

SHYAM TELECOM LIMITED

REGD. OFFICE: 11th FLOOR, ANANDRAJ COLLEGE VASTRA, NAGAR, JABBER, KODAK, RAJASTHAN, INDIA

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED, STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2014

Under Clause 41 of the Listing Agreement

(Rs. In Lacs)

S NO.	PARTICULARS	Standalone Results				Consolidated Results			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended	
		Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited
	31-Mar-14	31-Dec-13	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
1	Net Sales/Income from Operations (Net of Excise Duty)	9,851.27	9,640.26	5,608.32	34,786.50	41,550.71	35,032.03	42,326.60	35,032.03
2	Other Operating Income	7.77	14.81	7.34	63.93	93.79	63.93	93.79	63.93
3	Total Income from Operations (Net) (1+2)	9,859.04	9,655.07	5,615.66	34,850.43	42,044.50	35,095.96	42,420.39	35,095.96
4	Expenditure	92.86	249.38	79.88	1,423.66	963.84	1,423.66	963.84	963.84
	(a) Cost of Materials Consumed	12,258.16	9,542.21	3,314.72	36,743.99	35,050.48	36,743.99	35,050.48	35,050.48
	(b) Purchase of Stock-in-Trade	(3,306.64)	(6,076.03)	(1,603.75)	(2,469.35)	(5,999.35)	(2,469.35)	(5,999.35)	(2,469.35)
	(c) Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	238.06	261.67	237.11	1,018.80	1,111.12	1,027.14	1,175.37	1,027.14
	(d) Employees benefits expenses	50.80	51.05	58.24	203.29	216.70	203.64	217.43	203.64
	(e) Depreciation and amortisation expenses	340.96	344.28	370.24	1,673.23	2,438.49	1,931.71	2,640.86	1,931.71
	(f) Other Expenses	184.84	(117.49)	(248.78)	(135.67)	(206.01)	(234.83)	(127.74)	(234.83)
5	TOTAL	9,766.20	9,772.56	5,864.44	34,986.10	42,250.51	35,330.79	42,548.13	35,330.79
6	Profit / (Loss) from Operations before Other Income, Finance costs & Exceptional Items (3-4)	15.53	12.38	16.73	64.98	535.01	100.13	536.34	536.34
7	Profit / (Loss) from ordinary activities before Finance costs & Exceptional Items (5+6)	200.37	(105.11)	(232.05)	(70.69)	329.00	(134.70)	408.60	(134.70)
8	Finance Costs	18.33	14.98	73.88	71.85	180.55	71.85	180.55	71.85
9	Profit / (Loss) from ordinary activities after Finance Costs but before Exceptional Items (7-8)	182.04	(120.09)	(305.93)	(142.54)	148.45	(206.55)	228.05	(206.55)
10	Exceptional Items	182.04	(120.09)	(313.71)	(142.54)	30.14	(206.55)	109.74	(206.55)
11	Profit / (Loss) from Ordinary Activities before tax (9-10)	46.70	(14.75)	(108.92)	(7.61)	25.08	(7.63)	25.08	(7.63)
12	Tax expense	135.34	(105.34)	(204.79)	(134.93)	5.06	(198.94)	84.66	(198.94)
13	Net Profit / (Loss) from Ordinary Activities after tax (11-12)	135.34	(105.34)	(204.79)	(134.93)	5.06	(198.94)	84.66	(198.94)
14	Extraordinary items (Net of tax expenses)	1,127.00	1,127.00	1,127.00	1,127.00	1,127.00	1,127.00	1,127.00	1,127.00
15	Net Profit / (Loss) for the period (13-14)	1,262.34	1,021.66	(82.78)	(7.93)	2,232.06	(93.88)	2,211.66	(93.88)
16	Paid up Equity Share Capital (Face Value of the share Rs.10/-each)	1,127.00	1,127.00	1,127.00	1,127.00	1,127.00	1,127.00	1,127.00	1,127.00
17	Reserve for Contingencies	-	-	-	3,968.48	4,103.41	3,968.48	3,968.48	3,968.48
18	Earning Per Share (EPS)	1.20	(0.93)	(1.82)	(1.20)	0.04	(1.77)	0.75	(1.77)
	(a) Basic and diluted EPS before Extraordinary items	1.20	(0.93)	(1.82)	(1.20)	0.04	(1.77)	0.75	(1.77)
	(b) Basic and diluted EPS after Extraordinary items	1.20	(0.93)	(1.82)	(1.20)	0.04	(1.77)	0.75	(1.77)
	PART II								
	1. PUBLIC SHAREHOLDING								
	- Number of shares	3,800,517	3,800,517	3,800,517	3,800,517	3,800,517	3,800,517	3,800,517	3,800,517
	- Percentage of shareholding	33.72	33.72	33.72	33.72	33.72	33.72	33.72	33.72
	2. PROMOTERS AND PROMOTER GROUP SHAREHOLDING								
	(a) Held / Encumbered	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	- Number of Shares	13.39	13.39	42.84	13.39	42.84	13.39	42.84	13.39
	- Percentage of Promoters shareholding	8.87	8.87	28.39	8.87	28.39	8.87	28.39	8.87
	(b) Non-encumbered	6,469,483	6,469,483	4,269,483	6,469,483	4,269,483	6,469,483	4,269,483	6,469,483
	- Number of Shares	86.61	86.61	57.16	86.61	57.16	86.61	57.16	86.61
	- Percentage of Promoters shareholding	57.41	57.41	37.89	57.41	37.89	57.41	37.89	57.41
	- percentage of Total Shareholding	57.41	57.41	37.89	57.41	37.89	57.41	37.89	57.41
	3. MONTHS ENDED 31ST MARCH, 2014								
	B. INVESTOR COMPLAINTS								
	- Pending at the beginning of the quarter								
	- Received during the quarter								
	- Disposed of during the quarter								
	- Remaining unresolved at the end of the quarter								
	Segment wise Revenue and Results								
1.	Segment Revenue	595.85	348.73	410.05	2,480.29	2,884.16	2,884.16	2,884.16	2,884.16
	- Telecom Products & Services	9,252.17	9,040.60	5,204.70	32,175.32	39,542.58	32,175.32	39,542.58	32,175.32
	- Trading & Related Services	11.02	11.65	11.65	38.46	38.46	38.46	38.46	38.46
	- Investments	9,859.04	9,655.07	5,615.66	34,850.43	42,044.50	35,095.96	42,420.39	35,095.96
	Gross Sales / Income From Operations	9,859.04	9,655.07	5,615.66	34,850.43	42,044.50	35,095.96	42,420.39	35,095.96
	Less : Inter / Intra Segment Sales								
	Net Sales	9,859.04	9,655.07	5,615.66	34,850.43	42,044.50	35,095.96	42,420.39	35,095.96
2.	Segment Results								
	- Profit / (Loss) before interest, Tax, Exceptional Items & unallocable overheads	80.52	(213.54)	(62.57)	198.49	28.37	134.83	107.37	134.83
	- Telecom Products & Services	68.05	149.87	6.27	165.43	579.39	165.43	579.39	165.43
	- Trading & Related Services	11.02	11.65	11.65	38.46	38.46	38.46	38.46	38.46
	- Investments	159.59	(52.02)	(56.30)	402.40	620.39	338.74	699.39	338.74
	Total	159.59	(52.02)	(56.30)	402.40	620.39	338.74	699.39	338.74
	Less: Depreciation & Amortisations	50.80	51.05	58.24	203.29	216.70	203.64	217.43	203.64
	Interest & Financial Charges	18.33	14.98	73.88	71.85	180.55	71.85	180.55	71.85
	Exceptional Items	(91.58)	2.04	117.01	269.80	74.69	269.80	73.36	269.80
	Other un-allocable Expenditure (Net of un-allocable income)								
	Profit / (Loss) Before Tax	182.04	(120.09)	(313.71)	(7.93)	2,232.06	(93.88)	2,211.66	(93.88)

STATEMENT OF ASSETS & LIABILITIES

(ASSETS)

	Particulars	STANDALONE			CONSOLIDATED		
		AS at 31.03.2014	AS at 31.03.2013	AS at 31.03.2014	AS at 31.03.2013	AS at 31.03.2013	
A	EQUITY AND LIABILITIES						
1	Shareholders' Funds						
	(a) Share Capital	1127.00	1,227.00	1,127.00	1,127.00	1,127.00	
	(b) Reserves and Surplus	3968.48	4103.41	3107.00	3107.00	3305.94	
	(c) Money received against share warrants	5075.28	5230.41	4234.00	4234.00	4432.94	
	Sub-Total - Shareholders' funds						
	Share application money pending allotment						
	Minority Interest	6.03	8.78	6.63	6.63	8.78	
2	Non-Current Liabilities						
	(a) Long Term borrowings	90.73	151.82	90.25	90.25	151.82	
	(b) Deferred Tax Liability (Net)	93.66	88.17	93.66	93.66	88.17	
	(c) Other long term Liabilities	190.54	248.77	190.54	190.54	248.77	
	(d) Long Term provisions						
	Sub-Total - Non-current liabilities						
3	Current Liabilities						
	(a) Short Term borrowings	9504.03	718.90	9504.03	9504.03	718.90	
	(b) Trade payables	4856.86	3737.28	4817.75	4817.75	3747.40	
	(c) Other current Liabilities	90.89	3678.07	90.89	90.89	80.59	
	(d) Short Term provisions	14461.78	8234.84	14112.67	14112.67	8304.17	
	Sub-Total - Current liabilities						
	TOTAL - EQUITY AND LIABILITIES	19747.80	13714.02	18837.21	18837.21	12985.88	
B	ASSETS						
1	Non-Current Assets						
	(a) Fixed assets	1941.19	2142.13	1944.78	1944.78	2146.07	
	(b) Goodwill on consolidation	79.82	79.82	79.78	79.78	79.78	
	(c) Non-current investments	2375.62	2753.89	962.60	962.60	1022.79	
	(d) Deferred tax assets (Net)	66.28	0.50	66.28	66.28	0.50	
	(e) Long-term loans and advances	4463.11	4476.74	3053.44	3053.44	3249.54	
	(f) Other non-current assets						
	Sub-Total - Non-Current assets						
2	Current Assets						
	(a) Current Investments	9754.65	3565.06	9873.40	9873.40	3761.47	
	(b) Inventories	566.77	1131.75	925.44	925.44	1318.20	
	(c) Trade receivables	607.48	1522.75	718.94	718.94	1638.95	
	(d) Cash and Bank balances	4265.99	3017.72	4285.99	4285.99	3017.72	
	(e) Short-term loans and advances	15784.46	9337.28	15783.77	15783.77	9736.34	
	(f) Other current assets						
	Sub-Total - Current assets	19747.80	13714.02	18837.21	18837.21	12985.88	

Notes:-

- Quarterly Audited financial results duly reviewed by the Statutory Auditors and further reviewed by Audit Committee were taken on record by the Board of Directors at its meeting held on 30.05.2014. Audited Standalone and Consolidated Financial results for the year ended March 31, 2014 audited by Statutory Auditors were approved by Audit Committee and Board of Directors at their respective meetings held on 30.05.2014.
- Provision for Tax includes provision for Deferred Tax and Minimum Alternate Tax.
- The figures for three months ended 31.03.2014 and 31.03.2013 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto nine months of the relevant financial year.
- Accounts of Foreign Subsidiary has been converted as per generally accepted accounting principles in India. The consolidated financial results have been prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified under Companies (Accounting Standard) Rules, 2006.
- Utilisation of Capital Employed in the Business have not been identified to any of the reportable segments as capital employed is used interchangeably.
- Previous period figures have been regrouped wherever considered necessary.

For & on behalf of Board of Directors of
SHYAM TELECOM LIMITED

Ajay Khanna
Managing Director

Date : 30th May, 2014
Place : NEW DELHI

INDEPENDENT AUDITOR'S REPORT

To the Members of SHYAM TELECOM LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of SHYAM TELECOM LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter, which describe the uncertainty to the matters mentioned:

1. The Department of Telecommunications, Ministry of Communication, Government of India, had invited the tenders from the Indian Companies to provide basic telephony services. The Company Shyam Telelink Networks Ltd. (India) (STNL) along with ARM Ltd. and other parties entered into an MOU to jointly participate in the tenders through STNL. The parties entered into an agreement from which ARM Ltd. withdrew and the parties agreed for buying the shares of ARM Ltd. for a consideration of Rs 10 Crores. The same was partly effected but STNL did not pay the balance amount alleging fraud by ARM Ltd. The matter which was under arbitration by a sole arbitrator who was replaced by the Hon'ble Supreme Court of India (which was approached by the Company by way of an SLP), which vide its order dated 29th Aug, 2012 appointed a different Sole arbitrator. The arbitrator vide his order dated 24th Jan, 2014 has directed the company to pay ARM Ltd. Rs 11.50 Crores along with interest of Rs 14.12 Crores totalling Rs. 25.62 Crores on account of payout. The interest shall be payable upto the date of payment. In addition to the above he has further awarded USD 5,00,000 at the conversion rate prevailing on 24.01.2014 plus interest @ 9% p.a. from the date of award till the date of payment and Rs 20 Lakhs payable to ARM Ltd as arbitration Cost. The company has filed an application under section 34 of the Arbitration and Conciliation Act, 1996 against the said order before the Hon'ble Delhi High Court. The Hon'ble Delhi High Court has issued notice in the said application (which has the effect of stay on the award), and the matter is presently sub-judice before the Hon'ble Delhi High Court. As per the legal opinion produced to us by the Company, the company expects to win the case and hence no provision for the liability has been considered in the accounts. The outstanding amount has been included under Contingent Liabilities.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

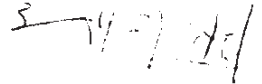
d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Mehra Goel & Co.

Chartered Accountants

Firm Registration Number: 000517N



R.K. Mehra

Partner

M. No: 6102

Place: New Delhi
Date: May 30, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section 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 has been disposed off during the year.

(ii) The inventory of the Company in its possession has been physically verified by the management at reasonable intervals. Stocks in the possession and custody of third parties and stocks-in-transit as on March 31, 2014, have been verified by the management with reference to confirmations or statements of account or correspondence of the third parties or subsequent receipt of goods. In our opinion the frequency of verification is reasonable.

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

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

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

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

(iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not come across of any continuing failure to correct major weaknesses in the aforesaid internal control system.

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

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

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

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

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

(x) According to the information and explanations given to us, in respect of statutory dues:
 a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income-Tax, Wealth-Tax, Sales-Tax, Custom Duty, Excise-Duty, Cess, Service-Tax and other statutory dues applicable to it and no amount were in arrears as at 31st March 2014, for a period of more than six months from the date they become payable.

b) The disputed statutory dues aggregating Rs155.28 Lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Period to which the amount pertains	Amount (Rs. in lacs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Assessment Year 2011-2012	74.41	CIT(Appels)
The Central Excise Act, 1944	Excise Duty	FY 2009-10 to FY 2011-12	80.87	Commissioner (Appeal), Gurgaon

x) The company has no brought forward losses and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

xi) In our opinion the Company has not defaulted in repayment of dues to Financial Institutions or Banks.

(xiii) In our opinion the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiiii) The provision of any special statute applicable to chit fund /nidhi /mutual benefit fund/societies is not applicable to the company.

(xiv) The company is not dealing or trading in shares, securities debentures and other securities.

(xv) The Company has not given any guarantee for loans taken by others from banks or Financial Institutions.

(xvi) The term loans have been applied for the purpose for which they were obtained.

(xvii) According to the Cash Flow Statement and other records examined by us, on an overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.

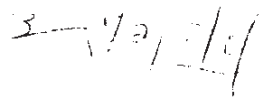
(xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The Company has not issued debentures during the financial year covered by our audit report.

(xx) The company has not raised money by public issue during the financial year covered by our audit report.

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

For Mehra Goel & Co.
Chartered Accountants
Firm Registration Number: 000517N



R.K. Mehra

Partner

M. No. 6102

Place: New Delhi
Date: May 30, 2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
SHYAM TELECOM LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Shyam Telecom Limited** and its subsidiary namely Shyam Telecom Inc., USA which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the Preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the audited financial statement of the foreign subsidiary, referred to below in the Emphasis of Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- ii) in the case of the consolidated Profit and Loss Account, of the loss for the year ended on that date; and
- iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter, which describe the uncertainty to the matters mentioned:

1. We have audited the financial statements of the foreign subsidiary, namely Shyam Telecom Inc./USA, whose financial statements reflect total assets of Rs. 1325.08 Lacs as at 31st March, 2014, profit/(loss) of (Rs. 97.43 Lacs) and cash inflows/(outflows) of (Rs. 94.74 Lacs) for the year ended at 31st March 2014. These financial statements have been prepared by the Management and our report in so far as it relates to the amounts included in respect of this subsidiary is based solely on such financial statements prepared by the management.

2. The Department of Telecommunications, Ministry of Communication, Government of India, had invited the tenders from the Indian Companies to provide basic telephony services. The Company Shyam Telelink Networks Ltd. (India) (STNL) along with ARM Ltd. and other parties entered into an MOU to jointly participate in the tenders through STNL. The parties entered into an agreement from which ARM Ltd. withdrew and the parties agreed for buying the shares of ARM Ltd. for a consideration of Rs 10 Crores. The same was partly effected but STNL did not pay the balance amount alleging fraud by ARM Ltd. The matter which was under arbitration by a sole arbitrator who was replaced by the Hon'ble Supreme Court of India (which was approached by the Company by way of an SLP), which vide its order dated 29th Aug, 2012 appointed a different Sole arbitrator.

The arbitrator vide his order dated 24th Jan, 2014 has directed the company to pay ARM Ltd. Rs 11.50 Crores along with interest of Rs 14.12 Crores totalling Rs. 25.62 Crores on account of payout. The interest shall be payable upto the date of payment. In addition to the above he has further awarded USD 5,00,000 at the conversion rate prevailing on 24.01.2014 plus interest @ 9% p.a. from the date of award till the date of payment and Rs 20 Lakhs payable to ARM Ltd as arbitration Cost. The company has filed an application under section 34 of the Arbitration and Conciliation Act, 1996 against the said order before the Hon'ble Delhi High Court. The Hon'ble Delhi High Court has issued notice in the said application (which has the effect of stay on the award), and the

matter is presently sub-judice before the Hon'ble Delhi High Court. As per the legal opinion produced to us by the Company, the company expects to win the case and hence no provision for the liability has been considered in the accounts. The outstanding amount has been included under Contingent Liabilities.

Our opinion is not qualified in respect of this matter.

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



R.K. Mehra

Partner

M. No.: 6102

Place: New Delhi

Date: May 30, 2014

SHYAM TELECOM LIMITED

Regd. Off : MTS Tower, 3 Amarpali Circle, Vaishali Nagar, Jaipur - 302021, Rajasthan, India

STATEMENT OF APPROPRIATION

(As per Clause 20 of the Listing Agreement)

S.No.	Particulars	31-03-2014	31-03-2013	For the Year Ended
				(Rs. In Lacs)
1	Total Turnover & Other Receipts	3,13,941	2,11,114	
2	Gross Profit (Before deduction any of the following)	132.60	147.20	
	a) Depreciation	203.29	216.70	
	b) Interest	71.85	180.65	
	c) Exceptional item	-	13.74	
	d) Tax liability	7.51	25.18	
3	Net Profit Available for Appropriation	(10.43)	6.11	
4	Provision for Investment Advance Reserve			
5	Net Profit / Loss			
	a) Add / less			
	3]F From Last Year Balance Profit	4,088.41	4,183.55	
	B/F From Last Year General Reserve/Investment Reserve	15.00	45.00	
	c) Other Investment, if any			
	Add : Loss on Distribution of Shares			
	Less: Transferred to General Reserve			
6	Dividend			
	a) Per ordinary share Rs			
	b) Number of shares			
7	Balance Carried Forward	3,668.48	4,103.11	
8	Particulars of Proposed Right / Bonus Shares	-	-	

For SHYAM TELECOM LIMITED

(Authorised Signatory)