

DIRECTORS' REPORT

Dear Members,

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

TELECOM INDUSTRY — AN OVERVIEW

India is the world's second largest telecom market in terms of subscribers. There are more than a dozen players in GSM/CDMA industry entailing a fierce competition thereby causing lowest call rates not only in India but in world.

The telecom industry was bludgeoned by the verdict of Honorable Supreme Court-122 licenses were cancelled. This verdict shook up India fragmented telecom market necessitating consolidation in this industry. It is also estimated that 75 million mobile users across the countries would be affected henceforth. Strategic and structural changes like Spectrum linked to the market prices and being auctioned again which effectually would increase the call rates and post cancellation as ordered by Honorable Supreme Court, the existing operators seem to benefit.

The Indian Telecom Industry is one of the fastest growing industry in the world but the current teledensity is still low in rural areas.

The total telephone subscribers (including wireless and wire line) are 951.34 million at the end of financial year 2012, the overall density in India has reached to 78.66. The urban teledensity is 169.55 and rural teledensity is 39.22. As evident from above its important to note that there is a huge untapped potential in rural India.

The one billion mark also appears to be achievable. The penetration of internet and broadband has also improved with 20.99 million internet subscribers and 13.30 million broadband subscribers across the country. The future progress of telecommunication in our country is very encouraging as operators have started rolling out the wireless broadband networks in the country and soon the services are expected to be available in the entire country.

Broadband connectivity is increasingly being seen as an integral driver of improved socio-economic performance. The Indian Government strongly believes that all citizens of the country should have access to broadband and the transformative opportunities. Broadband services empower masses. They allow individuals to access new career and educational opportunities, they help businesses reach new markets and improve efficiency and they enhance the Government's capacity to deliver critical services like health, banking and commerce to all of its citizens.

Provision of Broadband in rural and remote areas will also help in bridging the "digital divide" and the widespread adoption of

broadband in rural areas will have a multiplier effect over the long-term. It will help improve productivity in rural areas, help overcome the constraints of an inadequate transport infrastructure and overall improve the quality of life in rural areas. Given the significant economic and social benefits, expanding affordable access to broadband has become a high priority for the Government. The development of a robust broadband ecosystem will be the key to meet Government's objectives. It is a known fact that wireless is the quickest and most efficient medium to provide broadband services in the access network. To ensure broadband coverage, the Government has approved a project for creation of a National Optical Fiber Network (NOFN) for providing broadband connectivity to 2.5 lakh Village Panchayats. The 3G and BWA auctions that took place last year are expected to act as catalysts for enabling internet access to even the remotest parts of India. Indian Telecom market is on the cusp of an "Information Revolution".

The changing demographic profile of India has also played an important role in subscriber growth. The changed profile is characterized by a large young population, a burgeoning middle class with growing disposable income, urbanization, increasing literacy levels and higher adaptability to technology. These new features have multiplied the need to be connected always and to own a wireless phone and therefore, in present times mobiles are perceived as a utility rather than a luxury.

EXPORTS

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

Your Company has done some major exports to the New Markets which includes Lebanon, Mozambique, Zanzibar, Costa Rica, Bolivia, Australia, Sri Lanka 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. The product was recently approved by one of the biggest operators in USA i.e. Verizon. We are expecting many orders from the North and South America.

FOREIGN DIRECT INVESTMENT

The consolidated foreign direct investment (FDI) policy of India 2012 has been announced and it has brought many far reaching changes and reforms. FDI in the licensee company/Indian 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 OF TELECOM

The Indian telecom sector has proved to be an international success story. The success has witnessed a commendable growth over the past couple of years within overall subscriber base 951.34 million and teledensity of 78.66. The sector continues to leapfrog from strength to strength with the urban teledensity reaching 169.55. The market has been showing signs of maturity.

The telecom industry is geared up to drive the next round of growth particularly with voice based services. It is envisaged that the 3G and BWA are expected to reinvigorate the maturing urban market and would help in bringing balance growth of the economy.

The phenomenal growth observed in mobile services is yet to be replicated in broadband and other related services where the subscriber base is quiet low. Other area on which majority of players in this industry are concentrating is the rural India where enormous untapped potential exists.

With the advent of new generation technologies & products, operators are looking out aggressively to roll out 3G & broadband wireless access services. The demand for telecom equipments has contemplated increased to cease such surfacing opportunities. Even government is also coming out with such conducive policies to support and give impetus manufacturing industries. With all around efforts from being an import centric industry, it is becoming a global telecom manufacturing hub. The road map of its growth is being travelled by setting up domestic manufacturing facilities by Indian Companies along with Multinational Companies. All the big players-Multinational Companies like Nokia, Alcatel, Motorola, LG Electronics, Samsung etc. have already set up their production facilities in the country and many more are planning to set up.

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 backhauled systems

and signals enhancement accessories that enable mobile operators, real estate developers, neutral host providers and 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 LG, Samsung, ZTE, and HUAWEI. The company is also planning to add a range of new handsets and accessories in the market in the coming years.

Despite of concern and cautious approach prevailing in the telecom industry, post cancellation of licenses, your company has still been trading handsets and accessories with growth levels. There is a freeze of capital expenditure being observed by Telecom Industry as a whole but your company has products which can help operators to enhance their existing networks to achieve optimum efficiency with very low costs. But if the licenses are not restored the business of the company may get severely affected.

The company got FCC certification for its 43dBm Repeater and also launched its IP based software feature which will fasten the application of products and make it more user friendly.

The company is currently working on Ethernet based RF & Optical Repeaters products and will be launching the same in the FY 2012-13.

Your company has been instrumental in translating the requirements of the operators by using the products of the company like RF Repeaters, Optical Das, IP Backhaul, etc. with minimum capital expenditure and maximum network optimization.

FINANCIAL PERFORMANCE

(Rupees in Lacs)

PARTICULARS	Financial Year	Financial Year
	2011-2012	2010-2011
Sales and Services	79975.15	68315.02
Profit before Tax and Exceptional Items	825.55	376.20
Exceptional Items	339.75	-
Profit before Tax	485.80	376.20
Provisions for Income Tax :		
- Current Tax	240.00	90.12
- Deferred Tax	(69.49)	(48.60)
MAT Credit available for set off	-	12.92
Income Tax/ Deferred Tax for earlier year	40.92	(60.14)
Profit After Tax	274.37	381.90

OPERATIONS

During the period under review your company has registered a turnover of Rs. 799.75 crore against Rs. 683.15 crore in the year 2010- 2011. A net profit of Rs. 2.74 Crore has been made during this period as against a profit of Rs. 3.82 crore in the previous year. The year to year increase in the turnover is 17.07 percent. The reduction in the net profit is due to an exceptional expenses of Rs. 3.40 crore (explained in the Other Notes to Accounts) has been charged to the revenue.

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 2012.

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 end support to the customers. The subsidiary has appointed the local manpower so that it can fully understand the customer requirement and can provide the best solutions. Subsidiary also provides the logistic benefits which helps in quick delivery of products at the customer end.

There has been a change in the financial year of the subsidiary as it observed financial year commencing from 1st January to 31st December. Accordingly, accounts enclosed are for the period from 1st Jan 2011 to 31st December 2011.

PUBLIC FIXED DEPOSIT

The company has not accepted 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. Ajay Khanna, Mr. Achintya Karati and Mr. Praveen Kumar Bhatia, Directors of the company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Their brief profile has been stated 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:

- i) 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;
- ii) 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 2011-2012 and of the profit/ loss of the company for the year ended as on that date;

- iii) 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;
- iv) 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.

AUDITORS' REPORT AND CERTIFICATION

The notes to the accounts in Auditors' Report are self explanatory except the following whereby management response to qualification/ observations made in Annexure to the Auditors' Report is stated as under.

Point 9 of Annexure to Auditors Report

The delays are very nominal and were due to delay in assimilation and compilations of data from some branches. However delays were regularised at the earliest.

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 armslength relation with the company and their eligibility under section 224 (1B), 233 B and 226 of the Companies Act, 1956 for the year 2012-13.

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.

The Company shows an exceptional caution in use of paper (as duplex printing is the standard setting for all printers and copiers). No paper is trashed unless it has been used both 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 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 STATEMENT

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.

ACKNOWLEDGEMENT

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 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/-
AJAY KHANNA
Managing Director

Sd/-
ALOK TANDON
Managing Director

PLACE: NEW DELHI

DATE : 9th August, 2012

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) RULES, 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, Conveyer 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 equipments consumes less power than other power supplies.
- Use of automatic power factor correction penal for energy conservation.
- For lightening 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 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 offerings a winning combination of sophisticated technical expertise, innovative designs 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: (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.	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.

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:

The company has added Line Amplifier & Multiple Sub band Repeater in Dual & Tri Bands with IP feature of Software by which all our repeaters have advance features where the operators can remotely monitor and control various parameters from a central location.

The exports has increased due to increasing demand of Repeaters and Accessories in various countries across the globe including USA, Turkey, Portugal, Spain, Russia, Argentina, France, Bulgaria, Indonesia, Nigeria, Ghana and many more, outpacing their competitors like Chinese and European Companies in terms of price, performance and service. During the period under review the product of the company are being used in more than 6 networks worldwide. The company has also got favorable response by participating in exhibitions in North and South America, Europe, South East Asia and the Indian Subcontinent.

2) Total foreign exchange used:

a) Expenditure in Foreign Currency

(Rs. in Lacs)

- Travelling	33.82
- Business Promotion	16.39
- Commission	2.40
- Exhibition Expenses	69.48
- Legal, Professional and consultancy charge	22.86
- Annual Maintenance Contract	1.33
- C.I.F Value of Imports	
- Raw Material	1677.63
- Communication System & Accessories	135.92
- Mobile Handsets & accessories	58269.37

b) Income in Foreign Currency

(Rs. in Lacs)

- F.O.B. Value of Export Goods	1986.12
- F.O.B. Value of Exports Service	3.18

CORPORATE GOVERNANCE REPORT 2011-2012

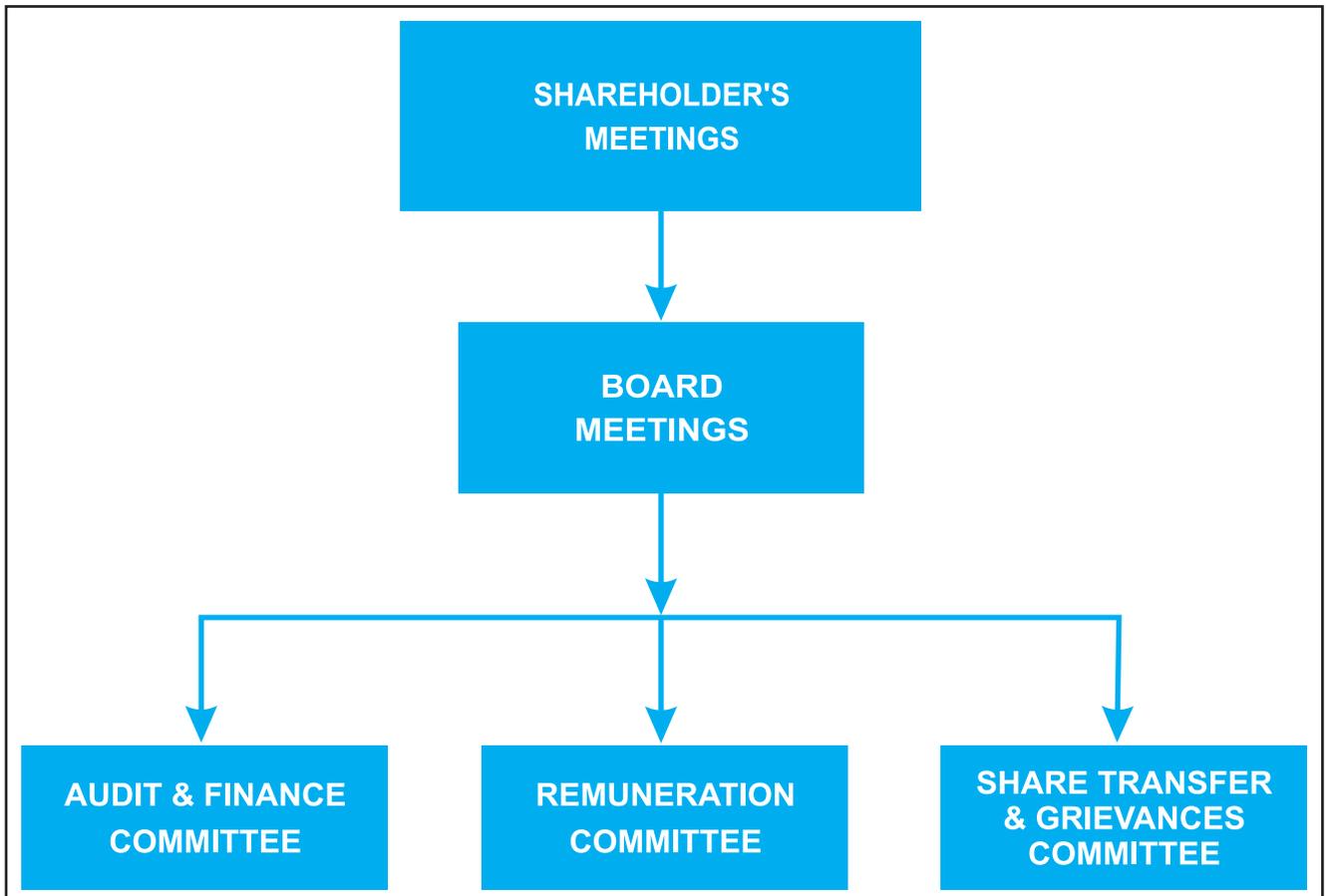
COMPANY'S PHILOSOPHY

Corporate governance refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term. Stakeholders in this case would include everyone ranging from the Board of Directors, Management, and Shareholders to Customers, Employees and Society. The Management of the company hence assumes the role of a trustee for all the others.

Corporate governance is based on integrity, fairness, transparency, making disclosures, complying with various regulatory laws, accountability, responsibility towards the stakeholders by conducting business in an ethical manner.

The company's corporate governance practice includes:

- Ethical approach - culture, society; organizational paradigm
- Balanced objectives - congruence of goals of all interested parties
- Each party plays his part - roles of key players: owners/directors/staff
- A decision-making process is in place which is based on a model reflecting the above giving due weight to all stakeholders
- Stakeholders are treated with equal concern - albeit some have greater weight than others
- Accountability and transparency: to all stakeholders



I. BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD OF DIRECTORS

In compliance with clause 49 (1) (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.
- None of the Directors is a member of more than ten committees or act as a Chairman of more than five committees across all the companies in which he is a Director.
- Mr. Ajay Khanna & Mr. Arun Khanna are related to each other as brothers.
- Shareholding of Directors for the period ending as on 31st March, 2012 is as follows:

Name of the Director	No. of Shares held as on 31 st March, 2012
Rajiv Mehrotra	52605
Ajay Khanna	4518
Alok Tandon	17570
Achintya Karati	NIL
Vinod Juneja	402
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 2011-2012, 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, 2011
 2. 1st August, 2011
 3. 10th November, 2011
 4. 8th February, 2012

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

Name of the Director	Number of Board Meetings Attended	Presence at the 18 th AGM on 5 th , September, 2011 at Jaipur, Rajasthan
Rajiv Mehrotra	2	No
Ajay Khanna	4	Yes
Alok Tondon	3	Yes
Achintya Karati	4	Yes
Vinod Juneja	3	No
Praveen Kumar Bhatia	2	Yes
C.S Malhotra	4	Yes
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, 2012. (Refer Other Notes to Accounts No. 31).

BOARD PROCESS

It has been endeavour of the management that all the important decisions pertaining to business are taken through the Board Meetings with the approval of the Members of the Board.

Approvals are drawn for quarterly results, all financial matters including purchases and other state of Art facilities, capital expenditure proposals, collaborations, practically all application of funds and income are completely monitored by the Board of Directors.

(D) CODE OF CONDUCT

All the Board Members and Senior Management Executives of the company have confirmed compliance with the Code of Conduct for period ended 31st, March, 2012. The CEO of the company affirms the compliance of the Code of Conduct of the Company.

A revised model of Code of Conduct has been approved and adopted by the Board on 14th May, 2012 to maintain the highest standards of Corporate Governance. The Board Members and the Senior Management Executives must register and comply with the same.

SEBI(Prohibition of Insider Trading) Amendment Regulations 2011 have also been confirmed by all with due compliance of the Code of Conduct for Prevention of Insider Trading, the CEO of the Company has also affirmed the compliance of the Board Members and Senior Management Executives.

COMMITTEES OF THE BOARD

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

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 2011-2012, the Committee met four times on the following dates:

1. 14th May, 2011
2. 1st August, 2011
3. 10th November, 2011
4. 8th February, 2012.

ATTENDANCE OF EACH MEMBER AT THE AUDIT & FINANCE COMMITTEE MEETING HELD DURING THE YEAR 2011-2012

Name of the Member	Number of Meetings Attended
Achintya Karati	4
Vinod Juneja	3
Praveen Kumar Bhatia	2
C.S. Malhotra	4
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 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 of 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 practices.
7. Reviewing with the management effectiveness of the company's 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 2011-2012, the Committee met 19 times.

(II) BRIEF DESCRIPTION OF TERMS OF REFERENCE

The committee looks after the following matters:

- Redressal of shareholder's 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 2011-2012

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	01	01	Nil
Number of requests for Transfer	10	10	Nil
Issue of Duplicate Share Certificates	Nil	Nil	Nil
Non-receipt of Dividend Warrants	01	01	Nil
Revalidation of Dividend Warrants	Nil	Nil	Nil
Non-receipt of Annual Report	01	01	Nil
Total	13	13	Nil

- The Company addresses all complaints, suggestions and grievances expeditiously and replies are 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 Work and as on 31st March, 2012, 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	Member
Praveen Kumar Bhatia	Independent Director	Member
C.S. Malhotra	Independent Director	Member

(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. 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 on material significant related party transaction i.e. transactions of the Company of material nature with its Promoters, Directors or the Management, their subsidiaries or relative that may have potential conflicts with the interest of the company at large:

Disclosure on related party transaction is made in Other Notes to the Accounts No. 31 to the Balance Sheet.

- (B) 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.

- (C) 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.

- (D) 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.

- (E) **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 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.

- (F) **MANAGEMENT DISCUSSION AND ANALYSIS**

A report on Management Discussion and Analysis is enclosed herewith separately.

- (G) **GENERAL SHAREHOLDERS INFORMATION**

(A) ANNUAL GENERAL MEETING

AGM	Year	Day & Date	Time	Venue
19 th AGM	2012	Friday 28.9.2012	11.30 A.M.	Fortune Select Metropolitan Near Nehru Sahkar Bhawan, C-Scheme, Bais Godam Circle, Jaipur-302001 (Rajasthan)

(B) DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

AGM	Year	Day & Date	Time	Venue
16 th Annual General Meeting	2009	Friday, 25 th September, 2009	10.00 A.M.	Hotel Pink Pearl, 10 th Mile, Mahapura, Ajmer Road, Jaipur-302026
17 th Annual General Meeting	2010	Tuesday, 27 th September, 2010	10.00 A.M.	Hotel The Fern, Plot No. 3, Airport Plaza Tonk Road, Durgapura, Jaipur-302018
18 th Annual General Meeting	2011	Monday, 5 th September, 2011	12.00 Noon	Hotel Marriot, Near Jawahar Circle, Ashram Marg, Tonk Road, Jaipur-302015 (Rajasthan)

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

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

(D) POSTAL BALLOT

There has been no resolution passed through Postal Ballot during the year 1st April 2011 to 31st March 2012.

(E) FINANCIAL CALENDER

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

Particulars	Due Date
First Quarter Results	1 st August, 2011
Second Quarter Results	10 th November, 2011
Third Quarter Results	8 th February, 2012
Fourth Quarter Results	14 th May, 2012
Audited Annual Results	9 th August, 2012
Consolidated Audited Annual Results	9 th August, 2012

MEANS OF COMMUNICATION

(A) QUARTERLY RESULTS

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

(B) WEB-SITE/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 26th, September, 2012 (Wednesday) to 28th, September, 2012 (Friday) (both days inclusive).

(G) DIVIDEND PAYMENT DATE

The company has not declared any dividend for the financial year ending 31st March, 2012.

(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 upto the year 2012-2013.

(I) STOCK CODE

BSE 517411

NSE SHYAMTEL

ISIN INE635A01023

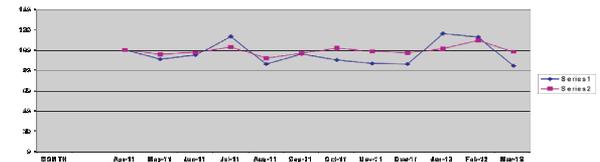
(J) MARKET PRICE DATA

High-Low during each month during the financial year 2011-2012.

Month	BSE (In Rs.)		NSE (In Rs.)	
	High	Low	High	Low
April, 2011	53.60	43.50	54.15	43.50
May, 2011	48.60	39.60	48.45	41.20
June, 2011	44.95	38.65	43.35	39.00
July, 2011	54.50	39.70	54.85	40.50
August, 2011	45.80	35.25	46.95	34.00
September, 2011	42.45	35.10	42.00	34.80
October, 2011	37.65	32.15	35.80	32.05
November, 2011	37.00	23.45	36.00	25.20
December, 2011	29.00	23.00	28.45	22.75
January, 2012	36.00	24.00	33.40	23.15
February, 2012	37.45	29.80	37.95	29.75
March, 2012	33.75	22.95	33.65	25.20

The performance of the company's equity shares relative to the BSE Sensitive Index (Sensex) is given in the chart below:

(K) REGISTRAR AND TRANSFER AGENTS



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@indusinvest.com; bharat.b@indusinvest.com

Web: www.indusinvest.com

(L) SHARE TRANSFER SYSTEM

Physical share transfers 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, 2012 is as follows:

Number of shares	No. of shareholders	% of Total shareholders	No. of Shares held	% of Total Equity
Upto 100	11519	73.75	487920	4.33
101-500	3232	20.69	789314	7.00
501-1000	454	2.91	360928	3.20
1001-5000	331	2.12	707584	6.28
5001-10000	38	0.24	279185	2.48
10001-20000	23	0.15	316753	2.81
20001-30000	5	0.03	109069	0.97
30001-40000	0	0.00	0	0.00
40001-50000	5	0.03	233043	2.07
50001-100000	1	0.01	52570	0.47
100001-500000	3	0.02	782901	6.95
500001 and above	7	0.04	7150733	63.44
Total	15618	100.00	11270000	100.00

(N) CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2012

Shareholder's Category	Percentage of Holding
Promoters', Relatives and Associates	66.28
Bodies Corporate (Domestic)	4.50
Banks & Financial Institutions	0.00
Mutual Funds	0.01
Foreign Institutional Investors	4.19
Non-Resident Indians & Overseas Corporate Bodies	1.17
Resident Individuals	23.08
Any Other (Clearing Houses, Clearing Members, Trust, Unclaimed)	0.77
Total	100.00

(O) SHAREHOLDING WITH MORE THAN ONE PERCENT HOLDING AS ON 31ST MARCH, 2012

Shareholder's Category	Shares	Percentage
Intell InvoFin India Private Limited	1697807	15.06
Mehrotra InvoFin India Private Limited	1560877	13.85
Cellcap InvoFin India Private Limited	818081	7.26
A T InvoFin Private limited	809890	7.19
Teletec Finsec India Private Limited	803913	7.13
Cellphone Credit & Securities India Private Limited	760165	6.75
Shyam Antenna Electronics Limited	700000	6.21
Cresta Fund Limited	472578	4.19
Rakesh Kanwar	185500	1.65
Uptron Securities Private Limited.	124823	1.11

(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 2012, 1,12,38,331 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/ WARRANTS/ ANY CONVERTIBLE INSTRUMENTS WHICH HAVE LIKELY IMPACT ON EQUITY

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

(R) PLANT LOCATION

246, Phase-IV, Udyog Vihar,
Gurgaon-122015, Haryana, INDIA
Telephone No.: +91 124 4311 600-609
Fax No. : +91 124 2341 475

(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

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

■ AJAY KHANNA

Date of Birth 25th December, 1956
Date of Appointment 3rd July, 1992
Qualification B.Com, Diploma on Leather Technology
Mr. Ajay Khanna, was inducted on the Board of Shyam in the year 1992 and holds the position as Managing Director in the company.

He has been principally involved in setting up Distributors/ Channel Network for Cable TV and Cellular business and also co-ordination and high level liaison with all Local Authority/ Statutory Regulatory bodies to ensure smooth function of various group companies. He has promoted various business of Shyam Group viz; Hexacom, Tealink & Essel Shyam. He successfully did an IPO of Shyam Telecom in 1994 which got an overwhelming response and over subscribed many times.

He is heading the Commercial, financial and Credit Monitoring Operations of the group. He was instrumental in creating consortiums and closing the financing for the Cellular, CDMA and V-SAT business of the Group.

He is also responsible for exploring new expansion opportunities in the Telecom sector, raising resources for their successful financial closure besides financial planning.

OTHER DIRECTORSHIPS

S. No.	Name of the Company	Position
1.	Sistema Shyam Teleservices Ltd.	Director
2.	Shyam Antenna Electronics Ltd.	Director
3.	RMS Automation System Ltd.	Director
4.	Cellcap Securities Ltd.	Director

(Mr. Ajay Khanna is also Director in 8 other Private Companies but for the purpose of consistency the name of the Private Companies has not been mentioned.)

COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES:

Name of the Company	Committee	Position
Sistema Shyam Teleservices Ltd.	Audit Committee	Member
Shyam Antenna Electronics Ltd.	Audit Committee	Member

■ MR. ACHINTYA KARATI

Date of Birth 23rd March, 1946
Date of Appointment 27th September, 2004
Qualification Bachelor in Law, Bachelor in Commerce.

At present Mr. A. Karati is attached to Ratnakar Bank since June 2012 in its Government Relationship Management Team at Delhi. This group is dedicated to Central & State Public Sector Undertakings & Govt. Departments (Both State and Central).

After retirement from ICICI Bank in April 2004, Mr. Karati serves as Senior Advisor of ICICI Securities Limited, ICICI Bank Ltd. and ICICI Prudential Life Insurance Company Limited and also at NCDEX, a Commodity Exchange promoted by ICICI, NABARD, NSC, CRISIL and IFFCO as Head Govt. & Institutional. Before ICICI, Mr. Karati was Company Secretary in a Private Sector Group of Companies at Kolkata and was looking after their Secretarial Legal, Commercial & Corporate. In all he has vast experience in the financial and legal fields spanning for 33 years.

He served in ICICI Limited as Deputy Zonal Manager (North) and Head of Major Client Group (North) including large PSUs like NTPC, NHPC, PGCIL, BHEL etc. and large corporates including Hero Honda, Escorts, Honda Motors etc. Mr. Karati served at ICICI Prudential Life Insurance Company Limited. He served as Senior General Manager of ICICI Bank Ltd. from 2003 to 2004 and served at Government Banking Group and the Rural, Micro-banking & Agri-business

Group in the Wholesale Banking Group. Mr. Karati joined ICICI Limited in 1978 in the legal department. He served in diverse areas of commercial, legal and secretarial matters. Lastly, he was in Yes Bank as Senior Country Advisor from June, 2010, before association with Ratnakar Bank. He was associated with ICICI prudential for Fund Management by ICICI prudential as approved by IRDA in respect of gratuity and Super Annuation Fund of PSU and other large corporates.

OTHER DIRECTORSHIPS

S. No.	Name of the Company	Position
1.	Uflex Ltd.	Nominee Director
2.	Sangam (India) Ltd.	Director
3.	J.K. cements Ltd.	Director
4.	Delton Cables Ltd.	Director
5.	Jay Bharat Maruti Ltd.	Director
6.	Tech Process solutions limited	Director

COMMITTEE MEMBERSHIP IN OTHER COMPANIES:

S.NO	Name of the Company	Committee	Position
1.	J.K. Cements Ltd.	Audit Committee	Member
2.	Uflex Ltd.	Audit Committee	Member
3.	Sangam India Ltd.	Audit Committee	Member
4.	Sangam India Ltd.	Corporate Grievance Committee	Member
5.	Sangam India Ltd.	Remuneration Committee	Member
6.	J.K.Cements Ltd.	Remuneration Committee	Member
7.	Uflex Ltd.	Remuneration Committee	Member
8.	Jay Bharat Maruti Ltd.	Audit Committee	Member
9.	Tech Process solutions Ltd	Audit Committee	Member

■ PRAVEEN KUMAR BHATIA

Date of Birth	10 th November, 1954
Date of Appointment	23 rd October, 2008
Qualification	B.A.(Hons.)Economics, FCA

Mr. P.K.Bhatia is a senior partner of M/s Kumra Bhatia & Co., a leading firm of Chartered Accountants and has been engaged in practice since past 31 years. He has been associated with various Banks (State Bank of India, Punjab National bank, Canara Bank etc), Public Sector Undertakings (Vayudoot Ltd, U.P. State Bridge Corporation, Jammu & Kashmir H.P. Marketing and Processing Corporation Ltd.).

He has handled Special Assignment like Concurrent Audit of State Bank of India, CAG Branch of any Bank in the country, conducted management and systems audit and compiled Internal Control Management for Super Bazar and is also on the penal of Special Auditors maintained by the Income- Tax Department.

OTHER DIRECTORSHIPS

Name of the Company	Position
Trident Finvest Ltd.	Director

He is also a Director in other Private Company.

(V) CEO & CFO CERTIFICATION

CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) ON THE FINANCIAL STATEMENTS 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, honestly and ethically.

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

- (a) We have reviewed financial statements 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 omit any material 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 we were aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes 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 SYADAV
(Acting CEO)

Sd/-
GURSHARAN SINGH
(CFO)

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 on 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the 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 : 6th August, 2012

GEETIKA MEHRA
(PARTNER)
M. No. 510525

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND OPPORTUNITIES

The telecom industry has shown gigantic results in terms of mobile penetration and giving incredible teledensity to the people of India. There is a common level playing field for almost dozen operators having a fierce competition amongst themselves giving lowest call rates to the users of mobile.

The verdict of Honorable Supreme Court cancelling 122 licences shook up the entire industry and affecting 75 million mobile users across the country. Bid for these cancelled licenses are slated to happen in couple of months and the future of the industry will unfold post award of the licences.

The total telephone subscribers including wireless and wire line are 951.34 million at the end of financial year 2012 and overall density in India has reached to 78.66. The urban teledensity is 169.55 and rural teledensity is 39.22. As evident from above, it's pertinent to register that there is a huge untapped potential in rural India.

FUTURE OUTLOOK

The Indian telecom sector has proved to be an international success story as it has a subscriber base of 951.34 million and tele-density of 78.66 and the sector continues to leapfrog from strength to strength. The market has been showing signs of maturity. The industry is geared to drive the next round of growth particularly with voice based services. It is envisaged that 3G & BWA are expected to reinvigorate the maturing urban market and would help in cultivating balanced growth as observed in the mobile services is yet to be replicated in the Broadband related services.

The innovation of new generation technologies & products, the operators are looking out aggressively to roll out 3G and broadband wireless access services. The demand for telecom equipment has contemplatedly increased to cater to such requirements of the industry from being an import centric industry, it is becoming a global telecom manufacturing hub. A lot of domestic manufacturing facilities with MNCs have been set up. In the times to come, its manufacturing segment shall show exponential growth.

COMPANY'S OVERVIEW

Despite of concern and cautious approach prevailing in the telecom industry, post cancellation of licenses, your company has still been trading handsets, data cards and accessories with growth levels and the manufacturing activities of the company has also shown a surge despite the fact that there is a freeze of capital expenditure within the industry. The operators with the help of the products of the company are striving to optimize their existing networks to optimize their existing networks to achieve the optimum efficiency with least expenditure. It must also be registered as your company is trading in mobile handsets, data cards and accessories with operators whose licenses have been cancelled by the verdict of Honorable Supreme Court and in case they are not restored, the business of the company may get severely impaired.

OPPORTUNITIES AND THREATS

The success of the telecom sector is incredible and the exposure of mobile telephony has been quiet exponential. The SWOT

Analysis of the industry has been given underneath to evaluate risks and concerns of the industry.

STRENGTHS

Indian telecom market is fastest growing market which is reinvigorated by the conducive reforms. Government of India is also supporting the industry and want every village in rural be connected to this telephony infrastructure.

Government of India also formulates policies in the tune with the growth requirements like MNP, Next Generation Networks, 3G, BWA and IPV6, etc.

The Government of India has also supported the industry with liberal FDI policy. It also supported the sharing of the infrastructure through a policy leading to optimum utilization of resources.

WEAKNESSES

India is an import centric country as it does not have indigenous telecom manufacture and Research & Development resources. It is also a proven fact that mobile telephony exposure in rural India is still moderate. The penetration in Broadband is still low. The profitability of Telecom PSUs is very low. Non availability of adequate spectrum and power supply are two other deterrents. Basic Infrastructure is still missing in rural India.

OPPORTUNITIES

1. The new comprehensive Telecom Policy.
2. Accelerating the growth of teledensity in the country.
3. Creation of telecom infrastructure in rural and remote areas by utilization of the USO Fund.
4. Laying of Optical Fibre Cable (OFC) to uncovered areas and effective utilization of the existing resources to provide backhaul connectivity.
5. Huge Broadband potential in the country.
6. R&D, product development and indigenous telecom manufacturing.

THREATS

1. Non availability of adequate spectrum for telecom services
2. Dependency for telecom equipments on foreign suppliers.
3. Cyber threats
4. Fast technological Obsolescence.
5. Uncertainty and cautious approach of operators
6. Unclear status of licenses.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has proper internal control system commensurating 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.

AUDITORS' REPORT

TO THE MEMBERS OF SHYAM TELECOM LIMITED

1. We have audited the attached Balance Sheet of **SHYAM TELECOM LIMITED** as at 31st March, 2012, and also the Statement of Profit and Loss and the cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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 dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) In our opinion, and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - ii. in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - iii. in the case of the 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: 9th August, 2012

R.K.MEHRA
PARTNER
M.No. 6102

ANNEXURE

(Referred to in paragraph 3 of our report of even date)

- 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) In our opinion, the Management at reasonable intervals has physically verified the inventories of the Company in its possession. Stocks in the possession and custody of the third parties have been verified by the Management with regard to confirmation or statement of account or correspondence of the third parties or subsequent receipt of goods. The procedures of physical verification of inventory of the Company followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business. The company is maintaining proper records of inventory.
- 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.4218.72 lacs and year end balance Rs. 3232.20 lacs including interest accrued thereon. The principal and interest amount is repayable on demand.

- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of Audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems.
- v) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered into the register maintained under Section 301 of the Companies Act, 1956.

According to the information and explanations given to us the transaction made in pursuance of such contracts or arrangements exceeding value of Rs. Five Lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- vi) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposits covered under Section 58 A and 58 AA or any other relevant provisions of the Companies Act, 1956.
- vii) To the best of our knowledge and as per the information and explanations given to us, the Company has a reasonable internal audit system commensurate with its size and nature of its business.
- viii) On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government under section 209(I)(d) of the Companies Act, 1956, have been maintained in respect of a division to which it is applicable. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.
- ix) To the best of our knowledge and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Investor Education and Protection fund, Employee State Insurance, Provident Fund, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues, where applicable with the appropriate authorities *However some delays have been noticed in depositing Tax Deducted at Source and Service Tax.*

According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31-03-2012 for a period of more than six months from the date they became payable.

The disputed statutory dues Rs.75 Lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:-

Name of the Statute	Nature of dues	Period to which the amount pertains	Amount (Rs in Lacs)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	Assessment Year 2007-2008	75.00	ITAT ,Delhi

- x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and also in the immediate preceding financial year.
- xi) On an examination of the records of the company and information and explanation given to us, the company has not defaulted in the repayment of dues to any financial institutions or banks or debenture holders.
- xii) On the basis of verification of accounts and records maintained by the Company and to the best of our knowledge & belief, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, and to the best of our information and according to the explanation by the management, we are of the opinion that the company is neither a chit fund nor a nidhi/mutual benefit society.
- xiv) To the best of our knowledge and according to information given to us, the Company is not dealing or trading in shares, debentures and other securities, the company has invested in marketable securities and mutual funds. According to the information and explanations given to us, a proper records have been maintained of the transactions and contracts, and timely entries have been made therein. The Investment in marketable securities and mutual funds have been held by the company in its own name.
- xv) To the best of our knowledge and according to the information and explanation given to us, the Company has not given guarantee for loans taken by others from Banks/ Financial Institutions.
- xvi) To the best of our knowledge and according to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- xvii) According to the Cash Flow Statement and other records examined by us and information and explanations given to 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) According to the information & explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information & explanations given to us the Company has not issued any debentures during the year.
- xx) According to the information & explanations given to us, the Company has not raised any money by Public Issue during the year.
- xxi) Based upon the audit procedure performed and information and explanation 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: 9th August, 2012

R.K.MEHRA
 PARTNER
 M.No. 6102

BALANCE SHEET AS AT 31st MARCH, 2012

	NOTE	AS AT 31-Mar-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (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	4,098.35	3,823.98
2) NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	4	2.62	1.37
b) Deferred Tax Liability (Net)	5	259.74	329.23
c) Long -Term Provisions	6	86.98	97.97
3) CURRENT LIABILITIES			
a) Short-Term Borrowings	7	3,468.35	3,507.53
b) Trade Payables	8	17,290.21	13,691.30
c) Other Current Liabilities	9	6,703.67	7,499.64
d) Short-Term Provisions	10	54.46	74.61
TOTAL		33,091.38	30,152.63
II) ASSETS			
1) NON-CURRENT ASSETS			
a) FIXED ASSETS			
i) Tangible Assets		2,326.79	2,669.97
ii) Intangible Assets		7.12	18.43
		2,333.91	2,688.40
b) Non-Current Investment	12	79.82	79.82
c) Long-Term Loans and Advances	13	2,168.92	1,969.18
d) Other Non-Current Assets	14	455.41	679.44
2) CURRENT ASSETS			
a) Inventories	15	9,472.58	11,925.31
b) Trade Receivables	16	8,243.31	7,944.20
c) Cash & Bank Balances	17	2,754.25	3,350.55
d) Short-Term Loans and Advances	18	7,583.18	1,515.73
TOTAL		33,091.38	30,152.63
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

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 9th August, 2012

GURSHARAN SINGH
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	NOTE	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)	YEAR ENDED 31-Mar-2011 (Rs. In Lacs)
REVENUE FROM OPERATIONS			
Sale of Goods		80,017.40	67,499.48
Sale of Services		462.20	577.24
Other Operating Income	19	117.51	488.65
		80,597.11	68,565.37
Less : Excise Duty & Service Tax		781.41	462.46
Net		79,815.70	68,102.91
Other Income	20	159.45	212.11
		79,975.15	68,315.02
EXPENSES			
Cost of Raw Materials Consumed	21	5,013.77	3,604.04
Purchases of Traded Goods	22	64,414.29	64,232.25
Change in Inventory of Finished Goods, Work-in-Progress, Stock-in-Trade	23	4,101.18	(5,950.62)
Employee Benefits Expense	24	1,390.10	1,407.36
Finance Costs	25	306.63	293.96
Depreciation and Amortization Expense	11	237.35	342.48
Other Expenses	26	3,686.28	4,009.35
		79,149.60	67,938.82
PROFIT BEFORE EXCEPTIONAL ITEMS & TAX		825.55	376.20
Exceptional Items (Refer Note 30)		339.75	-
PROFIT BEFORE TAX		485.80	376.20
Tax Expense:			
- Current Tax		240.00	90.12
- MAT Credit available for set-off		- 240.00	12.92
- Deferred Tax		(69.49)	(48.60)
Income Tax/ Deferred Tax For Earlier Year		40.92	(60.14)
PROFIT FOR THE YEAR		274.37	381.90
No. of Equity Shares (No.)		11,270,000	11,270,000
Profit After Tax		274.37	381.90
Basic and Diluted Earning Per Share Before exceptional Items (Rs)		5.45	3.39
Basic and Diluted Earning Per Share After exceptional Items (Rs)		2.43	3.39
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

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 9th August, 2012

GURSHARAN SINGH
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

	Current Year	(Rs. in lacs) Previous Year
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Exceptional items	825.55	376.20
Adjustments for :		
Depreciation	237.35	342.48
Interest and Financial Charges	306.63	293.96
Bad Debts Written Off	2.45	3.66
Research & Development Expenses W/off	-	204.91
Provision for Doubtful Debts/ Advances (Net)	46.65	71.07
Provision (Leave Encashment & Retirement Benefit)	(31.14)	19.05
Profit / Loss on Sale Of Fixed Assets	5.68	(3.18)
Plant and Machinery Discarded	175.66	782.20
(Profit) / Loss on Sale Of Investment	-	(355.27)
Operating Profit before working capital change	1,568.83	1,735.08
Adjustments for :		
Trade & Other Receivables	(6,650.62)	(409.24)
Inventories	2,452.73	(7,082.69)
Trade & Other Payables	2,614.46	7,864.65
Fixed deposit	1,074.66	(1,998.54)
Cash Generated from Operations	1,060.06	109.26
Direct Taxes Paid	(245.70)	(183.67)
Cash flow before Exceptional Items	814.36	(74.41)
Exceptional Items (Refer Note 30)	339.75	-
Net Cash Flow from Operating Activities (A)	474.61	(74.41)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Aseets (including Capital Work in Progress)	(77.28)	(140.38)
Sale of Fixed assets	13.08	61.69
Investments	-	527.40
Net cash Used In / from Investing Activities (B)	(64.20)	448.71
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Borrowings (net)	(37.93)	(75.38)
Interest and financial charges paid	(118.15)	(132.67)
Net cash (used in) / from Financing Activities (C)	(156.08)	(208.05)
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	254.33	166.25
Cash and Cash Equivalents at beginning of the year	932.37	766.12
Cash and Cash Equivalents at the end of the year	1,186.70	932.37

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

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 9th August, 2012

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 capitalised. Capital expenditure on assets not owned by company is reflected in capital work in progress account till the period of completion and thereafter in the fixed assets. 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. Advance paid towards the acquisition of fixed assets, and the cost of assets not ready for intended use, before the year end, are disclosed under capital work-in-progress.

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 Profit & Loss Account.

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 profit and loss account.

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 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 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 administered 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 profit & loss account 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 profit and loss account 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 account 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 as proposed by Board of Directors is 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-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (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 holding more than 5% shares

Name of Share Holders	As at 31.03.2012		As at 31.03.2011	
	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 RESERVES & SURPLUS

Investment Subsidy

(Acquired under the scheme of Arrangement)

At the commencement of the year

Surplus

As per last Balance Sheet

Add: Net profit for the current year

	15.00	15.00
	3,808.98	3,427.08
	274.37	381.90
	4,083.35	3,808.98
	4,098.35	3,823.98

NOTE - 4 LONG-TERM BORROWINGS

SECURED LOANS

Vehicle Loans*

- From Bank
- From Body corporate

Less: Current Maturities of Long Term borrowings

	1.37	5.42
	3.19	-
	4.56	5.42
	1.94	4.05
	2.62	1.37

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

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 5 DEFERRED TAX LIABILITY (NET)

	AS AT 31-Mar-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (Rs. In Lacs)
Deferred Tax liability		
- Related to Fixed Assets	372.26	437.59
Total (A)	372.26	437.59
Deferred Tax Assets		
- Disallowance under Section 43B of the Income tax Act 1961.	49.52	60.51
- Provision for Doubtful debts/ Advances	63.00	47.85
Total (B)	112.52	108.36
Total (A-B)	259.74	329.23

NOTE - 6 LONG-TERM PROVISIONS

Provision For Employee Benefits	86.98	97.97
	86.98	97.97

NOTE - 7 SHORT-TERM BORROWINGS

SECURED LOANS

From Banks*

Cash Credit	229.24	108.88
Buyer's credit from Foreign Bank**	1,015.46	-

UNSECURED LOANS

Inter Corporate Deposit from Related Party	2,223.65	3,398.65
	3,468.35	3,507.53

(*) Secured by way of first charge on Stock and Book Debts of the Company and second charge on Movable and Immovable Fixed Assets of the Company, on Pari Passu basis among member banks and personal guarantee of Three Promoter Directors.

(**) Guaranteed by Indian Bank against the Non-fund based limit sanctioned to the company along with cash credit limit with common security.

NOTE - 8 TRADE PAYABLES

Trade Paybles (Due to amount outstanding to Micro, Small and Medium Enterprises Rs NIL, Previous year Rs NIL)	17,290.21	13,691.30
	17,290.21	13,691.30

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	1.94	4.05
Interest Accrued but not due on Loans	1,008.55	820.07
Advance From Customers & Others	5,035.41	6,140.52
Statutory Liabilities	408.22	299.60
Employees Related Payables	104.30	112.65
Others Payable	145.25	122.75
	6,703.67	7,499.64

NOTE - 10 SHORT-TERM PROVISIONS

Provision For Employee Benefits	54.46	74.61
	54.46	74.61

NOTES FORMING PART OF THE ACCOUNTS

NOTE - II FIXED ASSETS

(Rs. In Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01-Apr-11	Additions During the year	Deletions/ Adjustments during the year*	As At 31-Mar-12	As At 01-Apr-11	During the year	Written Back	Up to 31-Mar-12	As At 31-Mar-12	As At 31-Mar-11*
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	98.57	15.90	-	114.47	330.28	346.18
Plant & Equipment	2,842.06	5.70	354.06	2,493.70	1,114.05	145.98	224.96	1,035.07	1,458.63	1,728.01
Electric Installation	119.02	-	-	119.02	23.02	6.55	-	29.57	89.45	96.00
Furniture & Fixture	209.37	1.42	79.89	130.90	83.46	8.83	32.32	59.97	70.93	125.91
Vehicles	253.76	50.85	39.33	265.28	113.80	25.21	21.58	117.43	147.85	139.96
Office Equipment	174.12	13.17	-	187.29	61.88	10.24	-	72.12	115.17	112.24
Computer	64.97	3.56	-	68.53	28.58	10.76	-	39.34	29.19	36.38
TANGIBLE ASSETS TOTAL (A)	4,193.34	74.70	473.28	3,794.76	1,523.36	223.47	278.86	1,467.97	2,326.79	2,669.97
Intangible Assets										
Software	226.90	2.58	-	229.48	208.48	13.88	-	222.36	7.12	18.43
INTANGIBLE ASSETS TOTAL (B)	226.90	2.58	-	229.48	208.48	13.88	-	222.36	7.12	18.43
TOTAL (A+B)	4,420.24	77.28	473.28	4,024.24	1,731.84	237.35	278.86	1,690.33	2,333.91	2,688.40
Previous Year	5,523.54	140.38	1,243.68	4,420.24	1,792.33	342.48	402.97	1,731.84	2,688.40	

* Assets costing Rs. 432.77 Lacs (Previous year Rs. 1179.15 Lacs) having depreciated value Rs. 175.65 Lacs (Previous year Rs. 782.20 Lacs) acquired in earlier years, has been retired from active use due to technical obsolescence & 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-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (Rs. In Lacs)
	0.33	0.33
	52.33	52.33
	52.66	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. 116.80 Lacs (Previous Year Rs. 215.88 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

Advance Tax (Net)

Prepaid Expenses

	172.99	158.50
	1.32	1.32
	174.31	159.82
	1.32	1.32
	172.99	158.50
	10.95	10.95
	1,779.32	1,552.90
	197.34	232.56
	8.32	14.27
	2,168.92	1,969.18

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 14 OTHER NON-CURRENT ASSETS

	AS AT 31-Mar-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (Rs. In Lacs)
Bank Balances	455.41	679.44
Non-current Fixed Deposits (Refer Note 17)	455.41	679.44

NOTE - 15 INVENTORIES

(At Lower of cost and Net Realisable Value)

Raw Material	472.03	1,710.12
Raw Material In Transit	2.78	19.01
Finished Goods	34.68	66.79
Finished Goods in Transit	7.80	5.51
Work In Process	135.49	749.32
Stores & Spares	12.35	34.36
Stock in Trade	5,021.93	8,479.46
Stock in Trade In Transit	3,785.52	860.74
	9,472.58	11,925.31

NOTE - 16 TRADE RECEIVABLES

(Unsecured considered good, unless otherwise stated)

More than six months		
- Considered Good	1,164.58	4,938.19
- Considered Doubtful	184.43	137.78
	1,349.01	5,075.97
Less : Provision for Doubtful Debt	184.43	137.78
	1,164.58	4,938.19
Others - Considered Good**	7,078.73	3,006.01
	8,243.31	7,944.20

NOTE - 17 CASH AND BANK BALANCES

Cash & Cash Equivalents

Cash-in-hand	32.46	12.31
Balances with Banks		
- in Current Account	1,154.24	920.06

OTHER BANK BALANCES

- Fixed Deposits having maturity period more than 12 months (including interest accrued) (*)	2,022.96	3,097.62
	3,209.66	4,029.99
Less: Non-current Fixed Deposits	455.41	679.44
	2,754.25	3,350.55

(*) Rs. 1398 Lacs (Previous Year Rs. 1729 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	353.26	574.97
- Considered Doubtful	8.40	8.40
	361.66	583.37
Less : Provision for Doubtful Advances	8.40	8.40
	353.26	574.97
Inter Corporate Deposits	4,500.00	-
Prepaid Expenses	28.58	138.48
Advance to Supplier	2,251.60	190.04
Cenvat Receivable	436.13	600.05
Balance with Excise Department	2.14	0.24
Security Deposits	11.47	11.95
	7,583.18	1,515.73

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 19 OTHER OPERATING INCOME

	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)	YEAR ENDED 31-Mar-2011 (Rs. In Lacs)
Dividend on Long Term Investments	1.43	1.42
Dividend on Short Term Investments	51.62	29.11
Profit on Sale of Investment	-	355.27
Export incentive	64.46	102.85
	117.51	488.65

NOTE - 20 OTHER INCOME

Interest On Deposits (*)	129.32	134.56
Sundry Balance Written Back	3.80	0.33
Exchange rate Fluctuation (Net)	-	54.70
Miscellaneous Income	26.33	19.34
Profit on Sale of Assets (Net)	-	3.18
	159.45	212.11

(*) Tax deducted at source Rs.11.06 Lacs (Previous Year Rs 14.53 Lacs)

NOTE - 21 COST OF MATERIAL CONSUMED

PARTICULARS OF MATERIALS CONSUMED

- Electronic Components	4,492.41	2,590.67
- Mechanical Components	521.36	1,013.37
	5,013.77	3,604.04

NOTE - 22 PURCHASE OF TRADED GOODS

PARTICULARS OF PURCHASE OF GOODS TRADED

- Communication Systems & Accessories	443.17	747.40
- Mobile Handsets & Accessories	63,971.12	63,484.85
	64,414.29	64,232.25

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

Opening Stock

Work In Process	749.32	340.01
Finished Goods	72.30	144.58
Stock-In-Trade	8,479.46	2,865.87
	9,301.08	3,350.46

Closing Stock :

Work in Process	135.49	749.32
Finished Goods	42.48	72.30
Stock-In-Trade	5,021.93	8,479.46
	5,199.90	9,301.08
	4,101.18	(5,950.62)

Detail of Finished Goods

Class of Products

Class of Products	As At 31.03.2012		As At 31.03.2011	
	Closing Stock	Opening Stock	Closing Stock	Opening Stock
Repeater & Radio Modems	42.48	72.30	72.30	144.58
Communication Systems & Accessories	127.76	158.06	158.06	236.41
Mobile Handsets & Accessories	4,894.17	8,321.40	8,321.40	2,629.46
	5,064.41	8,551.76	8,551.76	3,010.45

NOTES FORMING PART OF THE ACCOUNTS

	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)	YEAR ENDED 31-Mar-2011 (Rs. In Lacs)
NOTE - 24 EMPLOYEE BENEFITS EXPENSE		
Salary, Wages & Bonus	1,211.13	1,211.30
Employer's Contribution to P.F. & Other Fund	68.19	111.87
Staff Welfare	115.39	84.19
	1,394.71	1,407.36
Less:- Provision for Gratuity Written back	4.61	-
	1,390.10	1,407.36
NOTE - 25 FINANCE COSTS		
Interest Expenses	252.63	245.60
Other financial cost	54.00	48.36
	306.63	293.96
NOTE - 26 OTHER EXPENSES		
Stores & Spares Consumed	190.16	53.34
Power & Fuel	79.14	80.83
Other Manufacturing Expenses	407.88	123.45
Excise Duty on Closing Stock (Finished Goods) (Net)	(1.25)	1.40
Repair to:		
Plant & Machinery	12.75	21.25
Building	6.51	16.61
Auditor's Remuneration :		
Audit Fee	7.75	7.75
Tax Audit Fee	1.75	1.75
Other Services	2.50	3.61
Exchange rate Fluctuation (Net)	327.32	-
Research & Development Expenses (Refer Note 29)	-	363.49
Rates & Taxes	45.42	24.22
Insurance	50.43	63.09
Rent	225.87	176.77
Selling & Distribution Expenses	859.59	949.50
Sundry Balance Written off	-	6.41
Bad Debts Written Off	2.45	3.99
Provision for Doubtfull Debts	46.65	71.07
Legal & Professional Charges	343.14	348.75
Other Administrative Expenses	516.56	380.28
Loss on Sale/Discarded of Assets (Net)	181.34	782.20
Miscellaneous Expenses	380.32	529.59
	3,686.28	4,009.35

OTHER NOTES TO ACCOUNTS

	CURRENT YEAR (Rs. In Lacs)	PREVIOUS YEAR (Rs. In Lacs)
27 Contingent liabilities :		
-Claim against the company not acknowledged as debt	-	108.13
-Income Tax	75.00	-
28 Commitments:		
Letter of Credits issued by the Banks (Agst. which Goods have not been despatched)	2,484.89	2,338.89

29 Research & Development:

Research and Development expenses, clubbed in respective head of expenses amounting to Rs. 204.55 lacs in Current year. Previous year Rs. 363.49 Lacs including Rs. 204.91 Lacs transferred from Work in progress have been charged to revenue as no future economic benefit was expected to flow to the company on use.

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. However, the High Court of Delhi passed order against the company and company deposited the ordered amount of Rs 339.75 Lacs with the High court of Delhi. Amount deposited has been charged to revenue 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 and 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	31.03.2012				31.03.2011			
	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.	614.35	-	-	614.35	313.19	-	-	313.19
Spectranet ISP Pvt Ltd.	-	35.25	-	35.25	-	167.36	-	167.36
Vihaan Networks Ltd.	-	1,237.69	-	1,237.69	-	581.36	-	581.36
Ubico Networks Pvt Ltd.	-	554.13	-	554.13	-	331.20	-	331.20
Sistema Shyam Teleservices Ltd.	-	19,714.47	-	19,714.47	-	16,000.21	-	16,000.21
RMS Automation Systems Ltd.	-	2,735.74	-	2,735.74	-	114.27	-	114.27
Sub Total	614.35	24,277.28	-	24,891.63	313.19	17,194.40	-	17,507.59
b) Purchase of the goods								
Vihaan Networks Ltd.	-	1,550.00	-	1,550.00	-	508.35	-	508.35
Spectranet ISP Pvt Ltd.	-	6.08	-	6.08	-	-	-	-
Shyam infratel Pvt. Ltd.	-	140.10	-	140.10	-	-	-	-
RMS Automation Systems Ltd.	-	10,048.15	-	10,048.15	-	10,353.61	-	10,353.61
Sub Total	-	11,744.33	-	11,744.33	-	10,861.96	-	10,861.96
c) Rent Paid								
Mr.K.N. Mehrotra	-	-	1.20	1.20	-	-	1.20	1.20
Shyam Antenna Electronics Ltd.	-	19.44	-	19.44	-	25.92	-	25.92
Shyam Communication Systems	-	66.18	-	66.18	-	16.55	-	16.55
Intercity Cable System Pvt. Ltd.	-	19.85	-	19.85	-	-	-	-
Sistema Shyam Teleservices Ltd.	-	-	-	-	-	1.65	-	1.65
Sub Total	-	105.47	1.20	106.67	-	44.12	1.20	45.32
d) Rent Received								
RMS Automation Systems Ltd.	-	14.96	-	14.96	-	14.74	-	14.74
e) Interest Expense								
Shyam Networks Ltd.	-	209.39	-	209.39	-	179.22	-	179.22
f) Loan Received								
Shyam Networks Ltd.	-	500.00	-	500.00	-	955.00	-	955.00
a) Recoverables & Payables								
Amount Receivable								
Shyam Telecom Inc.	291.13	-	-	291.13	174.02	-	-	174.02
Shyam Networks Ltd.	-	2.90	-	2.90	-	-	-	-
Spectranet ISP Pvt. Ltd.	-	-	-	-	-	66.28	-	66.28
Vihaan Networks Ltd.	-	94.92	-	94.92	-	-	-	-
Sistema Shyam Teleservices Ltd.	-	4,159.57	-	4,159.57	-	-	-	-
Intercity Cable System Pvt. Ltd.	-	-	-	-	-	3.86	-	3.86
Ubico Networks Pvt. Ltd.	-	384.59	-	384.59	-	79.67	-	79.67
RMS Automation Systems Ltd.	-	1,523.01	-	1,523.01	-	211.41	-	211.41
Sub Total	291.13	6,164.99	-	6,456.12	174.02	361.22	-	535.24
b) Amount Payable								
Shyam Communication Systems	-	0.78	-	0.78	-	-	-	-
Vihaan Networks Ltd.	-	-	-	-	-	39.37	-	39.37
Shyam infratel Pvt. Ltd.	-	78.78	-	78.78	-	-	-	-
Sistema Shyam Teleservices LTD.	-	-	-	-	-	969.15	-	969.15
Intercity Cable System Pvt. Ltd.	-	8.61	-	8.61	-	-	-	-
Spectranet ISP Pvt. Ltd.	-	21.79	-	21.79	-	-	-	-
Shyam Antenna Electronics Ltd.	-	140.29	-	140.29	-	28.64	-	28.64
Shyam Networks Ltd.	-	-	-	-	-	-	-	-
Sub Total	-	250.25	-	250.25	-	1,037.16	-	1,037.16
c) Loans Outstanding								
Shyam Networks Ltd.	-	2,223.65	-	2,223.65	-	3,398.65	-	3,398.65
d) Advances recoverable								
Shyam Telecom Inc.	1,779.32	-	-	1,779.32	1,552.90	-	-	1,552.90
Intercity Cable System Pvt. Ltd.	-	10.00	-	10.00	-	10.00	-	10.00
Shyam Communication Systems	-	60.00	-	60.00	-	34.00	-	34.00
Sub Total	1,779.32	70.00	-	1,849.32	1,552.90	44.00	-	1,596.90
e) Advance Against Equity Share								
Shyam Telecom Inc.	10.95	-	-	10.95	10.95	-	-	10.95
f) Interest Accrued & Due								
Shyam Networks Ltd.	-	1,008.55	-	1,008.55	-	820.07	-	820.07

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

Particulars	Currency	Foreign Currency (Rs in Lacs)		(Rs in Lacs)	
		Amount as on 31.03.2012	Outstanding as on 31.03.2011	Amount Outstanding in INR as on 31.03.2012	Amount Outstanding in INR as on 31.03.2011
ii.) Particulars of Hedged Foreign Currency Exposure					
Creditors	USD	79.42	158.53	4,078.60	7,217.77

- iii.) Particulars of Unhedged Foreign Currency Exposure

Particulars	Currency	Amount as on 31.03.2012	Outstanding as on 31.03.2011	Amount Outstanding in INR as on 31.03.2012	Amount Outstanding in INR as on 31.03.2011
a) Debtors					
	USD	19.29	114.94	955.39	5,132.21
	Euro	0.26	0.26	16.96	16.64
	CHF	2.48	2.48	142.60	122.06
b) Creditors					
	USD	115.69	76.42	5,918.32	3,412.18
	Euro	0.07	0.03	4.60	1.95
	GBP	-	-	-	-
	JPY	-	0.09	-	0.05
c) Advance to Suppliers					
	AED	-	0.47	-	5.92
	USD	2.52	3.52	129.15	157.20
	Euro	0.02	0.25	1.47	15.69
d) Buyer Credit					
	USD	19.96	-	1,020.97	-
e) Advance Received					
	USD	92.15	91.73	4,710.50	4,095.68

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.

Segment Reporting	Rs in Lacs	
	Year Ended 31-Mar-12	Year Ended 31-Mar-11
Segment Revenue		
- Telecom Products & Services	8,758.41	7,099.29
- Trading	71,004.24	60,617.82
- Investments	53.05	385.80
Net Sales	79,815.70	68,102.91
Segment Results		
(Profit before Amortisation, Interest, Tax and unallocable overheads)		
- Telecom Products & Services	314.15	79.68
- Trading	2,604.24	1,897.82
- Investments	53.05	385.80
Total	2,971.44	2,363.30
Less :		
- Depreciation & Amortisation	237.35	342.48
- Interest & Financial Charges	306.63	293.96
- Exceptional Item	339.75	-
- Other un-allocable Expenditure (Net of un-allocable Income)	1,601.91	1,350.66
Profit Before Tax	485.80	376.20
Taxes (net of MAT Credit)	211.43	(5.70)
Net profit after taxes	274.37	381.90

- 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. 64.47 Lacs (previous Year Rs. 58.45 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. 6.71 lacs (Previous year Rs. 6.39 Lacs) towards contribution to ESI and Rs. 0.16 Lacs (previous Year Rs. 0.18 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)

	Current Year		Previous Year	
	Leave Encashment	Employee Gratuity Fund	Leave Encashment	Employee Gratuity Fund
i) Actuarial Assumptions				
Discount Rate (per annum)	8.70%	8.70%	8%/8.10%	8%/8.10%
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	111.88	136.18	100.62	90.85
Impact of Transition provision of AS-15	-	-	-	-
Interest cost	9.04	10.98	8.05	7.27
Past Service cost	-	-	-	12.36
Current service cost	15.82	13.24	20.15	17.30
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(13.01)	(23.79)	(3.23)	(11.11)
Actuarial (gain)/ loss on Obligations	(23.16)	(22.01)	(13.71)	19.51
Present value obligation as at the end of the period	100.57	114.60	-	-
Receivable from other company's fund	-	-	-	-
Net Present value obligation as at the end of the period	100.57	114.60	111.88	136.18
iii) Change in fair value plan Assets				
Fair value of Plan Assets as at beginning of the period	-	75.49	-	37.94
Expected return on Plan Assets	-	6.69	-	4.24
Contributions	-	15.22	-	43.37
Benefits Paid	-	(23.79)	-	(10.06)
Actuarial gain/ (loss) on Obligations	-	0.13	-	-
Fair value of Plan Assets as at the end of the period	-	73.74	-	75.49
iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Assets				
Present value obligation as at the end of the period	100.57	114.60	111.88	136.18
Fair value of Plan Assets as at the end of the period	-	73.74	-	75.49
Funded Status	(100.57)	(40.86)	(111.88)	(60.69)
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.	100.57	(40.86)	(111.88)	(60.69)
v) Expenses recognised in Statement of Profit and Loss				
Current service cost	15.82	13.24	20.15	17.30
Past Service cost	-	-	-	12.36
Interest cost	9.04	10.98	8.05	7.27
Expected return on Plan Assets	-	(6.69)	-	(4.24)
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(23.16)	(22.14)	(13.71)	19.51
Received / Receivable from other company's fund	-	-	-	-
Net Expense recognised in Statement of Profit and Loss	1.70	(4.61)	14.49	52.20

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	8,313.84	5,716.74
- Communication Systems & Accessories	713.08	1,164.92
- Mobile Handsets & accessories	70,990.48	60,617.82
- Service Charges	462.20	577.24
- Others	117.51	488.65
	80,597.11	68,565.37

B. EARNINGS IN FOREIGN CURRENCY

- F.O.B.Value of Export Goods	1,986.12	1,702.71
- F.O.B.Value of Export Service	3.18	6.88

C. EXPENDITURE IN FOREIGN CURRENCY

- Travelling	33.82	72.89
- Business Promotion	16.39	28.08
- Commission	2.40	22.32
- Exhibition Expenses	69.48	163.92
- Product Certification Charges	-	40.58
- Legal ,Professional and consultancy Charges	22.86	30.47
- Annual Maintenance Contract	1.33	-

D. C.I.F.VALUE OF IMPORTS

- Raw Material	1,677.63	2,883.69
- Communication Systems & Accessories	135.92	327.74
- Capital Goods	-	63.03
- Mobile Handsets & accessories	58,269.37	60,628.69

**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	3,385.35	67.52	2,639.11	73.23
INDIGENOUS	1,628.42	32.48	964.93	26.77
TOTAL	5,013.77	100.00	3,604.04	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

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 9th August, 2012

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, 2011
3. Financial Year of the Holding Company ended on	31 st March, 2012
4. Holding Company's Interest as on 31.03.2012	Holders of the entire issued, subscribed & paid up Share capital of 100 shares of 1 US\$ 1 each.
<p>5. Net aggregate amount of profit / (loss) of the Subsidiary Company so far as it concerns the members of Shyam Telecom Limited.</p> <p>(a) Not dealt with the accounts of Shyam Telecom Limited.</p> <p>(i) For the subsidiary's 12 Months ended 31.12.2011</p> <p>(ii) For the previous financial year of subsidiary since it become subsidiary's of Shyam Telecom Limited.</p> <p>(b) Dealt with the accounts of Shyam Telecom Limited.</p> <p>(i) For the subsidiary's 12 Months ended 31.12.2011</p> <p>(ii) For the previous subsidiary's financial year of subsidiary's since it became subsidiary of Shyam Telecom Limited.</p>	<p>US\$ 1,86,175</p> <p>US\$ (16,85,515)</p> <p>N.A.</p>
<p>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</p> <p>(a) Fixed Assets (including capital work in progress of the subsidiary company).</p> <p>(b) Investment of Subsidiary Company.</p> <p>(c) Money lent by subsidiary company.</p> <p>(d) Money borrowed by subsidiary company for any purpose other than that of meeting of current liabilities.</p>	N.A.

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 9th August, 2012

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, 2011.

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 2011		For the period ended 31st December 2010	
	In USD	In INR	In USD	In INR
Sales & Other Income	1459954	68764236	848105	38741441
Profit/(Loss) for the year	186175	(8861123)	(312455)	(13555394)
Balance brought forward from previous year	(1685515)	(75260508)	(1373060)	(61705114)
Balance carried to Balance Sheet	(1499340)	(84121631)	(1685515)	(75260508)

CORPORATE REVIEW

During the year under review your company has registered a turnover of USD 14,59,954 (INR 6,87,64,236) as against USD 8,48,105 (INR 3,87,41,441) in the previous period. There is a net profit of USD 1,86,175 but registered a loss of INR 88,61,123 due to exchange fluctuation on conversion for the year.

DIVIDEND

No dividends have been declared for the year ended 31st December, 2011.

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, 2011 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 2011 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 : 1st August, 2012

B.A MAJMUDAR
Director

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SHYAM TELECOM INC. USA

We have audited the Balance Sheet of **Shyam Telecom Inc. USA** as on 31st December, 2011, also the Statement of Profit & Loss and the Cash Flow Statement of the Company for the year ended on that date (the Financial Statements) annexed thereto, which have been prepared in accordance with the Generally Accepted Accounting Principles in India.

Respective Responsibilities of the Management and Auditors

The Management of the company is responsible for the preparation of the Financial Statements. It is our responsibility to form an independent opinion, based on our audit of the Financial Statements.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 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 Further to our comments in paragraph 1 above, we state that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 such books;
 - c) The Balance Sheet and the Statement of Profit & Loss dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, the Statement of Profit & Loss and Cash Flow statement dealt with by this report comply with the mandatory Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2011;
 - ii) in the case of the Statement of Profit & Loss, of the loss of the Company for the year ended on that date ; and
 - iii) in the case of cash flow statement, of the cash flow of the company for the year ended on that date.

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

PLACE : NEW DELHI
DATED : 1st August, 2012

R.K. MEHRA
Partner
M.No. 6102

BALANCE SHEET AS AT 31st DECEMBER, 2011

	NOTE	AS AT 31-Dec-11 USD	AS AT 31-Dec-11 (Rs.)	AS AT 31-Dec-10 USD	AS AT 31-Dec-10 (Rs.)
I EQUITY AND LIABILITIES					
1) SHAREHOLDER'S FUNDS					
a) Share Capital	2	100	4,374	100	4,374
b) Reserves and Surplus	3	(1,499,340)	(84,121,631)	(1,685,515)	(75,260,508)
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	185,256,485	3,477,950	155,846,939
b) Trade Payables	5	778,958	41,491,967	353,995	15,862,502
c) Other Current Liabilities	6	35,693	1,901,198	11,657	522,229
TOTAL		2,818,411	145,627,077	2,183,237	98,070,220
II ASSETS					
1) NON-CURRENT ASSETS					
a) FIXED ASSETS					
i) Tangible Assets	7	10,025	469,173	11,645	542,609
ii) Intangible Assets		-	-	-	-
		10,025	469,173	11,645	542,609
b) Long-Term Loans and Advances	8	1,213,206	64,622,657	1,185,304	53,113,460
2) CURRENT ASSETS					
a) Inventories	9	713,399	33,566,298	309,946	14,107,252
b) Trade Receivables	10	806,290	42,947,830	540,091	24,201,476
c) Cash & Bank Balances	11	75,491	4,021,119	136,251	6,105,423
TOTAL		2,818,411	145,627,077	2,183,237	98,070,220

SIGNIFICANT ACCOUNTING POLICIES I

OTHER NOTES TO ACCOUNTS 17 To 28

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
DATED : 1st August, 2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st DECEMBER, 2011

	NOTE	YEAR ENDED		FOR THE PERIOD	
		31-Dec-11 US\$	31-Dec-11 Rs.	ENDED ON 31-Dec-10 US\$	ENDED ON 31-Dec-10 Rs.
Revenue From Operations					
Sale of Goods		1,453,255	68,451,604	834,646	38,126,632
Other Income	12	6,699	312,632	13,459	614,809
		<u>1,459,954</u>	<u>68,764,236</u>	<u>848,105</u>	<u>38,741,441</u>
EXPENSES					
Purchases of Traded Goods	13	1,300,708	61,675,936	542,229	24,719,673
Change in Inventory of Stock-in-Trade	14	(403,453)	(19,459,046)	8,159	383,549
Employee Benefits Expense	15	239,105	10,973,657	258,495	11,808,005
Depreciation and Amortization Expense	7	1,620	73,436	2,113	86,419
Other Expenses	16	135,799	24,361,376	349,564	15,299,189
		<u>1,273,779</u>	<u>77,625,359</u>	<u>1,160,560</u>	<u>52,296,835</u>
PROFIT/(LOSS) FOR THE YEAR		<u>186,175</u>	<u>(8,861,123)</u>	<u>(312,455)</u>	<u>(13,555,394)</u>
EARNING PER SHARE (REFER NOTE 23)					
Basic Earning Per Share		1,861.75	(88,611.23)	(3,124.55)	(135,553.94)
Diluted earning Per Share		7.40	(352.33)	(12.42)	(538.98)
Nominal Value of equity share (USD)		\$1	\$1	\$1	\$1
SIGNIFICANT ACCOUNTING POLICIES	I				
OTHER NOTES TO ACCOUNTS	17 To 28				

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
DATED : 1st August, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Current Year		FOR THE PERIOD ENDED ON 31-Dec-10	
	USD	RS.	USD	RS.
(A) CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) after tax	186,175	(8,861,123)	(312,455)	(13,555,394)
Adjustments for :				
Depreciation	1,620	73,436	2,113	86,419
Interest and Financial Charges	571	26,649	1,146	52,338
Exchange Fluctuation	-	9,967,964	-	389,002
Operating Profit before working capital change	188,366	1,206,926	(309,196)	(13,027,635)
Adjustments for :				
Trade & Other Receivables	(294,102)	(40,223,515)	295,055	13,499,179
Inventories	(403,453)	(19,459,046)	8,159	383,549
Trade & Other Payables	449,001	27,008,434	(32,186)	(2,622,355)
Margin Money	20,000	896,200	60,000	2,715,000
Cash flow from operating activities (A)	(40,189)	(30,571,001)	21,832	947,738
(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	(571)	(26,649)	(1,146)	(52,338)
Long Term Borrowings(Net)	-	29,409,546	-	-
Net cash (used in) / from financing activities (C)	(571)	29,382,897	(1,146)	(52,338)
Increase/(Decrease) In cash and cash equivalents				
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(40,760)	(1,188,104)	20,686	895,400
Cash and cash equivalents at beginning of the year	116,251	5,209,223	95,565	4,313,823
Cash and cash equivalents at the end of the year	75,491	4,021,119	116,251	5,209,223

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
DATED : 1st August, 2012

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. Capital expenditure on assets not owned by company is reflected in capital work in progress account till the period of completion and thereafter in the fixed assets. 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 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 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-11 USD	AS AT 31-Dec-11 (Rs.)	AS AT 31-Dec-10 USD	AS AT 31-Dec-10 (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
The Company has only one class of Equity Share having par value of \$ 1 per share. No Equity share has been issued/cancelled during the current/previous financial year. The Whole of the Shares of Shyam Telecom Inc are held by Shyam Telecom Limited the Holding company.				
NOTE - 3 RESERVE & SURPLUS				
Surplus				
As per last Balance Sheet	(1,685,515)	(75,260,508)	(1,373,060)	(61,705,114)
Add: Net profit for the current year	186,175	(8,861,123)	(312,455)	(13,555,394)
	(1,499,340)	(84,121,631)	(1,685,515)	(75,260,508)
NOTE - 4 LONG-TERM BORROWINGS				
Unsecured Loan				
Loan From Related Party (Holding company)	3,477,950	185,256,485	3,477,950	155,846,939
	3,477,950	185,256,485	3,477,950	155,846,939
NOTE - 5 TRADE PAYABLES				
Trade Paybles*	778,958	41,491,967	353,995	15,862,502
	778,958	41,491,967	353,995	15,862,502
* There are no dues to creditors coming under the definition of Small Scale Industrial Undertakings as at December 31, 2011				
NOTE - 6 OTHER CURRENT LIABILITIES				
Advance From Customers & Others	21,386	1,139,136	107	4,781
Due to Director*	100	5,327	100	4,481
Others	14,207	756,735	11,450	512,967
	35,693	1,901,198	11,657	522,229
* Maximum amount outstanding during the year Rs.5,327/- (Previous year Rs.4,514/-)				
NOTE - 8 LONG-TERM LOANS AND ADVANCES				
(Unsecured considered good,unless otherwise stated)				
Security Deposits	4,500	239,697	4,500	201,645
Loans and Advances to Others	1,208,706	64,382,960	1,180,804	52,911,815
	1,213,206	64,622,657	1,185,304	53,113,460
NOTE - 9 INVENTORIES				
(At Lower of cost and Net Realisable Value)				
Stock-In-Trade	713,399	33,566,298	309,946	14,107,252
	713,399	33,566,298	309,946	14,107,252
NOTE - 10 TRADE RECEIVABLES				
(Unsecured considered good,unless otherwise stated)				
More than six months				
- Considered Good	355,057	18,912,457	341,226	15,290,333
Others, Considered Good	451,233	24,035,373	198,865	8,911,143
	806,290	42,947,830	540,091	24,201,476

NOTES FORMING PART OF THE ACCOUNTS

NOTES- 7 FIXED ASSETS

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK						
	As at 01.01. 2011	As at 01.01. 2011	As at 31.12. 2011	As at 31.12. 2011	As at 01.01. 2011	During the period	Upto 31.12. 2011	Upto 31.12. 2011	As at 31.12. 2011	As at 31.12. 2010	As at 31.12. 2010	As at 31.12. 2010			
	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.			
Tangible Assets :															
Furniture & Fixtures	7,750	345,882		7,750	345,882	2,296	104,121	491	21,894	2,787	126,015	4,963	219,867	5,454	241,761
Office Equipment	5,864	275,198		5,864	275,198	1,238	61,126	279	13,072	1,517	74,198	4,347	201,000	4,626	214,072
Computers	5,234	237,320		5,234	237,320	3,669	150,544	850	38,470	4,519	189,014	715	48,306	1,565	86,776
TOTAL:	18,848	858,400	-	18,848	858,400	7,203	315,791	1,620	73,436	8,823	389,227	10,025	469,173	11,645	542,609
Intangible Assets :															
Software	18,000	838,080		18,000	838,080	18,000	838,080	-	-	18,000	838,080	-	-	-	-
GRANDTOTAL	36,848	1,696,480	-	36,848	1,696,480	25,203	1,153,871	1,620	73,436	26,823	1,227,307	10,025	469,173	11,645	542,609
Previous Year	36,848	1,696,480	-	36,848	1,696,480	23,090	1,067,452	2,113	86,419	25,203	1,153,871	11,645	542,609	13,758	629,028

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 11 CASH AND BANK BALANCES	ASAT 31-Dec-11 USD	ASAT 31-Dec-11 (Rs.)	ASAT 31-Dec-10 USD	ASAT 31-Dec-10 (Rs.)
Cash & Cash Equivalents				
Balances with Banks				
- in Current Account	75,491	4,021,119	116,251	5,209,223
OTHER BANK BALANCES				
-Money Market Account	-	-	20,000	896,200
	75,491	4,021,119	136,251	6,105,423
			For the Period Ended on 31-Dec-10 USD	For the Period Ended on 31-Dec-10 (Rs.)
NOTE - 12 OTHER INCOME	Year Ended 31-Dec-11 USD	Year Ended 31-Dec-11 (Rs.)		
Miscellaneous Income	6,699	312,632	13,459	614,809
	6,699	312,632	13,459	614,809
NOTE - 13 PURCHASE OF TRADED GOODS				
PARTICULARS OF PURCHASE OF GOODS TRADED				
- Telecom equipments	1,300,708	61,675,936	542,229	24,719,673
	1,300,708	61,675,936	542,229	24,719,673
NOTE - 14 CHANGES IN INVENTORY OF STOCK-IN-TRADE				
Opening Stock				
Stock-In-Trade	309,946	14,107,252	318,105	14,490,801
Closing Stock :				
Stock-In-Trade	713,399	33,566,298	309,946	14,107,252
	(403,453)	(19,459,046)	8,159	383,549
NOTE - 15 EMPLOYEE BENEFITS EXPENSE				
Salary, Wages & Bonus	204,896	9,379,079	234,749	10,723,306
Staff Welfare	34,209	1,594,578	23,746	1,084,699
	239,105	10,973,657	258,495	11,808,005
NOTE - 16 OTHER EXPENSESES				
Rent	26,200	1,222,754	18,000	822,240
Rates & taxes	-	-	717	32,765
Insurance	3,469	161,898	1,849	84,462
Installation Charges	-	-	2,625	119,910
Car lease/insurance	146	6,809	1,392	63,607
Commission expenses	10,689	498,857	1,000	45,680
Consultancy charges	41,000	1,868,908	118,576	5,416,543
Clearing & forwarding expenses	158	7,381	11,593	529,582
Other administrative charges	13,430	626,810	4,283	195,666
Legal and professional charges	-	-	23,639	1,079,830
Communication expenses	7,914	369,358	7,064	322,705
Testing charges	-	-	8,500	388,280
Traveling and conveyance expenses	28,004	1,306,957	20,022	914,601
Advertisement and exhibition expense	1,350	63,005	-	-
Sundry Balances Written Off	-	-	126,290	5,768,907
Bank charges	571	26,649	1,146	52,338
Audit fees	2,868	133,850	2,868	131,010
Exchange difference on conversion	-	18,068,140	-	(668,937)
	135,799	24,361,376	349,564	15,299,189

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) All Income and expenses are translated at the monthly average rate of exchange prevailing during the year 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 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	64,730,201	3,721,402	68,451,604
Previous Period	(35,076,501)	(3,050,131)	(38,126,632)

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 Majumdar

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					1,300,708 (542,229)	61,675,936 (24,615,273)	1,300,708 (542,229)	61,675,936 (24,615,273)
Managerial Remuneration- BA Majumdar	14,765 (23,004)	689,085 (1,050,843)					14,765 (23,004)	689,085 (1,050,843)
Consultancy charges- Embeem Inc			41,000 (45,000)	1,868,908 (2,055,600)			41,000 (45,000)	1,868,908 (2,055,600)
Recoverables & Payables								
Trade Creditors					778,958 (353,995)	41,491,967 (15,862,502)	778,958 (353,995)	41,491,967 (15,862,502)
Advances Received					3,477,950 (3,477,950)	185,256,485 (155,846,939)	3,477,950 (3,477,950)	185,256,485 (155,846,939)

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	Amt-Rs.	Opening stock	Purchases	Sales	Closing stock
Telecom Equipments		14,107,252	61,675,936	68,451,604	33,566,298
Previous Period	Amt-Rs.	14,490,801	24,719,673	38,126,632	14,107,252

23 Earning Per Share

The components of earnings per share are as follows:

Earning Per share is calculated as follows	31st December, 2011		31st December, 2010	
	US\$	RS.	US\$	RS.
Net Profit as per statement of Profit and Loss (A)	186,175	(8,861,123)	(312,455)	(13,555,394)
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)	1,861.75	(88,611.23)	(3,124.55)	(135,553.94)
Diluted Earning Per Share (A/C)	7.40	(352.33)	(12.42)	(538.98)

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 Previous Year Figure is not comparable with current year figures.

28 Financial statement of Previous year is only for 9 months period from 1st April, 2010 to 31st December,2010.

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

R.K. MEHRA
Partner
M.No. 6102

B.A. MAJUMDAR
Director

PLACE : NEW DELHI
DATED : 1st August, 2012

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of

SHYAM TELECOM LIMITED

We have audited the attached Consolidated Balance Sheet of Shyam Telecom Limited and its Subsidiary namely Shyam Telecom Inc., USA as at 31st March 2012 and also the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date, annexure thereto. 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.

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that:-

- 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) On the basis of the information and explanations given to us and on the consideration of separate audit reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements give a true & fair view in conformity with the accounting principles generally accepted in India :-
 - i. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March, 2012;
 - ii. in the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of Company and its subsidiary for the year then ended; and
 - iii. in the case of the Consolidated Cash Flow Statement, of the Consolidated cash flow of the Company and its subsidiary for the year then ended.

For Mehra Goel & Co.
Chartered Accountants
Firm Registration No.000517N

Place : New Delhi
Dated : 9th August 2012

R. K. Mehra
Partner
M. No. 6102

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012

	NOTE	AS AT 31-Mar-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (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	3,221.28	3,033.78
2) NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	4	2.62	1.37
b) Deferred Tax Liability (Net)	5	259.74	329.23
c) Long -Term Provisions	6	86.98	97.97
3) CURRENT LIABILITIES			
a) Short-Term Borrowings	7	3,468.35	3,513.09
b) Trade Payables	8	17,413.22	13,696.43
c) Other Current Liabilities	9	6,722.69	7,499.73
d) Short-Term Provisions	10	54.46	74.61
TOTAL		32,356.34	29,373.21
II ASSETS			
1) NON-CURRENT ASSETS			
a) FIXED ASSETS			
i) Tangible Assets	11	2,331.47	2,675.39
ii) Intangible Assets		7.12	18.43
		2,338.59	2,693.82
b) Non-Current Investment	12	79.78	79.78
c) Long-Term Loans and Advances	13	1,024.88	936.47
d) Other Non-Current Assets	14	455.41	679.44
2) CURRENT ASSETS			
a) Inventories	15	9,699.16	12,028.78
b) Trade Receivables	16	8,380.88	8,027.59
c) Cash & Bank Balances	17	2,794.46	3,411.60
d) Short-Term Loans and Advances	18	7,583.18	1,515.73
TOTAL		32,356.34	29,373.21
SIGNIFICANT ACCOUNTING POLICIES	I		
OTHER NOTES TO ACCOUNTS	25 To 37		

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

AJAY KHANNA
 Managing Director

ALOK TANDON
 Managing Director

PLACE : NEW DELHI
DATED : 9th August, 2012

GURSHARAN SINGH
 Chief Financial Officer

DHARMENDER DHINGRA
 Vice President (Legal) & Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2012

	NOTE	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)	YEAR ENDED 31-Mar-2011 (Rs. In Lacs)
REVENUE FROM OPERATIONS			
Sale of Goods		80,085.16	67,634.60
Sale of Services		462.20	577.24
Other Operating Income	19	117.51	488.65
		80,664.87	68,700.49
Less : Excise Duty & Service Tax		781.41	462.46
Net		79,883.46	68,238.03
Other Income	20	162.57	218.25
		80,046.03	68,456.28
EXPENSES			
Cost of Raw Materials Consumed		5,013.77	3,604.04
Purchases of Traded Goods		64,414.29	64,233.30
Change in Inventory of Finished Goods, Work-in-Progress, Stock-in-Trade	21	3,978.07	(5,966.00)
Employee Benefits Expense	22	1,499.84	1,525.44
Finance Costs	23	306.63	294.48
Depreciation and Amortization Expense	11	238.10	343.35
Other Expenses	24	3,856.65	4,161.81
		79,307.35	68,196.42
PROFIT BEFORE EXCEPTIONAL ITEMS & TAX			
		738.68	259.86
Exceptional Items (Refer Note 28)		339.75	-
PROFIT BEFORE TAX			
		398.93	259.86
Tax Expense:			
- Current Tax		240.00	90.12
- MAT Credit available for set-off		- 240.00	12.92
- Deferred Tax		(69.49)	(48.60)
Income Tax / Deferred Tax For Earlier Year		40.92	(60.14)
PROFIT FOR THE YEAR			
		187.50	265.56
No. of Equity Shares (No.)		11,270,000	11,270,000
Profit After Tax		187.50	265.56
Basic and Diluted Earning Per Share Before Exceptional Items (Rs)		4.68	2.36
Basic and Diluted Earning Per Share After Exceptional Items (Rs)		1.66	2.36
Nominal Value of equity share (Rs)		10	10

SIGNIFICANT ACCOUNTING POLICIES OTHER NOTES TO ACCOUNTS

I
25 To 37

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

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 9th August, 2012

GURSHARAN SINGH
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Lacs)

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Exceptional items	738.68	259.86
Adjustment for :		
Depreciation	238.10	343.35
Provision (leave encashment)	(31.14)	19.05
Interest and financial charges	306.63	294.48
Loss on sale / write off of Fixed Assets	5.68	(3.18)
Plant and Machinery Discarded	175.66	782.20
Bad debts & Provision for doubtful debts / advances	49.10	74.73
(Profit) / Loss on Sale Of Investment	-	(355.27)
Interest Income	(129.32)	(134.56)
Reaserch & Development Expenses W/off	-	204.91
Operating profit before working capital change	1,353.39	1,485.57
Adjustment for :		
Trade and Other Receivables	(6,593.48)	(284.00)
Inventories	2,329.62	(7,098.07)
Trade & other Payables	2,751.27	7,852.07
Fixed deposit/Margin Money	1,083.62	(1,971.40)
Cash Generated from operations	924.42	(15.83)
Direct Taxes Paid	(245.70)	(183.67)
Cash flow before Exceptional items	678.72	(199.50)
Exceptional Items (Refer Note 28)	339.75	-
Net Cash Flow from Operating Activities (A)	338.97	(199.50)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital Work in Progress	(77.28)	(140.38)
Sale of Fixed Assets	13.08	61.69
Investments (Net)	-	527.40
Interest received	129.32	134.56
Net cash (used in) / from investing activities (B)	65.12	583.27
C CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings (Net)	(43.49)	(75.38)
Interest & Financial Charges	(118.15)	(133.19)
Net cash (used in) / from Financing Activities (C)	(161.64)	(208.57)
Net increase/(Decrease) in cash and cash equivalents (A+B+C)	242.45	175.20
Cash and cash equivalents at beginning of the Period	984.46	809.26
Cash and cash equivalents at the end of the Period	1,226.91	984.46

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

AJAY KHANNA
 Managing Director

ALOK TANDON
 Managing Director

PLACE : NEW DELHI
DATED : 9th August, 2012

GURSHARAN SINGH
 Chief Financial Officer

DHARMENDER DHINGRA
 Vice President (Legal) & Company Secretary

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 2011 to 31st December' 2011,
- 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, 2011
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. Capital expenditure on assets not owned by company is reflected in capital work in progress account till the period of completion and thereafter in the fixed assets. 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 Profit & Loss Account.

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. 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 amortised 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 amortised 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 profit and loss account.
- V. Foreign Subsidiary is integral in nature. All Income and expenses of such Subsidiary are translated at the average rate of exchange prevailing during the year 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 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.

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 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.

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 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 profit and loss account 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.

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 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 as proposed by Board of Directors is 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.

	AS AT 31-Mar-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (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

ISSUED , SUBSCRIBED AND PAID UP

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

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 holding more than 5% shares

Name of Share Holders	As at 31.03.2012		As at 31.03.2011	
	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)

At the commencement of the year

15.00

15.00

Surplus

As per last Balance Sheet

3,018.78

2,753.22

Add: Net profit for the current year

187.50

265.56

3,206.28

3,018.78

3,221.28

3,033.78

NOTE - 4 LONG-TERM BORROWINGS

Secured Loan

Vehicle Loans*

- From Bank

1.37

5.42

- From Body corporate

3.19

-

4.56

5.42

Less: Current Maturities of Long Term borrowings

1.94

4.05

2.62

1.37

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

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

NOTE - 5 DEFERRED TAX LIABILITY (NET)

	AS AT 31-Mar-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (Rs. In Lacs)
Deferred Tax liability		
- Related to Fixed Assets	372.26	437.59
Total (A)	372.26	437.59
Deferred Tax Assets		
- Disallowance under Section 43B of the Income tax Act 1961.	49.52	60.51
- Provision for Doubtful debts/ Advances	63.00	47.85
Total (B)	112.52	108.36
Total (A-B)	259.74	329.23

NOTE - 6 LONG-TERM PROVISIONS

Provision For Employee Benefits	86.98	97.97
	86.98	97.97

NOTE - 7 SHORT-TERM BORROWINGS

SECURED LOANS

From Banks*

Cash Credit	229.24	108.88
Buyer's credit**	1,015.46	-

UNSECURED LOANS

Inter Corporate Deposit from Related Party	2,223.65	3,398.65
Loan From Related Party	-	5.56
	3,468.35	3,513.09

(*) Secured by way of first charge on Stock and Book Debts of the Company and second charge on Movable and Immovable Fixed Assets of the Company, on Pari Passu basis among member banks and personal guarantee of Three Promoter Directors.

(**) Guaranteed by Indian Bank against the Non-fund based limit sanctioned to the company along with cash credit limit with common security.

NOTE - 8 TRADE PAYABLES

Trade Paybles	17,413.22	13,696.43
(Due to amount outstanding to Micro, Small and Medium Enterprises NIL, Previous year NIL)		
	17,413.22	13,696.43

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	1.94	4.05
Interest Accrued but not due on Loans	1,008.55	820.07
Advance From Customers & Others	5,046.81	6,140.57
Statutory Liabilities	408.22	299.60
Due to Director*	0.05	0.04
Employee Related Payables	104.30	112.65
Others payable	152.82	122.75
	6,722.69	7,499.73

* 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	54.46	74.61
	54.46	74.61

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

NOTE - II FIXED ASSETS

(Rs. In Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As At 01-4-2011	Additions During the Year	Deletions/ Adjustments*	As At 31-3-2012	As At 01-4-2011	During the Year	Deletions/ Adjustments	As At 31-3-2012	As At 31-3-2012	As At 31-3-2011*
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	98.57	15.90	-	114.47	330.28	346.18
Plant & Equipment	2,844.43	5.70	354.06	2,496.07	1,115.56	145.98	224.96	1,036.58	1,459.49	1,728.88
Electric Installation	119.02	-	-	119.02	23.02	6.55	-	29.57	89.45	96.00
Furniture & Fixture	212.83	1.42	79.89	134.36	84.49	9.05	32.32	61.22	73.14	128.32
Vehicles	253.76	50.85	39.33	265.28	113.80	25.21	21.58	117.43	147.85	139.96
Office Equipment	176.87	13.17	-	190.04	62.49	10.38	-	72.87	117.17	114.38
Computer	64.97	3.56	-	68.53	28.58	11.15	-	39.73	28.80	36.38
TOTAL	4,201.92	74.70	473.28	3,803.34	1,526.51	224.22	278.86	1,471.87	2,331.47	2,675.39
Intangible Assets										
Software	235.28	2.58	-	237.86	216.86	13.88	-	230.74	7.12	18.43
GRAND TOTAL	4,437.20	77.28	473.28	4,041.20	1,743.37	238.10	278.86	1,702.61	2,338.59	2,693.82
Previous Year figures :	5,540.50	140.38	1,243.68	4,437.20	1,802.99	343.35	402.97	1,743.37	2,693.82	

* Assets costing Rs. 432.77 Lacs (Previous year Rs. 1179.15 Lacs) having depreciated value Rs. 175.65 Lacs (Previous year Rs. 782.20 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 OTHERS

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

	ASAT 31-Mar-2012 (Rs. In Lacs)	ASAT 31-Mar-2011 (Rs. In Lacs)
	0.33	0.33
	52.33	52.33
	<u>52.66</u>	<u>52.66</u>
	27.12	27.12
	<u>79.78</u>	<u>79.78</u>

(*) Aggregated market value of Quoted Investments Rs. 116.80 Lacs (Previous Year Rs. 215.88 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

Advance Tax (Net)

Prepaid Expenses

Others

NOTE - 14 OTHER NON-CURRENT ASSETS

Bank Balances

Non-current Fixed Deposits (Refer Note 17)

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-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (Rs. In Lacs)
	175.39	160.52
	1.32	1.32
	<u>176.71</u>	<u>161.84</u>
	1.32	1.32
	<u>175.39</u>	<u>160.52</u>
	197.34	232.56
	8.32	14.27
	643.83	529.12
	<u>1,024.88</u>	<u>936.47</u>
	455.41	679.44
	<u>455.41</u>	<u>679.44</u>
	472.03	1,710.12
	2.78	19.01
	34.68	66.79
	7.80	5.51
	135.49	749.32
	12.35	34.36
	5,248.51	8,582.93
	3,785.52	860.74
	<u>9,699.16</u>	<u>12,028.78</u>
	1,061.80	5,074.22
	184.43	137.78
	<u>1,246.23</u>	<u>5,212.00</u>
	184.43	137.78
	<u>1,061.80</u>	<u>5,074.22</u>
	7,319.08	2,953.37
	<u>8,380.88</u>	<u>8,027.59</u>

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

NOTE - 17 CASH AND BANK BALANCES

Cash & Cash Equivalents

	AS AT 31-Mar-2012 (Rs. In Lacs)	AS AT 31-Mar-2011 (Rs. In Lacs)
Cash-in-hand	32.46	12.31
Balances with Banks		
- in Current Account	1,154.24	920.06

OTHER BANK BALANCES

- Fixed Deposits having maturity period more than 12 months (including interest accrued) (*)	2,022.96	3,106.58
Current Account	40.21	52.09
	<u>3,249.87</u>	<u>4,091.04</u>
Less: Non-current Fixed Deposits	455.41	679.44
	<u>2,794.46</u>	<u>3,411.60</u>

(*) Rs. 1398 Lacs (Previous Year Rs. 1729 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	353.26	574.97
- Considered Doubtful	8.40	8.40
	<u>361.66</u>	<u>583.37</u>
Less : Provision for Doubtful Advances	8.40	8.40
	<u>353.26</u>	<u>574.97</u>
Inter Corporate Deposits	4,500.00	-
Prepaid Expenses	28.58	138.48
Advance to Supplier	2,251.60	190.04
Cenvat Receivable	436.13	600.05
Balance with Excise Department	2.14	0.24
Security Deposits	11.47	11.95
	<u>7,583.18</u>	<u>1,515.73</u>

NOTE - 19 OTHER OPERATING INCOME

	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)	YEAR ENDED 31-Mar-2011 (Rs. In Lacs)
Dividend on Long Term Investments	1.43	1.42
Dividend on Short Term Investments	51.62	29.11
Profit on Sale of Investment	-	355.27
Export incentive	64.46	102.85
	<u>117.51</u>	<u>488.65</u>

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)	YEAR ENDED 31-Mar-2011 (Rs. In Lacs)
NOTE - 20 OTHER INCOME		
Interest On Deposits*	129.32	134.56
Sundry Balance Written Back	3.80	0.33
Exchange rate Fluctuation (Net)	-	54.70
Miscellaneous Income	29.45	25.48
Profit on Sale of Assets (Net)	-	3.18
	162.57	218.25
 (*) Tax deducted at source Rs.11.06 Lacs (Previous Year Rs 14.53 Lacs)		
NOTE - 21 CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE		
Opening Stock		
Work In Process	749.32	340.01
Finished Goods	72.30	144.58
Stock-in-Trade	8,582.93	2,953.96
	9,404.55	3,438.55
Closing Stock :		
Work in Process	135.49	749.32
Finished Goods	42.48	72.30
Stock-in-Trade	5,248.51	8,582.93
	5,426.48	9,404.55
	3,978.07	(5,966.00)
NOTE - 22 EMPLOYEE BENEFITS EXPENSE		
Salary, Wages & Bonus	1,304.92	1,318.54
Employer's Contribution to P.F. & Other Fund	68.19	111.87
Staff Welfare	131.34	95.03
	1,504.45	1,525.44
Less:- Provision for Gratuity Written back	4.61	-
	1,499.84	1,525.44
NOTE - 23 FINANCE COSTS		
Interest Expenses	252.63	245.60
Other financial cost	54.00	48.88
	306.63	294.48

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

NOTE - 24 OTHER EXPENSES	YEAR ENDED 31-Mar-2012 (Rs. In Lacs)	YEAR ENDED 31-Mar-2011 (Rs. In Lacs)
Stores & Spares Consumed	190.16	53.34
Power & Fuel	79.14	80.83
Other Manufacturing Expenses	407.88	124.65
Excise Duty on Closing Stock (Finished Goods) (Net)	(1.25)	1.40
Repair to:		
Plant & Machinery	12.75	21.25
Building	6.51	16.61
Auditor's Remuneration :		
Audit Fee	9.09	9.06
Tax Audit Fee	1.75	1.75
Other Services	2.50	3.61
Exchange rate Fluctuation (Net)	434.75	-
Research & Development Expenses (Refer Note 27)	-	363.49
Rates & Taxes	45.42	28.43
Insurance	52.12	63.94
Rent	238.09	184.99
Selling & Distribution Expenses	865.21	955.25
Sundry Balance Written off	-	64.10
Bad Debts Written Off	2.45	3.99
Provision for Doubtfull Debts	46.65	71.07
Legal & Professional Charges	361.83	413.71
Other Administrative Expenses	522.90	382.24
Loss on Sale/Discarded of Assets (Net)	181.34	782.20
Miscellaneous Expenses	397.36	535.90
	3,856.65	4,161.81

OTHER NOTES TO ACCOUNTS

	Current Year (Rs in Lacs)	Previous Year (Rs in Lacs)
25 Contingent liabilities :		
-Claim against the company not acknowledged as debt	-	108.13
-Income Tax	75.00	-
26 Commitments:		
Letter of Credits issued by the Banks (Agst. which Goods have not been despatched)	2,484.89	2,338.89

27 Research & Development:

Research and Development expenses, clubed in respective head of expenses amounting to Rs. 204.55 lacs in Current year. Previous year Rs. 363.49 Lacs including Rs. 204.91 Lacs transferred from Work in progress have been charged to revenue as no future economic benefit was expected to flow to the company on use.

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. However, the High Court of Delhi passed order against the company and company deposited the ordered amount of Rs 339.75 Lacs with the High court of Delhi. Amount deposited has been charged to revenue 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 and Mr. Ajay Khanna & Mr B A Majumdar and 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	31.03.2012			31.03.11		
	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
1 Sale of Goods & Services						
Spectranet ISP Pvt Ltd.	35.25	-	35.25	167.36	-	167.36
Vihaan Networks Ltd.	1,237.69	-	1,237.69	581.36	-	581.36
Ubico Networks Pvt Ltd.	554.13	-	554.13	331.20	-	331.20
Sistema Shyam Teleservices Ltd.	19,714.47	-	19,714.47	16,000.21	-	16,000.21
RMS Automation Systems Ltd.	2,735.74	-	2,735.74	114.27	-	114.27
Sub Total	24,277.28	-	24,277.28	17,194.40	-	17,194.40
2 Purchase of the goods						
Vihaan Networks Ltd.	1,550.00	-	1,550.00	508.35	-	508.35
Spectranet ISP Pvt Ltd.	6.08	-	6.08	-	-	-
Shyam infratel Pvt. Ltd.	140.10	-	140.10	-	-	-
RMS Automation Systems Ltd.	10,048.15	-	10,048.15	10,353.61	-	10,353.61
Sub Total	11,744.33	-	11,744.33	10,861.96	-	10,861.96
3 Rent Paid						
Mr.K.N. Mehrotra	-	1.20	1.20	-	1.20	1.20
Shyam Antenna Electronics Ltd.	19.44	-	19.44	25.92	-	25.92
Shyam Communication Systems	66.18	-	66.18	16.55	-	16.55
Intercity Cable System Pvt. Ltd.	19.85	-	19.85	-	-	-
Sistema Shyam Teleservices Ltd.	-	-	-	1.65	-	1.65
Sub Total	105.47	1.20	106.67	44.12	1.20	45.32
4 Rent Received						
RMS Automation Systems Ltd.	14.96	-	14.96	14.74	-	14.74
5 Remuneration Paid						
B A Majumdar	-	6.89	6.89	-	10.51	10.51
6 Consultancy Paid						
Embeem Inc	18.69	-	18.69	20.56	-	20.56
7 Interest Expense						
Shaym Networks Ltd.	209.39	-	209.39	179.22	-	179.22
8 Loan Received						
Shaym Networks Ltd.	500.00	-	500.00	955.00	-	955.00

(Rs In Lacs)

PARTICULARS	31.03.2012			31.03.11		
	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
Recoverables And Payables						
1 Amount Receivable						
Shyam Networks Ltd.	2.90	-	2.90	-	-	-
Spectranet ISP Pvt. Ltd.	-	-	-	66.28	-	66.28
Vihaan Networks Ltd.	94.92	-	94.92	-	-	-
Sistema Shyam Teleservices Ltd.	4,159.57	-	4,159.57	-	-	-
Intercity Cable System Pvt. Ltd.	-	-	-	3.86	-	3.86
Ulico Networks Pvt. Ltd.	384.59	-	384.59	79.67	-	79.67
RMS Automation Systems Ltd.	1,523.01	-	1,523.01	211.41	-	211.41
Sub Total	6,164.99	-	6,164.99	361.22	-	361.22
2 Amount Payble						
Shyam Communication Systems	0.78	-	0.78	-	-	-
Vihaan Networks Ltd.	-	-	-	39.37	-	39.37
Shyam infratel Pvt. Ltd.	78.78	-	78.78	-	-	-
Sistema Shyam Teleservices LTD.	-	-	-	969.15	-	969.15
Intercity Cable System Pvt. Ltd.	8.61	-	8.61	-	-	-
Spectranet ISP Pvt. Ltd.	21.79	-	21.79	-	-	-
Shyam Antenna Electronics Ltd.	140.29	-	140.29	28.64	-	28.64
Sub Total	250.25	-	250.25	1,037.16	-	1,037.16
3 Loans Outstanding						
Shyam Networks Ltd.	2,223.65	-	2,223.65	3,398.65	-	3,398.65
4 Advances recoverable						
Intercity Cable System Pvt. Ltd.	10.00	-	10.00	10.00	-	10.00
Shyam Communication Systems	60.00	-	60.00	34.00	-	34.00
Sub Total	70.00	-	70.00	44.00	-	44.00
5 Interest Accrued & Due						
Shyam Networks Ltd.	1,008.55	-	1,008.55	820.07	-	820.07

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-12	31-Mar-11
Segment Revenue		
- Telecom Products & Services	8,826.17	7,234.41
- Trading	71,004.24	60,617.82
- Investments	53.05	385.80
Net Sales	79,883.46	68,238.03
Segment Results		
(Profit before Amortisation, Interest, Tax and unallocable overheads)		
- Telecom Products & Services	224.90	79.68
- Trading	2,604.24	1,778.01
- Investments	53.05	385.80
Total	2,882.19	2,243.49
Less :		
- Depreciation & Amortisation	238.10	343.35
- Interest & Financial Charges	306.63	294.48
- Exceptional item	339.75	-
- Other un-allocable Expenditure (Net of un-allocable Income)	1,598.78	1,345.80
Profit Before Tax	398.93	259.86
Taxes (net of MAT Credit)	211.43	(5.70)
Net profit after taxes	187.50	265.56

- 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. 64.47 Lacs (previous Year Rs. 58.45 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. 6.71 lacs (Previous year Rs. 6.39 Lacs)towards contribution to ESI and Rs. 0.16 Lacs (previous Year Rs. 0.18 Lacs) towards welfare fund, in the Profit and Loss accounts.

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)	8.70%	8.70%	8%/8.10%	8%/8.10%
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	111.88	136.18	100.62	90.85
Impact of Transition provision of AS-15	-	-	-	-
Interest cost	9.04	10.98	8.05	7.27
Past Service cost	-	-	-	12.36
Current service cost	15.82	13.24	20.15	17.30
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(13.01)	(23.79)	(3.23)	(11.11)
Actuarial (gain)/ loss on Obligations	(23.16)	(22.01)	(13.71)	19.51
Present value obligation as at the end of the period	100.57	114.60	-	-
Receivable from other company's fund	-	-	-	-
Net Present value obligation as at the end of the period	100.57	114.60	111.88	136.18
iii) Change in fair value plan Assets				
Fair value of Plan Assets as at beginning of the period	-	75.49	-	37.94
Expected return on Plan Assets	-	6.69	-	4.24
Contributions	-	15.22	-	43.37
Benefits Paid	-	(23.79)	-	(10.06)
Actuarial gain/ (loss) on Obligations	-	0.13	-	-
Fair value of Plan Assets as at the end of the period	-	73.74	-	75.49
iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Assets				
Present value obligation as at the end of the period	100.57	114.60	111.88	136.18
Fair value of Plan Assets as at the end of the period	-	73.74	-	75.49
Funded Status	(100.57)	(40.86)	(111.88)	(60.69)
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.	100.57	(40.86)	(111.88)	(60.69)
v) Expenses recognised in Statement of Profit and Loss				
Current service cost	15.82	13.24	20.15	17.30
Past Service cost	-	-	-	12.36
Interest cost	9.04	10.98	8.05	7.27
Expected return on Plan Assets	-	(6.69)	-	(4.24)
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(23.16)	(22.14)	(13.71)	19.51
Received / Receivable from other company's fund	-	-	-	-
Net Expense recognised in Statement of Profit and Loss	1.70	(4.61)	14.49	52.20

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

35 Previous Year figures is non comparable with current year figures.

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

37 The previous year financial statement of subsidiary company namely Shyam Telecom Inc. used in consolidation is only for 9 months period from 1st April, 2010 to 31st December, 2010.

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

AJAY KHANNA
 Managing Director

ALOK TANDON
 Managing Director

PLACE : NEW DELHI
DATED : 9th August, 2012

GURSHARAN SINGH
 Chief Financial Officer

DHARMENDER DHINGRA
 Vice President (Legal) & Company Secretary

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING

TIME: 11.30 A.M.

DAY & DATE: FRIDAY 28th SEPTEMBER, 2012

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

Notice is hereby given that the Nineteenth 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 Friday, 28th September 2012 at 11.30 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 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. Ajay Khanna who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Achintya Karati, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P.K. Bhatia 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 the 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 pursuant to sec 293(1)(e) of the Companies Act 1956 and other applicable provisions, if any, the consent of the Company be and is hereby accorded to contribute to charitable and other funds not directly related to the business of the Company

or the welfare of its employees from time to time in any financial year to the extent of Rs. 50 lacs (Rs.fifty Lacs) only or 5% of the company's average net profit as determined in accordance with the provisions of section 349 & 350 of the Companies Act 1956 during the three financial years immediately preceding whichever is greater.”

“RESOLVED FURTHER THAT the Audit and Finance Committee of the Company be and is hereby authorized to contribute to any charitable and other funds not directly related to the business of the Company or the welfare of its employees from time to time subject to maximum of Rs. 50 lacs (Rs. Fifty lacs) per annum and to do all such acts, deeds and things as they may consider appropriate to make charitable contribution for and on behalf of the Company.”

By Order of the Board of Directors
For Shyam Telecom Limited

**Sd/-
DHARMENDER DHINGRA**

Vice President (Legal) & Company Secretary

Place: New Delhi

Date: 9th August, 2012

REGISTERED OFFICE:

MTS TOWERS
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 and signed, and must be sent 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 Wednesday, 26th September, 2012 to Friday, 28th September, 2012. (Both days inclusive).
4. Members desirous of getting information from the company are required 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 furnish their Email addresses and 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. Pursuant to section 205A of the companies Act, 1956, all the unclaimed/ unpaid dividend for all the previous years have been transferred to Investor Education & Protection Fund.
8. Brief resume and other requisite information of Mr. Ajay Khanna, Mr. Achintya Karati and Mr. P. K Bhatia is given in the report of Corporate Governance, as required under Clause 49 of the Listing agreement, Further, all three Directors have filled form No. DDA with the company as required by the Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003 and have confirmed that they are not disqualified for re-appointment as Directors of the company.
9. The shares of the company are at present listed on two Stock Exchanges viz, The Bombay Stock Exchange and National Stock Exchange. Listing Fees to both the Stock Exchanges had been paid up to the year 2012-2013.
10. Explanatory Statement pertaining to Special Business, i.e. Item No. 6 is annexed herewith.

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

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

ITEM NO. 6

The Company is often called upon to fulfill certain obligations for the social welfare and to further charity work of charitable organizations.

In the larger interest of the Business of the Company and also fulfillment of social responsibilities it is necessary to make certain contributions/ donations and other payments to the institutions, organizations, trusts, companies or other persons not directly relating to the business of the Company or the welfare of the employees, from time to time , in any financial year to the extent of Rs. 50 lacs (Rs. Fifty Lacs) only or 5% of the company's average net profit as determined in accordance with the provisions of section 349 & 350 of the Companies Act 1956 during the three financial years immediately preceding whichever is greater."

Your directors recommend to pass the resolution as set out in the notice and empower the Audit And Finance Committee to make the necessary charitable contribution for fulfillment of the social obligations of the Company.

None of the Directors are interested or concerned in the resolution.

The Board recommends the resolution for Members' approval.

By Order of the Board of Directors
For Shyam Telecom Limited

**Sd/-
DHARMENDER DHINGRA**

Vice President (Legal) & Company Secretary

Place: New Delhi

Date: 9th August, 2012

REGISTERED OFFICE:

MTS TOWERS
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 allowing companies to send any notice/document (including Annual Report) to its members via e-mail. Accordingly in cases where the shareholders have registered their e-mail id with their Depository Participant/Company’s Registrar & Share Transfer Agent, the Company has decided to send Notice and Annual Report through e-mail. For other cases the company will continue to send the printed Annual Reports as usual.

Shareholders are requested to update their preferred e-mail id’s with the Company/Depository/Registrar and Transfer Agent which will be used for the purpose of sending the official documents through e-mail in future.

Shareholders having e-mail id can also request for physical copies of Annual Return.

Notice alongwith Annual Report will also be available on the Website of the Company.

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 2011-2012

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, Amrapali Circle, Vaishali Nagar, Jaipur-302021, Rajasthan, India

Contents

Directors' Report	1
Corporate Governance Report	6
Auditors' Certificate on Corporate Governance.....	15
Management Discussion & Analysis Report	16
Auditors' Report to Shareholders	17
Balance Sheet	20
Profit & Loss Account.....	21
Cash Flow Statement	22
Notes to the Accounts	23
Statement Pursuant to Section 212.....	37
Shyam Telecom Inc.	38
Consolidated Financial Statement	49
Notice	67
Communication to Members	69

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

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

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.
State Bank of India.

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

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



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 19TH ANNUAL GENERAL MEETING of SHYAM TELECOM LIMITED to be held at 11.30 A.M. on Friday, 28th September 2012, 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..... as my /our Proxy to attend and vote for me / us on my / our behalf at the 19TH ANNUAL GENERAL MEETING of SHYAM TELECOM LIMITED to be held at 11.30 A.M. on Friday, 28th September 2012, at Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme, Bais Godam Circle, Jaipur-302001, Rajasthan, India or at any adjournment thereof.

Signed this

Affix Revenue Stamp

day of 2012.

*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.