-	78.78
Intercity Cable System Pvt. Ltd.	26.13	-	26.13	8.61	-	8.61
Spectranet ISP Pvt. Ltd.	1.25	-	1.25	21.79	-	21.79
Shyam Antenna Electronics Ltd.	140.17	-	140.17	140.29	-	140.29
Sub Total	336.68	-	336.68	250.25	-	250.25
c) Loans Outstanding						
Shaym Networks Ltd.	718.90	-	718.90	2,223.65	-	2,223.65
d) Advances recoverable						
Intercity Cable System Pvt. Ltd.	10.00	-	10.00	10.00	-	10.00
Shyam Communication Systems	60.00	-	60.00	60.00	-	60.00
Sub Total	70.00	-	70.00	70.00	-	70.00
e) Interest Accrued & Due						
Shaym Networks Ltd.	89.58	-	89.58	1,008.55	-	1,008.55

30 SEGMENT INFORMATION

The Company and its subsidiary operations predominantly relate to providing Telecommunication products, Trading and respective related Services. The company has considered business segment as the primary segment and geographical segment as secondary segment for disclosure. The segments have been identified taking into account the nature of the products, the deferring risk and returns, the organisation structure and internal reporting system. The subsidiary (Shyam Telecom, Inc, USA) caters the needs of American and other countries Viz, latin America, Canada etc. based on this secondary segment is identified as Geographical Segment. The Telecom products & Services segment comprise of manufacturing, trading and services in the related area. Trading services segment includes Trading in Telecom Products. Software products & services segment includes the services in the area including software and information technology related and information technology enabled services.

Revenue & expenditure which relates to enterprises as a whole and are not attributable to segments are included in unallocable expenditure (Net of unallocable income) . Assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segment , as all the assets and services are used interchangeably between segments, The Company believes that it is currently not practicable to provide segment disclosure relating to total assets and liabilities since a meaningful segregation of the available data is onerous except basic telephony services.

(Rs. in Lacs)

Segment Reporting	Year Ended	Year Ended
Particulars	31-Mar-13	31-Mar-12
Segment Revenue		
- Telecom Products & Services	3,072.98	8,826.17
- Trading	39,334.78	71,004.24
- Investments	12.63	53.05
Net Sales	42,420.39	79,883.46
Segment Results		
(Profit before Amortization, Interest, Exceptional Item, Tax and unallocable overheads)		
- Telecom Products & Services	107.37	224.90
- Trading	579.39	2,604.24
- Investments	12.63	53.05
Total	699.39	2,882.19
Less :		
- Depreciation & Amortization	217.43	238.10
- Interest & Financial Charges	180.55	306.63
- Exceptional Item	118.31	339.75
- Other un-allocable Expenditure (Net of un-allocable Income)	73.36	1,598.78
Profit Before Tax	109.74	398.93
Taxes (Net of MAT Credit)	25.08	211.43
Net profit after taxes	84.66	187.50

- 31 Some of the personal accounts are subject to adjustments / reconciliation / confirmation.
- 32 In the opinion of Board of Directors Fixed Assets, Current Assets, Loans and Advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and provision for all liabilities have been made in the Accounts, which has been relied upon by the auditors.
- 33 In compliance with the accounting standards 15 (revised 2005) "Employee Benefits" The company has got the employee benefits evaluated from actuarial valuer.

The Company has calculated the various benefits provided to employees as under:

A. Provident Fund & Other fund

During the year the Company has recognized Rs.49.63 Lacs (previous Year Rs. 64.47 lacs) towards contribution to PF in the Statement of Profit and Loss.

B. State Plans

Employer's contribution to Employee State insurance and to welfare fund.

During the year the Company has recognised Rs. 4.92 lacs (Previous year Rs. 6.71 Lacs) towards contribution to ESI and Rs. 0.23 Lacs (previous Year Rs. 0.16 Lacs) towards welfare fund, in the Statement of Profit and Loss.

C. Defined Benefit Plans

The actuarial valuation carried out is based on following assumption:

- Leave Encashment.
- Contribution to Gratuity Fund - Employee's Gratuity Fund.

(Rs In Lacs)

i)	Actuarial Assumptions	Current Year		Previous Year	
		Leave Encashment	Employee Gratuity Fund	Leave Encashment	Employee Gratuity Fund
	Discount Rate (per annum)	8.00%	8.00%	8.70%	8.70%
	Rate of increase in compensation levels	5.50%	5.50%	5.50%	5.50%
	Rate of return on plan assets	-	9.15%	-	9.15%
ii)	Change in the obligation during the year				
	Present value obligation as at beginning of period	100.57	114.60	111.88	136.18
	Impact of Transition provision of AS-15	-	-	-	-
	Interest cost	8.75	9.97	9.04	10.98
	Past Service cost	-	-	-	-
	Current service cost	11.05	12.62	15.82	13.24
	Curtailement cost	-	-	-	-
	Settlement cost	-	-	-	-
	Benefits Paid	(9.30)	(47.02)	(13.01)	(23.79)
	Actuarial (gain)/ loss on Obligations	(9.16)	20.69	(23.16)	(22.01)
	Present value obligation as at the end of the period	101.91	110.87	100.57	114.60
	Receivable from other company's fund	-	-	-	-
	Net Present value obligation as at the end of the period	101.91	110.87	100.57	114.60
iii)	Change in fair value plan Assets	-	-	-	-
	Fair value of Plan Assets as at beginning of the period	-	73.74	-	75.49
	Expected return on Plan Assets	-	4.42	-	6.69
	Contributions	-	0.55	-	15.22
	Benefits Paid	-	(34.68)	-	(23.79)
	Actuarial gain/ (loss) on Obligations	-	-	-	0.13
	Fair value of Plan Assets as at the end of the period	-	44.02	-	73.74
iv)	Reconciliation of Present value of Defined Benefit obligation and Fair value of Assets				
	Present value obligation as at the end of the period	101.91	110.87	100.57	114.60
	Fair value of Plan Assets as at the end of the period	-	44.02	-	73.74
	Funded Status	(101.91)	(66.85)	(100.57)	(40.86)
	Present value of un-funded obligation as at the end of the period	-	-	-	-
	Un-recognized Actuarial (gains)/ losses	-	-	-	-
	Un-funded Net Asset/ (Liability) recognised in Balance Sheet.	(101.91)	(66.85)	(100.57)	(40.86)
v)	Expenses recognised in Statement of Profit and Loss				
	Current service cost	11.05	12.62	15.82	13.24
	Past Service cost	-	-	-	-
	Interest cost	8.75	9.97	9.04	10.98
	Expected return on Plan Assets	-	(4.42)	-	(6.69)
	Curtailement cost	-	-	-	-
	Settlement cost	-	-	-	-
	Net Actuarial (gain)/ loss recognised during the year	(9.16)	20.69	(23.16)	(22.14)
	Received / Receivable from other company's fund	-	-	-	-
	Net Expense recognised in Statement of Profit and Loss	10.64	38.87	1.70	(4.61)

34 Previous year figures have been regrouped/reclassified wherever considered necessary.

35 Figure pertaining to the holding company or subsidiary have been reclassified wherever necessary to bring them in line for preparation of consolidated financial statements.

36 The financial statement of subsidiary company namely Shyam Telecom Inc. used in consolidation from 1st January, 2012 to 31st December, 2012

As per our report of even date attached

For **MEHRA GOEL & CO.**

CHARTERED ACCOUNTANTS

Firm Registration No 000517N

R.K MEHRA

Partner

M. No. 6102

RAJIV MEHROTRA

Chairman & Managing Director

AJAY KHANNA

Managing Director

ALOK TANDON

Managing Director

PLACE : NEW DELHI

DATED : 25th May, 2013

GURSHARAN SINGH

Chief Financial Officer

DHARMENDER DHINGRA

Vice President (Legal) & Company Secretary

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

TIME: 11.00 A.M.

DAY & DATE: MONDAY 23RD SEPTEMBER, 2013

VENUE: FORTUNE SELECT METROPOLITAN, NEAR NEHRU SAHKAR BHAWAN, C- SCHEME, BAIS GODAM CIRCLE, JAIPUR-302001 (RAJASTHAN)

Notice is hereby given that the Twentieth Annual General Meeting of the Members of **SHYAM TELECOM LIMITED** will be held at **Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C- Scheme, Bais Godam Circle, Jaipur- 302001 (Rajasthan)**, on Monday, 23rd September, 2013, at 11:00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and Profit and Loss Account for the period ended on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Rajiv Mehrotra, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Alok Tandon, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arun Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Mehra Goel & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and authorize the Audit Committee of the Board / Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass the following resolution, with or without modification(s), as an **ORDINARY RESOLUTION**:

"RESOLVED THAT the approval be and is hereby granted to reappoint Mr. Rajiv Mehrotra Chairman & Managing Director of the Company for a term of 5 years w.e.f. from 1st April, 2013 in pursuance to Section 269, 198 & 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions."

"RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation(s) or variation(s) by the Central Government to the Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary the terms and conditions of re-appointment in order to give effect to such amendment(s) or modification(s) or relaxation(s) or variation(s) without any further reference to the Company in the General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

7. To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **ORDINARY RESOLUTION** :

"RESOLVED THAT the approval be and is hereby granted for the payment of the remuneration to Mr. Ajay Khanna in accordance with the provisions of Schedule XIII as in force, as recommended by the Remuneration Committees with effect from 1st April, 2013 as set out below-

SALARY	Rs. 1,00,000/- (Rupees One Lacs Only) per month
MEDICAL REIMBURSEMENT	Medical Expenses incurred by the Managing Director on self and family will be reimbursed subject to the maximum of Rs. 15,000/- (Rupees Fifteen Thousand Only) in a year
CONTRIBUTION TO PF, ETC.	Contribution to the Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.
LEAVE TRAVEL CONCESSION	For self and the family once a year in accordance with the rules of the Company.
GRATUITY	Gratuity payable as per the rules of the Company.
LEAVE ENCASHMENT	Encashment of leave at the end of the tenure as per the rules of the Company.

"RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation(s) or variation(s) by the Central Government to the Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary the terms and conditions in order to give effect to such amendment(s) or modification(s) or relaxation(s) or variation(s) without any further reference to the Company in the General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

8. To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **ORDINARY RESOLUTION** :

"RESOLVED THAT the approval be and is hereby granted for the payment of the remuneration to Mr. Alok Tandon in accordance with the provisions of Schedule XIII as in force, as recommended by the Remuneration Committees with effect from 1st April, 2013 as set out below-

SALARY	Rs. 1,00,000/- (Rupees One Lacs Only) per month
MEDICAL REIMBURSEMENT	Medical Expenses incurred by the Managing Director on self and family will be reimbursed subject to the maximum of Rs. 15,000/- (Rupees Fifteen Thousand Only) in a year
CONTRIBUTION TO PF, ETC.	Contribution to the Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.
LEAVE TRAVEL CONCESSION	For self and the family once a year in accordance with the rules of the Company.
GRATUITY	Gratuity payable as per the rules of the Company.
LEAVE ENCASHMENT	Encashment of leave at the end of the tenure as per the rules of the Company.

“RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation(s) or variation(s) by the Central Government to the Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary the terms and conditions in order to give effect to such amendment(s) or modification(s) or relaxation(s) or variation(s) without any further reference to the Company in the General Meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.”

By Order of the Board of Directors
For Shyam Telecom Limited
Sd/-
DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

Place : New Delhi
Dated: 13th August, 2013

REGISTERED OFFICE:
MTS TOWER, 3, AMRAPALI CIRCLE,
VAISHALI NAGAR, JAIPUR-302021, RAJASTHAN (INDIA)

NOTES: -

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

An instrument appointing a proxy should be duly completed, stamped & signed, and must be sent so as to reach the Company's Registered Office not less than 48 hours before the time scheduled for the commencement of the Meeting.

2. Please bring the Admission Slip duly filled-in and hand over the same at the entrance of the Meeting Hall.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September, 2013 (Friday) to 23rd September, 2013 (Monday). (Both days inclusive).
4. Members desirous of getting any information from the Company are requested to send their queries to the Company at its Registered Office well in advance so that the same may reach at least 7 days before the date of the Meeting to enable the management to keep the required information, readily available at the Meeting.
5. As a measure of economy, members are requested to bring their copy of the Annual Report to the meeting.
6. Members are requested to immediately intimate the change of their address, if any, along with pin-code numbers with the Registered Office of the Company quoting their Folio Numbers and members holding shares in electronic form may inform the same to their Depository Participants.
7. Information u/s 205A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules 1978, as amended is given below:
 - Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31.03.1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Rajasthan, 132 Vijay Nagar Part II, Kortarpura Railway Crossing, Jaipur (RAJ) by submitting an application in the prescribed Form.
 - Consequent upon the amendment of Section 205A, of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years i.e. from financial year ended 31.03.96 and onwards, remaining un-paid or unclaimed for a period seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund.
 - (IEPF) set up by the Government of India and no payments shall be made in respect of any such claims.
 - The unclaimed/unpaid dividend for the year ended 31.03.2001 has been transferred to the Investor Education and Protection Fund.
8. Brief resume and other requisite information of Mr. Rajiv Mehrotra, Mr. Alok Tandon & Mr. Arun Khanna, are given in the Report of Corporate Governance, as required under Clause 49 of the Listing Agreement, in a separate section. Further, all the three Directors have filed Form No. 'DD-A' with the Company as required by the Companies (Disqualification of Directors under Section 274(1g) of the Companies Act, 1956) Rules, 2003 and have confirmed that they are not disqualified for appointment as Directors of the Company.
9. The Shares of the Company are at present listed on following Stock Exchanges viz. Bombay Stock Exchange and National Stock Exchange. Listing Fees to all the Stock Exchanges had been paid up to 31st March 2014.
10. Explanatory Statements pertaining to Special Business, i.e. Item No. 06, 07 & 8 are annexed herewith.

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956)

Item No. 6

Mr. Rajiv Mehrotra whose term of Managing Directorship has expired on 31st March, 2013. Since the Company has made a phenomenal progress under his able leadership and guidance it is recommended that he shall be reappointed for another term of 5 years with effect from 1st April, 2013. The board of director appointed him in its meeting held on 25th May, 2013. None of other Director's are interested in this resolution except Mr. Rajiv Mehrotra who is being appointed in this resolution.

Item No. 7 & 8

Mr. Ajay Khanna and Mr. Alok Tandon were appointed as the Managing Director of the Company with effect from 1st May, 2009 to 30th April, 2014 as the Managing Director for 5 years. Due to pendency of funds and to conserve the financial resources for the company Mr. Ajay Khanna and Mr. Alok Tandon were not withdrawing any salary till 31st March, 2013 but now it has been decided to offer them a token salary, hence it is hereby recommended (as recommended by the Remuneration Committee) to fix the remuneration of both the Managing Directors. Mr. Arun Khanna who is brother of Mr. Ajay Khanna, Mr. Alok Tandon and Mr. Ajay Khanna Director's are deemed interested in this resolution. None other Director's are interested in this resolution.

By ORDER of the Board of Directors
For Shyam Telecom Limited
Sd/-
DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

Place: New Delhi.
Dated: 13th August, 2013

REGISTERED OFFICE:
MTS TOWER, 3, AMRAPALI CIRCLE, VAISHALI NAGAR,
JAIPUR-302021, RAJASTHAN (INDIA)

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by companies and has issued circulars allowing companies to send any notice/document (including Annual Report) to its members via e-mail. To support Green Initiative of the Government in letter and spirit, the Company has taken an Initiative to collect e-mail addresses of all its members.

Members holding shares in physical form are requested to fill the appropriate column in the ‘Member’s Response Form’ and register their e-mail addresses with the company.

(Please Tear from here)

SHYAM TELECOM LTD. Member’s Response Form 2012-2013

Name : _____

e-mail id : _____

Address : _____

Folio No : _____ No of equity shares held : _____

I hereby authorise the Company to send all correspondence to me (statutory or otherwise) including the Annual Report (comprising of Balance Sheet, Profit & Loss Account, Auditors’ Report, Director’s Report, Notices of General Meetings and Explanatory Statement etc.) through e-mail, as per the e-mail address mentioned above, till such further notice from me.

Signature of Member

Notes:

- 1) Members holding shares in dematerialised form may kindly update their e-mail addresses with their respective Depository Participants (DP’s)
- 2) These forms shall be sent to the Company Secretary, Shyam Telecom Ltd. Registered Office: MTS Tower, 3, Amarpali Circle, Vaishali Nagar, Jaipur-302021, Rajasthan, India



SHYAM TELECOM LIMITED

Registered Office: MTS Tower, 3, Amrapali Circle, Vaishali Nagar,
Jaipur-302021, Rajasthan, India

ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the meeting hall)

Name & Address	Folio No.	DP ID #	Client ID #	No. of Shares Held

Applicable for members holding shares in dematerialized form.

I / We hereby record my / our presence at the 20TH ANNUAL GENERAL MEETING of SHYAM TELECOM LIMITED to be held at 11.00 A.M. on Monday, 23rd September 2013, at Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme, Bais Godam Circle, Jaipur-302001, Rajasthan, India.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, please sign here	If Proxy, please sign here

Note: Members are requested to bring their copies of the ANNUAL REPORT and AGM Notice at the Meeting as the same will not be circulated at the Meeting.



SHYAM TELECOM LIMITED

Registered Office: MTS Tower, 3, Amrapali Circle, Vaishali Nagar,
Jaipur-302021, Rajasthan, India

PROXY FORM

Folio No DP ID* Client ID*
Shares Held

I/We, of being a Member / Members of
SHYAM TELECOM LIMITED, hereby appoint of
or failing him/her of or failing
him/her of
as my /our Proxy to attend and vote for me / us on my / our behalf at the 20TH ANNUAL GENERAL MEETING
of SHYAM TELECOM LIMITED to be held at 11.00 A.M. on Monday, 23rd September 2013, at Fortune Select
Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme, Bais Godam Circle, Jaipur-302001, Rajasthan, India or at
any adjournment thereof.

Signed this day of 2013.

Affix
Revenue
Stamp

*Applicable for holding in electronic form

Note: The Proxy form duly completed must be deposited at the Registered Office of the Company, not less than FORTY EIGHT HOURS before the time of holding the meeting. The Proxy need not be a Member of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rajiv Mehrotra	Chairman & Managing Director
Mr. Ajay Khanna	Managing Director
Mr. Alok Tandon	Managing Director
Mr. Achintya Karati	Director
Mr. Vinod Juneja	Director
Mr. P. K. Bhatia	Director
Mr. C. S. Malhotra	Director
Mr. Arun Khanna	Director
Mr. N. Kumbhat	Director

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Mr. Dharmender Dhingra

AUDITORS

M/s Mehra Goel & Co.
Chartered Accountants,
505, Chiranjiv Towers,
43, Nehru Place,
New Delhi-110019, India.

BANKERS

United Bank of India
Bank of Baroda

REGISTRAR AND TRANSFER AGENTS

Indus Portfolio Pvt. Ltd.
G-65, Bali Nagar
New Delhi-110015, India
E-mail: rnt@indusinvest.com
Ph.: 91-11-47671200, 47671214
Fax: 91-11-25449863
Web: www.indusinvest.com

DEPOSITORY

□ National Securities Depository Ltd.

4th Floor, "A" wing, Trade World,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel,
Mumbai-400013, India
Ph.: 91-22-24994200
Fax: 91-22-24976351
Web: www.nsdl.co.in

□ Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street,
Mumbai-400 001, India
Ph.: 91-22-22723333-3224
Fax: 91-22-22723199/22722072
Web: www.cdslindia.com

EQUITY SHARES LISTING

Equity Shares of the Company are listed at BSE & NSE.

REGISTERED OFFICE

MTS Tower, 3, Amrapali Circle,
Vaishali Nagar, Jaipur 302021
Rajasthan, India
Ph.: 91-141-5100343
Fax: 91-141-5100310

CORPORATE OFFICE

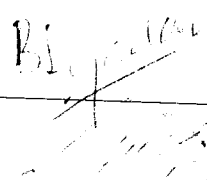
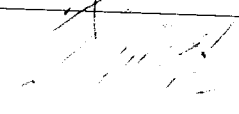
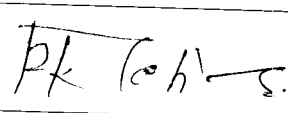
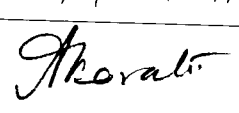
A-60, Naraina Industrial Area,
Phase-I
New Delhi-110028, India
Ph.: 91-11-41411071/72/73
Fax: 91-11-25792194

www.shyamtelecom.com

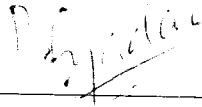
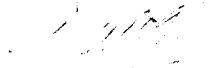
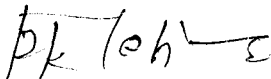
REGD.OFFICE:

MTS Towers,
3, Amrapali Circle
Vaishali Nagar, Jaipur -302021
Rajasthan, India

FORM A

1.	Name Of The Company	Shyam Telecom Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit Observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	Signature	
	CEO/ Managing Director	
	CFO	
	Auditor	
	Audit Committee Chairman	

FORM B

1.	Name Of The Company	Shyam Telecom Limited
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit qualification	Un-Qualified
4.	Frequency of qualification	Not Applicable
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	NIL
6.	Additional comments from the board/committee chair:	NIL
7.	Signature	
	CEO/ Managing Director	
	CFO	
	Auditor	
	Audit Committee Chairman	