

## DIRECTORS' REPORT

### Dear Members,

Your Director's are delighted to present the Twenty First Annual Report on the Business and Operations of the Company together with the Audited Financial statements for the year ended 31<sup>st</sup> March, 2014.

### TELECOM INDUSTRY IN INDIA

#### AN OVERVIEW

Globally the Telecom Industry is in the midst of a transformational shift, driven by a huge surge in data traffic on telecom networks. A number of mobile operators are rolling out 4G networks across the globe. A number of wire line operators are rolling out "Fiber to the home", providing enormous bandwidth up to 100 Mbps to the subscribers. Users will be able to gravitate to fastest, most reliable and best priced wireless networks available. The migration of speed seeking data users to 4G may be accompanied by a rise in volume of voice calls on legacy 2G and 3G networks. Operators are offering very competitive tariffs to encourage more of their subscriber base to use mobile data services. 4G customers are likely to generate higher Average Revenue Per User (ARPU) than 3G customers.

Globally, the governments are making more spectrums available to exacerbate the spectrum shortage. More and more mobile operators are deploying emerging technologies such as HetNets to overcome the spectrum exhaustion.

India, the second largest telecom market by subscriber base after China, witnessed phenomenal growth in last decade. The 2G scam leading to cancellation of a spate of licenses, high competition, heavy debt and flip-flops on regulatory and other policy issues in recent years, have taken a heavy toll on the sector, hurting the profitability of companies.

India becomes one of the fastest growing telecom markets in the world. The unprecedented increase in teledensity and sharp decline in tariffs in the Indian telecom sector have contributed significantly to the country's economic growth. Besides contributing about 5.3% to India's GDP, Telecommunications alongwith Information Technology has greatly accelerated the growth of the economic and social sectors.

#### DRIVING BROADBAND GROWTH

Department of Telecommunication in India has planned to increase rural teledensity from 40 to 60 by year 2017 and 100 by year 2020. Moreover, the National Broadband Plan envisages 160 million broadband connections including 60 million wireless broadband connections by the year 2014. There are plenty of opportunities for the communication service providers in India to address this growth path.

Government of India has approved building of National Optical Fiber Network (NOFN) to provide connectivity to 250,000 Gram Panchayats of the country. The project envisages providing high-speed and high-quality broadband access to all village panchayats through optic fiber by year 2014 and progressively to all villages and habitations.

#### ADDRESSING AND RURAL CHALLENGE

India's mobile service providers (MSP's) have yet to tap the full potential of rural India, as large parts of rural India are in dire need of telecom service. Bridging the rural-urban digital divide is critical for India's inclusive growth in financial, healthcare and education sector, among others. The challenge, however, is to deliver a mobile service to rural users, that is viable and profitable at the current low levels of ARPU.

Notwithstanding the economic progress over the last decade, the digital divide in the country continues to be significant. Expansion of telecommunication in the rural areas has been slow as compared to urban areas, with the former accounting for only 39.6% of the total connections. In addition to this, there is wide variation in teledensity from one state to the other. States such as Punjab, Kerala, Karnataka, Tamil Nadu, Gujarat and Maharashtra have higher teledensity in the range of 87% to 109% vis-à-vis states such as Bihar, Uttar Pradesh, Madhya Pradesh and Assam having teledensity in the range of 44% to 55%.

#### EXPORTS

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

The export revenue of the Company for the financial year 2013-14 is of Rs 12.38 crores (F.O.B). The Company has taken turnkey projects worldwide, which includes the survey, planning, installation, commissioning etc. We already have various agents/distributors/value added resellers worldwide

#### FOREIGN DIRECT INVESTMENT

The consolidated foreign direct investment (FDI) policy of India 2014 has been announced by India and it has brought many far reaching changes and reforms. FDI in the licensee company/ India promoters/investment companies including their holding companies shall require approval of the Foreign Investment Promotion Board (FIPB) if it has a bearing on the overall ceiling of 100 %. 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 areas 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 backhails systems

and signals enhancement accessories that enable mobile operators, real estate developers, neutral host providers and business provide seamless, wireless coverage within their network. Besides manufacturing we are also in trading of CDMA handsets, data cards and accessories. Substantial turnover from these handsets and accessories contributes to the top line of the company.

The company import these mobile handsets and accessories from world renowned suppliers like LG, Samsung, ZTE, and HUAWEL. 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 encouraging 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.

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.

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
	2013-2014	2012-2013
Sales and Services	34,915.41	42,579.51
Profit/(Loss) before Tax and Exceptional Items	(142.54)	148.45
Exceptional Items	-	118.31
Profit/(Loss) Before Tax	(142.54)	30.14
Provisions for Income Tax		
- Current tax	42.50	133.00
- Deferred tax	(61.57)	(107.92)
Income tax/ Deferred Tax for earlier year	11.46	-
Profit/(Loss) After Tax	(134.93)	5.06

## OPERATIONS

During the Year under review your company has registered a turnover of Rs. 34915.94 Lacs against Rs. 42,579.51 Lacs in year 2012- 2013. A net loss of Rs. 134.93 Lacs has been made during this year as against a profit of Rs 5.06 Lacs in the previous year. This year to year decrease in the turnover is 18 %. The reduction in the net profit is due to reduction in turnover.

## DIVIDEND

In view of losses incurred during the year under review, the Board of Directors of the Company has not recommended any dividend to the shareholders for this financial year.

## 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. Subsidiary also provides the logistic benefits which helps in quick delivery of products at the customer end.

The financial year of the subsidiary is from 1<sup>st</sup> January to 31<sup>st</sup> December; accordingly, Accounts enclosed are for the period of whole year i.e. from 1<sup>st</sup> January 2013 to 31<sup>st</sup> December 2013.

## PUBLIC FIXED DEPOSIT

During the year under review the company has not accepted any deposits from public under section 58A of the Companies Act, 1956 and rules made there under.

## DIRECTORS

In accordance with the provisions of section 152 of the Companies Act, 2013 and Article of Association of the company, Mr. Rajiv Mehrotra and Mr. Ajay Khanna, Directors of the company, retire by rotation at the ensuing Annual General Meeting and be eligible, offer themselves for re-appointment. Their brief profile has been stated in the Corporate Governance Report.

Necessary resolutions for the appointment/re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM and details of the proposal for appointment/re-appointment are mentioned in the explanatory statement of the notice.

Your directors recommend their appointment/re-appointment. All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013 and they have also filed their consent for such appointment.

## 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 2013-2014 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

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Mehra Goel & Company, Chartered Accountants (Registration No. 000517N), re-appointed as auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the 24<sup>th</sup> AGM, for the financial year ending 2017 (subject to ratification of the appointment by the members at every AGM held after this AGM) at the remuneration to be determined by the Board of Directors of the Company.

## AUDITOR'S REPORT AND CLARIFICATION

The auditor's report presented by M/s. Mehra Goel & Company, Chartered Accountants, Statutory Auditors on the accounts of the Company for the financial year ended 31<sup>st</sup> March, 2014 is self explanatory and requires no comments.

## COST AUDITOR

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s K. G Goyal & Associates and remuneration of Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31 March, 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

## 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 printer and copiers). No paper is trashed unless it has been used both the sides. The company is conscious and committed towards its social responsibility.

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

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

### **PARTICULARS OF 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**

The Company is regularly complying with the regulatory norms of Corporate Governance as stipulated under clause 49 of the listing agreement. A Report on Corporate Governance as required under Clause 49 of the Listing Agreement, as applicable, form the part of this report.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

### **COMPOSITION OF AUDIT & FINANCE COMMITTEE**

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

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

### **ACKNOWLEDGMENT**

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

Your Directors also convey their gratitude to the Shareholders, Statutory Auditors and Employees of the company for their commit 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/-

Sd/-

PLACE: NEW DELHI

**AJAY KHANNA**

**ALOK TANDON**

DATE: 30<sup>th</sup> May,2014

Managing Director

Director

## **ANNEXURES TO DIRECTORS' REPORT**

### **ANNEXURE-I**

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

### **CONSERVATION OF ENERGY**

#### **(a) Energy Conservation measures taken:**

- All high- energy lighting is controlled to switch off with manual switches, thus consuming energy only during essential periods.
- Employment of highly efficient low power consuming manufacturing equipment e.g. SMT, Progressive Assembly, 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 equipment consumes less power than other power supplies.
- Use of automatic power factor correction penal for energy conservation.
- For lightning purpose, only CFL tubes are used. New purchasing of power equipments with Power Saver Rating have applied.
- Installed automatic voltage regulator for maintaining electricity voltage enabling to reduce consumption of energy units
- All soldering workstation are automated, if not in use it goes in idle mode.
- Employer Awareness has generated to conserve electricity/ power.

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

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

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

By high level of integration and automation in the manufacturing process cycle, saving in the energy/ fuel consumption has been achieved which definitely 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 production with its customers by offerings a winning combination of sophisticated technical expertise, innovation design and high volume manufacturing.

We understand the economic and competitive pressures of the rapidly growing Telecom Market and have responded to this with the on-going development program to increase overall value to our customers. Efforts are being made to hire highly qualified and experienced personnel in the said Department, to further enhance the quality of work, processes and products for this could come out to be another step towards customer satisfaction and thus in-turn capturing more shares in the market.

**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.

**2) Total foreign exchange used:**

a) Expenditure in Foreign Currency	(Rs in Lacs)
- Travelling	14.33
- Legal, Professional and consultancy charge	21.86
- <b>CIF Value of Imports</b>	
- Raw Material	1,128.67
- Communication System & Accessories	12.25
<b>b) Income in Foreign Currency</b>	
- F.O.B. Value of Export Goods	1,238.07

## CORPORATE GOVERNANCE REPORT 2013-2014

### COMPANY'S PHILOSOPHY

Evaluating Corporate governance necessarily involves analyzing the power structure (Shareholders, Board of Directors Top Executives, and other Managers) and how the structure affects the behavior of decision makers and stakeholders. The real economic wealth a company can create hinges on an effective allocation of its resources, which is only possible when the interests of all the parties involved are taken into account. Generating profits for Shareholders to the detriment of Employees or any other Stakeholder is not profitable in the long term and could well foil the core objective of value creation.

Corporate Governance is a complex issue, the focal point which is the exercise of power. The power has limits, however, imposed by both legislation and contracts. Also even if the overarching power belongs to Shareholders, residual power cannot be exercised to the detriment of the rights of the other Stakeholders. Because the governance system and resulting structures have a major influence on the decision making processes within a company, financial analysts must understand the governance is a factor in competitiveness that is as important as the quality of a company's human resources, its know-how, and its innovation capacity.

### I. BOARD OF DIRECTORS

#### (A) COMPOSITION OF BOARD OF DIRECTORS

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

Name of the Director	Category	Designation	Number of Directorships held in other Companies	Number of memberships in Committees of the Board of Other Companies	Number of Chairmanship in Committees of the Board of Other Companies
<b>Rajiv Mehrotra</b>	Promoter & Executive	Chairman & Managing Director	4	-	-
<b>Ajay Khanna</b>	Promoter & Executive	Managing Director	3	2	-
<b>Alok Tandon</b>	Promoter & Executive	Managing Director	4	4	-
<b>Achintya Karati</b>	Independent	Director	5	5	-
<b>Vinod Juneja</b>	Independent	Director	3	-	-
<b>Praveen Kumar Bhatia</b>	Independent	Director	1	-	-
<b>C.S. Malhotra</b>	Independent	Director	-	-	-
<b>Narendra Kumbhat</b>	Independent	Director	3	2	-
<b>Arun Khanna</b>	Non Executive	Director	1	2	2

#### NOTES:

- Number of other Directorships and Committee memberships indicated above is exclusive of Private Limited Companies, Foreign Companies and Companies incorporated under Section 25 of the Companies Act, 1956 and only two committees viz., Audit & Finance Committee and Stakeholders Relationship 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 companies in which he is a Director.
- Mr. Ajay Khanna & Mr. Arun Khanna are related to each others as brothers.
- Mr. Alok Tandon has ceased to be Managing Director of the Company w.e.f. 1<sup>st</sup> May, 2014 due to his other occupations
- Mr. Praveen Kumar Bhatia has also resigned from the office of directorship w.e.f. 6<sup>th</sup> June, 2014.
- Shareholding of Directors for the period ending as on 31<sup>st</sup> March, 2014 is as follows:

Name of the Director	No. of Shares held as on 31 <sup>st</sup> March, 2014
Rajiv Mehrotra	52605
Ajay Khanna	4553
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 2013-2014, 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. 25<sup>th</sup> May, 2013
2. 13<sup>th</sup> August, 2013
3. 13<sup>th</sup> November, 2013
4. 14<sup>th</sup> February, 2014

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

Name of the Director	Number of Board Meetings Attended	Presence at the Twentieth Annual General Meeting held on 23 <sup>rd</sup> September, 2013 at Jaipur, Rajasthan.
Rajiv Mehrotra	3	NO
Ajay Khanna	4	YES
Alok Tandon	3	YES
Achintya Karati	4	NO
Vinod Juneja	1	NO
Praveen kumar Bhatia	3	NO
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 31<sup>st</sup> March, 2014. (Refer Notes No 32 of Other Notes to The Accounts.

**BOARD PROCESS**

It has been endeavor of the Management that all the important decisions pertaining to business requiring or not the approval of the Board. It's a procedure to formulate decisions through the approval 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**

Pursuant to the Clause 49 of the Listing Agreement, All the Board Members and Senior Management Executive of the Company have confirmed compliance with the Code of Conduct for period ended 31<sup>st</sup>, March, 2014. The CEO of the company affirms the compliance of the Code of Conduct of the Company.

**TO WHOMSOEVER IT MAY CONCERN**

**Ref: CODE OF CONDUCT**

It is hereby affirmed that there has been due compliance with Code of Conduct as adopted by all the Directors of the Board and Senior Management Executives for the period commencing 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014

Sd/-  
**B.S.YADAV**  
Chief Executive Officer

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

**TO WHOMSOEVER IT MAY CONCERN**

It is hereby affirmed that there has been due compliance of SEBI (Prohibition of Insider Trading) Amendment Regulation 2011 by all the Directors of the Board and Senior Management Executives for the period commencing 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014.

Sd/-  
**B.S.YADAV**  
Chief Executive Officer

**COMMITTEES OF THE BOARD**

- o In compliance with clause 49 of the Listing Agreement, the Board has constituted the following committees:
  - Audit & Finance committees
  - Stakeholder Relationship Committee
  - Nomination and Remuneration Committee
  - Corporate Social Responsibility 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 2013-2014, the Committee met four times on the following dates:

1. 25<sup>th</sup> May, 2013
2. 13<sup>th</sup> August, 2013
3. 13<sup>th</sup> November, 2013
4. 14<sup>th</sup> February, 2014

### ATTENDANCE OF EACH MEMBER AT THE AUDIT & FINANCE COMMITTEE MEETING HELD DURING THE YEAR 2013-2014

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

Mr. Narendra Kumbhat, members of the Audit & Finance Committee attended the last AGM nominated as Chairman of Audit & Finance Committee to answer the queries of shareholders.

### ROLE AND POWERS OF THE AUDIT & FINANCE COMMITTEE

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

### (C) POWERS OF THE AUDIT & FINANCE COMMITTEE

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 outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise if it considers necessary

### (D) ROLE OF AUDIT & FINANCE COMMITTEE

The Role of Audit & Finance Committee includes the followings:-

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 credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Auditors of the company and the fixation of audit fees and tenure of appointment.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and Auditors report thereon before submission to the board for approval, with particular reference to:
  - a. 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
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of Audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft Audit Report.
- 4A. Approval or any subsequent modified of transactions of the company with related parties.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval
- 5A. Reviewing and monitoring with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.



6. Reviewing, with the management, performance of the statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of Internal Audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with Internal Auditors regarding any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### **BRIEF DESCRIPTION OF THE TERMS OF REFERENCE-**

- Review of cost auditor report.
- Scrutiny of inter-corporate loans and investments,
- Valuation of undertakings or assets of the Company, wherever it is necessary,
- Valuation of internal financial controls and risk management systems
- 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.

#### **(E) REVIEW OF INFORMATION BY AUDIT & FINANCE COMMITTEE**

The "Audit & Finance Committee" shall mandatorily review the following information:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the Audit & Finance Committee) submitted by management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the Chief Internal auditor/Internal Auditor shall be subject to review by the Audit & Finance Committee.

#### **(F) STAKEHOLDER RELATIONSHIP COMMITTEE**

##### **(I) COMPOSITION OF COMMITTEE**

The Committee has two members i.e Mr.Arun Khanna, Non Executive Director is the Chairman of the committee, Mr. Narendra Kumbhat, member of the committee 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

The name of 'Shareholders'/Investors' Grievance Committee' was to changed 'Stakeholders Relationship Committee' (SR Committee) vide its Board Meeting held on 13<sup>th</sup> November, 2013 The SR Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholders' / investors' / security holders' complaints. The Committee also monitors the implementation and compliance with the Company's Code of Conduct for prohibition of Insider Trading.

During the Financial year 2013-2014, the committee met 11 times.

##### **(II) BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The committee looks after the following matters:

- i. To approve applications for transfer, transmission, transposition of shares and mutation of share certificates including issue of duplicate certificates, split, sub-division or consolidation of certificates and to deal with all related matters.
- ii. To look into and redress the Shareholders / investors grievances relating to:
  - a) Transfer of shares;
  - b) Non-receipt of dividends;
  - c) Non-receipt of annual reports;
  - d) Any other complaint concerning the Shareholders / investors; and

- iii. The Committee will oversee the performance of the Registrars and Share Transfer Agents of the Company.
- iv. Such other matters as may from time to time be required by any statutory or regulatory authority to be attended by the committee;
- v. Consider other matters, as from time to time be referred to it by the Board.

### (III) DETAILS OF QUERIES/ COMPLAINTS RECEIVED AND SOLVED DURING THE FINANCIAL YEAR 2013-2014

Nature of Queries/Complaints	Received (Nos)	Solved (Nos)	Pending (Nos)
Non-receipt of Share Certificate	Nil	Nil	Nil
Number of requests for change of address	1	1	Nil
Number of requests for Transfer	6	6	Nil
Issue of Duplicate Share Certificates	Nil	Nil	Nil
Non-receipt of Dividend Warrants	Nil	Nil	Nil
Revalidation of Dividend Warrants	Nil	Nil	Nil
Non-receipt of Annual Report	Nil	Nil	Nil
<b>Total</b>	<b>7</b>	<b>7</b>	<b>Nil</b>

- The Company addresses all complaints, suggestions and grievances expeditiously and sent/ issues resolved usually within 15 days.
- The company has complied with submissions of its response to the queries/ clarification sought by the Stock Exchanges on various market related information like clarifications on market rumors, etc. from time to time. These responses have not been included in the above list.
- Registrar and Transfer agent does share Transfer Works and as on 31<sup>st</sup> March, 2014, no complaints were pending.

### (G) NOMINATION AND 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

The name of Remuneration Committee was changed to 'Nomination and Remuneration Committee' (NR Committee) vide its Board Meeting held on 13<sup>th</sup> November, 2013. The NR Committee is primarily responsible to review all matters connected with the Remuneration. The Committee also monitors the implementation and compliance with the Company's Code of Conduct for prohibition of Insider Trading.

#### ATTENDANCE OF EACH MEMBER AT THE NOMINATION AND REMUNERATION COMMITTEE MEETING HELD ON 25<sup>TH</sup> MAY, 2013 DURING THE YEAR 2013-2014

Name of the Member	Number of Meetings Attended
Achintya Karati	1
Praveen Kumar Bhatia	1
C.S. Malhotra	1

There was only one meeting held during the year 2013- 2014.

### (II) TERMS OF REFERENCE

The Committee looks after the following matters:

- a) Identify persons who are qualified to become Director and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Directors' performance.
- b) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- c) Determine/ review on behalf of Board of Directors of the Company the compensation package, service agreements and other employment conditions for Managing/Whole Time Director(s).
- d) Determine on behalf of the Board of Directors of the Company the quantum of annual increments/incentives on the basis of performance of the Key Managerial Personnel.
- e) Formulate, amend and administer stock options plans and grant stock options to Managing / Whole Time Director(s) and employees of the Company.
- f) Delegate any of its power/ function as the Committee deems appropriate to Senior Management of the Company.
- g) Consider other matters, as from time to time be referred to it by the Board.

### (H) DETAILS OF REMUNERATION TO ALL DIRECTORS

#### (A) REMUNERATION TO EXECUTIVE DIRECTORS

The Company is paying the remuneration to its Managing Directors, Mr. Ajay Khanna, & Mr. Alok Tandon. Details of remuneration as set out below:

Name of Director	Designation	Salary (Rs. In Lacs)	Other perquisites (Rs. In Lacs)	Total (Rs. In Lacs)
Mr. Ajay Khanna	Managing Director	12.00	1.15	13.15
Mr. Alok Tandon	Managing Director	12.00	1.15	13.15

(All other benefits as per company Rules)

#### (B) DETAILS OF REMUNERATION TO NON-EXECUTIVE DIRECTORS

Non Executive Directors except Mr. Arun Khanna are entitled to Sitting Fees only for attending the Board and other Committees Meeting. The Company does not pay any other remuneration to them besides sitting fees. Appropriate records are maintained in respect of the payment made to them. Details of remuneration as set out below:

S. No.	Name of Director	Designation	Amount (Rs. In Lacs)
1.	Mr. Achintya Karati	Independent Director	0.30
2.	Mr. Praveen Kumar Bhatia	Independent Director	0.23
3.	Mr. C.S. Malhotra	Independent Director	0.30
4.	Mr. Narendra Kumbhat	Independent Director	0.21
5.	Mr. Vinod Juneja	Independent Director	0.07
		<b>Total</b>	<b>1.11</b>

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the Companies Act, 2013, the Company constitute a "Corporate Social Responsibility Committee" (CSR) of the Board. The terms of reference of "Corporate Social Responsibility Committee" shall be:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Company as per the Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities related to CSR; and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Board is requested to appoint the following Directors on Corporate Social Responsibility Committee:

- Mr. Achintya Karati
- Mr. C. S. Malhotra
- Mr. P.K. Bhatia
- Mr. N. Kumbhat

The quorum of Corporate Social Responsibility Committee meeting shall be one third of its total strength or two members which ever is higher but there should one Independent Director present.

## GENERAL BODY MEETINGS

### (A) DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

AGM	Year	Day & Date	Time	Venue
20 <sup>th</sup> Annual General Meeting	2013	Monday, 23 <sup>rd</sup> September, 2013	11.00 A.M.	Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme, Bais Godam Circle, Jaipur-302001 (Rajasthan)
19 <sup>th</sup> Annual General Meeting	2012	Friday, 28 <sup>th</sup> September, 2012	11.30 A.M.	Fortune Select Metropolitan, Near Nehru Sahkar Bhawan, C-Scheme, Bais Godam Circle, Jaipur-302001 (Rajasthan)
18 <sup>th</sup> Annual General Meeting	2011	Monday, 5 <sup>th</sup> September, 2011	12.00 Noon	Hotel Marriot, Near Jawahar Circle Ashram Marg, Tonk Road, Jaipur-302015 (Rajasthan)

### (B) SPECIAL RESOLUTION PASSED IN PREVIOUS THREE ANNUAL GENERAL MEETINGS

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

### (C) POSTAL BALLOT

There has been no resolution passed through Postal Ballot during the year 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014.

## 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

- Disclosure of statement in the summary form of transactions which are not in the normal course of business and which are materially significant related party transaction with its Promoters, Directors or the management, their subsidiaries or relatives that may have conflicts with the interest if the company at large

All the disclosure in the related party transactions are made in other Notes to the Accounts No 32 to the Balance Sheet.

- Disclosure of Accounting Treatment: All the financial statements made are as per the Accounting Standards, given by the Institute of Chartered Accountants of India (ICAI). The financial statements present true and fair view of underlying business transactions.
- Board Disclosure- Risk Management : The Company has laid down the various procedure to inform Board members about the risk involved in the business, its assessment and its minimization.
- Proceeds from public issue, right issue, preferential issue etc.: No proceeds has been made through public, right or preferential issue.
- 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.
- 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.
- 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.

## MEANS OF COMMUNICATION

### (A) QUARTERLY RESULTS

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

### (B) WEB-STIE/ INVESTORS GRIEVANCE ID

The results and official news are displaced on the company's website viz. [www.shyamtelecom.com](http://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](mailto:investors@shyamtelecom.com).

## GENERAL SHAREHOLDERS INFORMATION

### (A) ANNUAL GENERAL MEETING

AGM	Year	Day & Date	Time	Venue
21 <sup>ST</sup> Annual General Meeting	2014	Tuesday, 30th September, 2014	11.00 A.M.	Hotel Hilton, Plot No. 42, Geejgarh House, Hawa Sadak Road, Jaipur-302006 (Rajasthan)

### (B) FINANCIAL CALENDER

The Company follows financial year from 1<sup>st</sup> April to 31<sup>st</sup> March each year

Particulars	Due Date
First Quarter Results	13th August, 2013
Second Quarter Results	13th November, 2013
Third Quarter Results	14th February, 2014
Fourth Quarter Results	30th May, 2014
Audited Annual Results	30th May, 2014
Consolidated Audited Annual Results	30th May, 2014

### (C) DATE OF BOOK CLOSURE

The Books shall be closed from 26<sup>th</sup> September, 2014 (Friday) to 30<sup>th</sup> September, 2014 (Tuesday) (both days inclusive)

### (D) DIVIDEND PAYMENT DATE

The company has not declared dividends for the financial year ending 31<sup>st</sup> March, 2014.

### (E) LISTING ON STOCK EXCHANGES

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

The company has paid the Annual Listing Fees due to all stock Exchanges up to the year 2014-2015.

### (F) STOCK CODE

**BSE 517411**

**NSE SHYAMTEL**

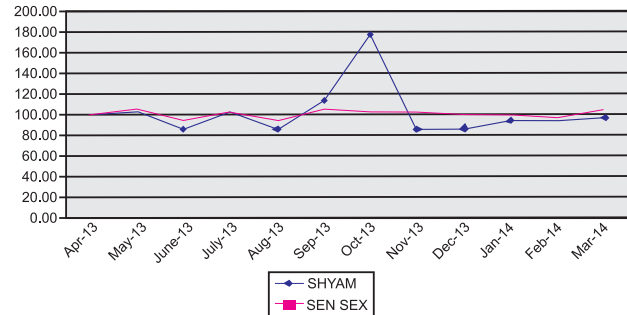
**ISIN INE635A01023**

### (G) MARKET PRICE DATA

High, Low during each month during the financial year 2013-2014

Month	BSE (In Rs.)		NSE (In Rs.)	
	High	Low	High	Low
April, 2013	23.40	19.25	24.85	20.10
May, 2013	23.85	20.20	24.45	20.40
June, 2013	21.60	17.00	21.40	16.75
July, 2013	22.10	17.50	22.25	17.05
August, 2013	19.40	15.30	19.30	15.75
September, 2013	22.90	17.00	22.95	17.65
October, 2013	50.90	20.10	51.35	19.70
November, 2013	34.50	26.50	34.00	26.55
December, 2013	30.45	23.25	29.70	23.50
January, 2014	27.50	23.75	27.70	23.30
February, 2014	26.25	23.00	27.00	22.10
March, 2014	26.15	22.30	25.25	21.60

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



### (H) 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](mailto:rnt@indusinvest.com);

[bharat.b@indusinvest.com](mailto:bharat.b@indusinvest.com)

Web: [www.indusinvest.com](http://www.indusinvest.com)

### (I) SHARE TRANSFER SYSTEM

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

### (J) DISTRIBUTION OF SHAREHOLDING

Distribution of shareholding as on 31<sup>st</sup> March, 2014 is as follows:

Number of shares	No. of shareholders	% of Total shareholders	No. of Shares held	% of Total Equity
Upto 100	10547	73.57	441314	3.91
101-500	2935	20.48	721947	6.41
501-1000	452	3.15	360444	3.20
1001-5000	307	2.14	650479	5.76
5001-10000	46	0.32	341150	3.03
10001-20000	29	0.20	410267	3.64
20001-30000	3	0.02	75032	0.67
30001-40000	2	0.01	67239	0.60
40001-50000	4	0.03	181087	1.61
50001-100000	3	0.02	240012	2.13
100001-500000	2	0.01	630296	5.59
500001 and above	7	0.05	7150733	63.45
<b>Total</b>	<b>14337</b>	<b>100.00</b>	<b>11270000</b>	<b>100.00</b>

### (K) CATEGORIES OF SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2014

Shareholder's Category	Percentage of Holding
Promoters', Relatives and Associates	66.278
Bodies Corporate (Domestic)	2.733
Banks & Financial Institutions	0.003
Mutual Funds	0.001
Foreign Institutional Investors	0.000
Non-Resident Indians & Overseas Corporate Bodies	6.641
Resident Individuals	23.810
Any Other (Clearing Houses, Clearing Members, Trust, unclaimed)	0.534
<b>Total</b>	<b>100.000</b>

**(L) SHAREHOLDING WITH MORE THAN ONE PERCENT HOLDINGS AS ON 31<sup>ST</sup> MARCH, 2014**

Shareholder's Category	Shares	Percentage
Intell InvoFin India Private Limited	1697807	15.07
Mehrotra InvoFin India Private Limited	1560877	13.85
Cellcap InvoFin India Private Limited	818081	7.26
A.T InvoFin India Private Limited	809890	7.19
Teletec Finsec India Private Limited	803913	7.13
Cellphone Credit & Securities India Private Limited	760165	6.75
Shyam Antenna Electronic Limited	700000	6.21
Renu Ashok Bablani	444796	3.95
Rakesh Kanwar	185500	1.65
Sandeep Sharma	119476	1.06

**(M) 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 31<sup>st</sup> March 2014, 11239239 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.

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

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

**(O) PLANT LOCATION**

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

**(P) INVESTOR QUERY/ ADDRESS FOR CORRESPONDENCE**

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

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

■ **RAJIV MEHROTRA**

Date of Birth 5<sup>th</sup> August, 1954  
Date of Appointment 15<sup>th</sup> June, 1992  
Qualification Electronics Engineer

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

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

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

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

**OTHER DIRECTORSHIPS**

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

**COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES:**

Name of the Company	Committee	Position
-	-	-

■ **MR. AJAY KHANNA**

Date of Birth 25<sup>th</sup> January, 1956  
Date of Appointment 3<sup>rd</sup> 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 by 25 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.	Managing Director
2.	Shyam Antenna Electronics Ltd.	Director
3.	RMS Automation Systems Ltd.	Director

**COMMITTEE 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 23<sup>rd</sup> March 1946  
Date of Appointment 27<sup>th</sup> September 2004  
Qualification B.Com., LLB from Calcutta University. He enrolled himself as Advocate of Kolkata High Court.

**Mr. A. Karati** was associated with ICICI, a Public Financial Institution(which was subsequently converted into bank) from 1978 to April 2004. After retirement from ICICI Bank

in April 2004, Mr. Karati serves as Senior Advisors of ICICI Securities Limited, ICICI Bank Ltd. and ICICI Prudential Life Insurance Company Limited. Mr. Karati was also associated with NCDEX, a Commodity Exchange promoted by ICICI, NABARD, NSC, CRISIL and IFFCO as Head Govt. & Institutions.

Mr. A. Karati was also associated with Ratnakar Bank from June 2012 to 31<sup>st</sup> March 2014. Before Ratnakar Bank Mr. A Karati was Senior Country Advisor of Yes Bank Limited for a period of 2 years from June 2010.

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 Affairs. In all he has vast experience in the financial and legal fields spanning for 33 years.

He served as Country Head of Government and Institutional Solutions Group, ICICI Bank Limited looking after Government Departments and Public Sector Undertaking across the Country having four Zonal Managers stationed at North, South, East & West. He also served as Senior General Manager of ICICI Bank for Government Banking Group & Rural, Micro Credit and Agri Business Group. Before aforesaid, he served ICICI Limited as Deputy Zonal Manager (North) and Head of Major Client Group (North), this group was dedicated to large private and public sector companies for all their financial requirements.

At present he is also on the Board of Directors of the following Companies as Independent Director:

#### OTHER DIRECTORSHIPS

Name of the Company	Position
Uflex Ltd.	Nominee Director
Sangam (India) Ltd.	Director
J.K. cements Ltd.	Director
Delton Cables Ltd.	Director
Jay Bharat Maruti Ltd.	Director

#### COMMITTEE MEMBERSHIP IN OTHER COMPANIES

Name of the Company	Committee	Position
J.K. Cements Ltd.	Audit Committee	Member
Uflex Ltd.	Audit Committee	Member
Sangam India Ltd.	Audit Committee	Member
Sangam India Ltd.	Corporate Grievance Committee	Member
Sangam India Ltd.	Remuneration Committee	Member
J.K. Cements Ltd	Remuneration Committee	Member
Uflex Ltd.	Remuneration Committee	Member
Jay Bharat Maruti Ltd	Audit Committee	Member

#### ■ MR. VINOD JUNEJA

Date of Birth	20 <sup>th</sup> April 1949
Date of Appointment	29 <sup>th</sup> August 2008 (As an Additional Director)
Qualification	B. Com. (Hon.), M. Com., L.L.B. & Ph D.

**Mr. Vinod Juneja** is the Managing Director of Braj Binani Group of Industries (Metals, Cements, Zinc & Glass Fibre). He has also been Dy. Managing Director, Bank of Rajasthan, previously, and represented the Bank on the Board of Bharat Overseas Bank Ltd. (now Indian Overseas Bank) as Chairman. He started his banking career from Syndicate Bank and achieved remarkable performance for Bank's growth and development by working in various capacities as Branch Head, Development Officer and Lead District

Manager. Due to the later's initiative, the Bank was able to set up first RRB of the Country. During the period 1981 to 1989, he joined Export-Import Bank (EXIM Bank) and became instrumental in formulation and implementation of various schemes and project exports in various capacities as Manager and Regional Representative in Northern India. Further, he joined SANWA Bank of Japan as Dy. C.E.O. He was also associated with the Choung Bank of South Korea as Dy. C.E.O. and established the Bank's Business Operations in India, right from obtaining RBI & Government approval to setting up the branch.

Mr. Juneja was also associated with Sumitomo Bank of Japan (now known as Sumitomo Mitsui Banking Corporation - after merger of Sakura Bank) as Dy. C.E.O. Further, he remained associated with many big Corporates of the World such as Suzuki Motors, Honda Motors, Sony, Mitsubishi Corporation etc.

Mr. Juneja played a vital role in disinvestments in various PSUs including MUL, HZL, HCL, Jacob & Co., Air India etc. etc. by providing advisory and consultancy services and making presentations to the Government in co-ordination with Credit Analysis and Research Ltd. (CARE).

Last but not the least, Mr. Juneja was a Member of the Personnel & Legal Committee and Bank's Sports Board of the Indian Banks' Association during the period from 2004 to 2007.

As recognition of his services in various fields he received various awards, some of which are:

"UDYOG RATNA AWARD", "BHARAT GAURAV AWARD", "GOLD STAR AWARD" & "INTERNATIONAL GOLD STAR AWARD", Achievers Excellence Award by the NRI Institute, ASMs' Award for Excellence-2012 by Audyogik Shikshan Mandal, Pune; Unique Achiever Award' by the Public Relations Council of India."

#### OTHER DIRECTORSHIPS

Name of the Company	Position
Rajasthan Financial Corp	Director
Binani Metals Ltd	Director
Edelweiss Finance & Invest Ltd.	Director

#### COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES

Name of the Company	Committee	Position
Nil	Nil	Nil

#### ■ MR. NARENDRA KUMBHAT

Date of Birth	23 <sup>rd</sup> December 1943
Date of Appointment	29 <sup>th</sup> July 1999
Qualification	Post Graduate in Business Management

**Mr. Narendra Kumbhat** was inducted on the Shyam Board on 29<sup>th</sup> July 1999 as Director (Finance). He is a post Graduate in Business Management and has over 41 years of experience in the various fields namely Administration, Personnel, Finance, Accounts, Materials, Taxation and Company Law etc.

Mr. Kumbhat is a Member of the Institute of Internal Auditors, Florida, USA, American Management Association,

USA and Administrative Staff College of India. He has also worked with Shriram Group, Indo Rama India, RPG Group, BST Ltd., J. K. Organisation, Hfcl Bezeq Telcom.

Mr. Kumbhat has been taking up sessions in the programs on Revival/Rehabilitation of Sick Industries conducted by the BANKERS' TRAINING COLLEGE of Reserve Bank of India and conducts research on the causes of Industrial Sickness in India and Rehabilitation of Sick Companies.

#### OTHER DIRECTORSHIPS

Name of the Company	Position
Shyam I.T.Services Ltd.	Director
Aksh Optifibre Limited	Director
Globus Power Generation Ltd.	Director

#### COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES

Name of the Company	Committee	Position
Aksh Optifibre Limited	Audit	Member
Globus Power Generation Ltd.	Audit	Member

#### ■ MR. C. S. MALHOTRA

Date of Birth	1 <sup>st</sup> April 1931
Date of Appointment	25 <sup>th</sup> September 2009
Qualification	M.A. , DBM, MBA
Expertise	

**Mr. C.S. Malhotra** is the Management advisor to Delhi Flying Club. He was also the Ex- Director of Indian Airlines, Shyam Telalink Ltd. & Pro Agro Seeds. He got an extensive experience of over 42 years in HR and General Management and was an advisor to IGRU academy, Delhi, Sahara Airlines and Hexacom India.

He has worked with Indian Airlines from 1947-1988 and retired as Director heading eight departments mainly HRD, Industrial Relations, handling trade unions, ground services, employees welfare etc. As a head of HR, he has dealt with eight trade unions representing different crafts. He was instrumental in negotiating and finalizing long term settlements on wages and other terms and conditions of employment with various unions. Responsible for Crisis Management including Strikes and was involved in policy making activity at the top level.

He was on the Panel of Experts of International Civil Aviation Organization, IATA and also attended as a member of the Employers' team in the ILO conference at Hague, Netherland.

#### OTHER DIRECTORSHIPS

Name of the Company	Position
Nil	Nil

#### COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES

Name of the Company	Committee	Position
Nil	Nil	Nil

#### (E) CEO & CFO CERTIFICATION

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

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

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

- (a) We have reviewed financial statement and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statements or 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.
  - (iii) 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.
  - (iv) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control system of the company and have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which were aware and the steps we have taken or proposes to take to rectify these deficiencies.
- (b) We have indicated to the Auditors and the Audit committee:
  - (i) Significant change in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

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

Sd/-  
**B.S.YADAV**  
(Acting CEO)  
SHYAM TELECOM LIMITED

Sd/-  
**GURSHARAN SINGH**  
(CFO)  
SHYAM TELECOM LIMITED

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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 as on 31st March 2014 as stipulated in clause 49 of the Listing Agreement of the stock exchange(s)

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure 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 statement 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) 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 :** 11th August, 2014

**Sd/-**  
**R.K. MEHRA**  
**(PARTNER)**  
**M. No. 06102**



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### TELECOM INDUSTRY IN INDIA

Indian telecom industry underwent a high pace of market liberalization and growth since the 1990s and now has become the world's most competitive and one of the fastest growing telecom markets. **India's telecommunication network** is the second largest in the world based on the total number of telephone users (both fixed and mobile phone). It has one of the lowest call tariffs in the world enabled by the mega telephone networks and hyper-competition among them. It has the world's third-largest Internet user-base. Major sectors of the Indian telecommunication industry are telephony, internet and television broadcast Industry in the country which is in an ongoing process of transforming into next generation network, employs an extensive system of modern network elements such as digital telephone exchanges, mobile switching centres, media gateways and signalling gateways at the core, interconnected by a wide variety of transmission systems using fibre-optics or Microwave radio relay networks. The access network, which connects the subscriber to the core, is highly diversified with different copper-pair, optic-fibre and wireless technologies. DTH, a relatively new broadcasting technology has attained significant popularity in the Television segment. The introduction of private FM has given a fillip to the radio broadcasting in India. Telecommunication in India has greatly been supported by the INSAT system of the country, one of the largest domestic satellite systems in the world. India possesses a diversified communications system, which links all parts of the country by telephone, Internet, radio, television and satellite

The Telecom industry has witnessed significant growth in subscriber's base over the last decade, with increasing network coverage and a competition-induced decline in tariffs acting as catalysts for the growth in subscriber's base. From less than 5 million mobile users in 2001, India has grown to more than 933 million mobile users as on March 2014, achieving more than 72% teledensity. However the growth in broadband connections has not been commensurate with the enormous growth of India's telecommunication Industry. India has only around 14.5 million broadband connections, excluding internet access by wireless phone subscribers, which is very low compared to other European and Asian countries.

As far as the fixed line business goes, the low penetration levels in the country and the increasing demand for data based services such as the Internet will act as major catalysts in the growth of this segment. However, the growth would be mitigated by increasing substitution of landlines by mobile phone. The PSUs will however continue to retain their dominant position. This is on account of high capital investments required in setting up a nationwide network. As a result, the private sector players will have to rely on key business centers and pockets of high urbanisation for their growth.

Increasing choice and one of the lowest tariffs in the world have made the cellular services in India an attractive proposition for the average consumer. The mobile penetration levels in urban areas have already crossed 100%. Therefore the main driver for future growth would be the rural areas where wireless tele-density is around 40.23%.

### STRATEGIC REVIEW

In 2012, the telecom sector in India came under intense scrutiny due to a number of reasons ranging from cancellation of 2G licenses, ambiguity in implementation of key policy measures and dip in wireless subscriber net additions. Topping them all was the spectrum auction debacle. In February 2012, the Supreme Court of India cancelled 122 telecom licenses issued in 2008. The cancellation of telecom licenses and muted response to their re-auction has resulted in consolidation in the telecom industry. These events have stolen the limelight from the National Telecom Policy (NTP), the draft of which is hailed as progressive and encouraging for the sector in the coming decade. The past year induced negative sentiment in the sector and affected investor confidence. As a result, international interest in the India telecom market is gradually waning. Unless the government makes a strong move to support the sector, telecom may follow the aviation sector, which despite being opened up for FDI has not seen much of an interest.

The telecom operator's growth plan which has been affected due to various factors like low ARPU, lack of liquidity, high domestic interest rates and uncertainties in Telecom Regulations have been significantly addressed by the following steps by Government:

- The Government has permitted 100% FDI in the telecom space for both Telecom Operators and Tower Operators. This is expected to give a major boost to FDI in the sector and ameliorate a lot of liquidity issues facing the sector.
- The new government and the successful Auction could mean positive avenues for the Industry in the next coming years which will lead to growth in this Sector

The 3G services have not yet attracted the desired level of customers and still witness slow growth. It is anticipated that 3G will pick up in the coming year which will have positive impact on the Company's business prospects and growth.

### EXPORTS

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

The export revenue of the Company for the financial year 2013-14 is of Rs.12.38 crores (F.O.B). The Company has taken turnkey projects worldwide, which includes the survey, planning, installation, commissioning etc. We already have various agents/distributors/value added resellers worldwide.

### COMPANY'S OVERVIEW

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

The company import these mobile handsets and accessories from world renowned suppliers like 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.

### THREATS

The Fall in turnover is on account of cancellation of Telecom operators licences which has reduced the circles of various operators including Sistema Shyam Teleservices Ltd.(SSTL) which has footprints on nine circles only in place of 21 circles prior to the cancellation of licences. Your company is the national distributor of SSTL and accordingly the hit to our top line was imperative along with them. The Repeater business could also not fructify due to capital expenditure freeze, squeezed liquidity in the industry, on the shelf-rolling plans and wait and watch policy waiting for Government to decloud their regulatory and legal policies.

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SHYAM TELECOM LIMITED

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **SHYAM TELECOM LIMITED** ("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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, 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 totaling 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 No: 000517N

**PLACE:** NEW DELHI  
**DATED:** 30th May, 2014

**R.K.MEHRA**  
PARTNER  
M.No. 6102

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph I 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.

ix) 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 31<sup>st</sup> 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(Appeals)
The Central Excise Act, 1944	Excise Duty	Financial Year 2009-10 to Financial Year 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.
- xii) In our opinion the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provision of any special statute applicable to chit fund /nidhi /mutual benefit fund/societies is not applicable to the company.
- (xiv) The company is not dealing or trading in shares, securities debentures and other securities.
- (xv) The Company has not given any guarantee for loans taken by others from banks or Financial Institutions.
- (xvi) The term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the Cash Flow Statement and other records examined by us, on an overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued debentures during the financial year covered by our audit report.
- (xx) The company has not raised money by public issue during the financial year covered by our audit report.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

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

**PLACE : NEW DELHI**  
**DATED : 30th May, 2014**

**R.K.MEHRA**  
 PARTNER  
 M.No. 6102

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014

	NOTE	AS AT 31-Mar-2014 (Rs. In Lacs)	AS AT 31-Mar-2013 (Rs. In Lacs)
<b>I) EQUITY AND LIABILITIES</b>			
<b>1) SHAREHOLDER'S FUNDS</b>			
a) Share Capital	2	1,127.00	1,127.00
b) Reserves and Surplus	3	3,968.48	4,103.41
<b>2) NON-CURRENT LIABILITIES</b>			
a) Long-Term Borrowings	4	6.63	8.78
b) Deferred Tax Liability (Net)	5	90.25	151.82
c) Long -Term Provisions	6	93.66	88.17
<b>3) CURRENT LIABILITIES</b>			
a) Short-Term Borrowings	7	-	718.90
b) Trade Payables	8	9,504.03	3,757.28
c) Other Current Liabilities	9	4,866.86	3,678.07
d) Short-Term Provisions	10	90.89	80.59
<b>TOTAL</b>		<b>19,747.80</b>	<b>13,714.02</b>
<b>II) ASSETS</b>			
<b>1) NON-CURRENT ASSETS</b>			
<b>a) FIXED ASSETS</b>			
i) Tangible Assets		1,940.75	2,139.27
ii) Intangible Assets		0.44	2.86
		<b>1,941.19</b>	<b>2,142.13</b>
b) Non-Current Investment	12	79.82	79.82
c) Long-Term Loans and Advances	13	2,375.82	2,253.89
d) Other Non-Current Assets	14	66.28	0.90
<b>2) CURRENT ASSETS</b>			
a) Inventories	15	9,754.65	3,565.06
b) Trade Receivables	16	566.57	1,131.75
c) Cash & Bank Balances	17	697.48	1,522.75
d) Short-Term Loans and Advances	18	4,265.99	3,017.72
<b>TOTAL</b>		<b>19,747.80</b>	<b>13,714.02</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	I		
<b>OTHER NOTES TO ACCOUNTS</b>	27 To 40		

As per our report of even date attached

For **MEHRA GOEL & CO.**

**CHARTERED ACCOUNTANTS**

Firm Registration No.000517N

**R.K. MEHRA**

Partner  
M. No. 6102

**RAJIV MEHROTRA**

Chairman & Managing Director

**AJAY KHANNA**

Managing Director

**PLACE : NEW DELHI**

**DATED : 30th May, 2014**

**GURSHARAN SINGH**

Chief Financial Officer

**DHARMENDER DHINGRA**

Vice President (Legal) & Company Secretary

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

	NOTE	YEAR ENDED 31-Mar-2014 (Rs. In Lacs)	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)
<b>REVENUE FROM OPERATIONS</b>			
Sale of Goods		34,209.99	41,870.12
Sale of Services		970.01	243.35
Other Operating Income	19	63.93	93.79
<b>Gross Revenue From Operations</b>		<b>35,243.93</b>	<b>42,207.26</b>
Less : Excise Duty & Service Tax		393.50	162.76
<b>Net Revenue From Operations</b>		<b>34,850.43</b>	<b>42,044.50</b>
Other Income	20	64.98	535.01
<b>TOTAL REVENUE</b>		<b>34,915.41</b>	<b>42,579.51</b>
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	21	1,423.66	963.84
Purchases of Traded Goods	22	36,743.99	35,050.48
Change in Inventory of Finished Goods, Work-in-Progress, Stock-in-Trade	23	(6,077.01)	2,469.88
Employee Benefits Expense	24	1,018.80	1,111.12
Finance Costs	25	71.85	180.55
Depreciation and Amortization Expense	11	203.29	216.70
Other Expenses	26	1,673.37	2,438.49
		<b>35,057.95</b>	<b>42,431.06</b>
<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS &amp; TAX</b>		<b>(142.54)</b>	<b>148.45</b>
Exceptional Items (Refer Note 31)		-	118.31
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(142.54)</b>	<b>30.14</b>
Tax Expense:			
- Current Tax		42.50	133.00
- Deferred Tax		(61.57)	(107.92)
Income Tax/ Deferred Tax For Earlier Year		11.46	-
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(134.93)</b>	<b>5.06</b>
No. of Equity Shares (No.)		11,270,000	11,270,000
Profit / (Loss) After Tax		(134.93)	5.06
Basic and Diluted Earning Per Share (Rs)		(1.20)	0.04
Nominal Value of each equity share (Rs)		10.00	10.00
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	I		
<b>OTHER NOTES TO ACCOUNTS</b>	27 To 40		

As per our report of even date attached

For **MEHRA GOEL & CO.**

**CHARTERED ACCOUNTANTS**

Firm Registration No.000517N

**R.K. MEHRA**

Partner  
M. No. 6102

**RAJIV MEHROTRA**

Chairman & Managing Director

**AJAY KHANNA**

Managing Director

**PLACE : NEW DELHI**

**DATED : 30th May, 2014**

**GURSHARAN SINGH**

Chief Financial Officer

**DHARMENDER DHINGRA**

Vice President (Legal) & Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2014

	Current Year	(Rs. in lacs) Previous Year
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit /(Loss) before Tax and Exceptional items	(142.54)	148.45
Adjustments for :		
Depreciation	203.29	216.70
Interest and Financial Charges	71.85	180.55
Bad Debts Written Off	112.94	38.42
Provision for Doubtful Debts/ Advances (Net)	115.39	227.50
Provision ( Leave Encashment & Retirement Benefit )	15.79	27.32
Loss on Sale Of Fixed Assets	5.18	17.60
<b>Operating Profit before working capital change</b>	<b>381.90</b>	<b>856.54</b>
Adjustments for :		
Trade & Other Receivables	(1,104.46)	11,325.64
Inventories	(6,189.59)	5,907.52
Trade & Other Payables	7,017.61	(15,639.56)
Fixed deposit	722.71	1,024.72
<b>Cash Generated from Operations</b>	<b>828.17</b>	<b>3,474.86</b>
Direct Taxes Paid	17.15	(132.51)
<b>Cash flow before exceptional items</b>	<b>845.32</b>	<b>3,342.35</b>
Exceptional Items (Refer Note 31)	-	118.31
<b>Net Cash Flow from Operating Activities (A)</b>	<b>845.32</b>	<b>3,224.04</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Aseets (including Capital Work in Progress)	(10.94)	(51.13)
Sale of Fixed assets	3.41	8.61
<b>Net cash Used In / from Investing Activities (B)</b>	<b>(7.53)</b>	<b>(42.52)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Borrowings (net)	(721.05)	(2,743.29)
Interest and financial charges paid	(153.92)	(1,099.52)
<b>Net cash (used in ) / from Financing Activities (C)</b>	<b>(874.97)</b>	<b>(3,842.81)</b>
<b>Net increase / (decrease ) in Cash and Cash Equivalents (A+B+C)</b>	<b>(37.18)</b>	<b>(661.29)</b>
Cash and Cash Equivalents at beginning of the year	525.41	1,186.70
Cash and Cash Equivalents at the end of the year	488.23	525.41

### 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

**RAJIV MEHROTRA**

Chairman & Managing Director

**AJAY KHANNA**

Managing Director

**PLACE : NEW DELHI**

**DATED : 30th May, 2014**

**GURSHARAN SINGH**

Chief Financial Officer

**DHARMENDER DHINGRA**

Vice President (Legal) & Company Secretary



## NOTES TO THE ACCOUNTS

### NOTE - I SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS FOR PREPARATION OF ACCOUNTS

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

#### 2. USE OF ESTIMATES

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

#### 3. FIXED ASSETS

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

#### 4. INTANGIBLE ASSETS

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

#### 5. IMPAIRMENT OF ASSETS

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

#### 6. EXPENDITURE INCURRED DURING CONSTRUCTION PERIOD

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

#### 7. INVESTMENTS

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

#### 8. REVENUE RECOGNITION

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

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

#### 9. INVENTORY VALUATION

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

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

#### **10. DEPRECIATION**

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

#### **11. PRODUCT WARRANTY EXPENSES**

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

#### **12. FOREIGN CURRENCY TRANSACTIONS**

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

#### **13. BORROWING COST**

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

#### **14. INCOME ON INVESTMENTS**

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

#### **15. CLAIMS**

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

#### **16. EMPLOYEE'S BENEFITS**

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

#### **17. DERIVATIVES**

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

## 18. TAXATION

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

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

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

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

## 19. GOVERNMENT GRANTS

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

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

## 20. PROVISION AND CONTINGENT LIABILITIES

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

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

## 21. LEASES

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

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

## 22. PROPOSED DIVIDEND

Dividend 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.

AS AT  
31-Mar-2014  
(Rs. In Lacs)

5,000.00

2,500.00

**7,500.00**

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

5,000.00

2,500.00

**7,500.00**

#### ISSUED , SUBSCRIBED AND PAID UP

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

1,127.00

**1,127.00**

1,127.00

**1,127.00**

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

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

#### Detail of Shareholder's holding more than 5% shares

Name of Share Holders	As at 31.03.2014		As at 31.03.2013	
	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)

15.00

15.00

#### Surplus

As per last Balance Sheet

4,088.41

4,083.35

Add: Net profit for the current year

(134.93)

5.06

**3,953.48**

**4,088.41**

**3,968.48**

**4,103.41**

### NOTE - 4 LONG-TERM BORROWINGS

#### Secured Loan

Vehicle Loans\*

- From Bank

6.79

8.00

- From Body corporate

1.98

2.63

**8.77**

**10.63**

Less: Current Maturities of Long Term borrowings

2.14

1.85

**6.63**

**8.78**

\*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

	AS AT 31-Mar-2014 (Rs. In Lacs)	AS AT 31-Mar-2013 (Rs. In Lacs)
<b>NOTE -5 DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax liability		
- Related to Fixed Assets	325.17	345.69
<b>Total (A)</b>	<b>325.17</b>	<b>345.69</b>
Deferred Tax Assets		
- Disallowance under Section 43B of the Income tax Act 1961.	62.28	57.34
- Provision for Doubtful debts/ Advances	172.64	136.53
<b>Total (B)</b>	<b>234.92</b>	<b>193.87</b>
<b>Total (A-B)</b>	<b>90.25</b>	<b>151.82</b>
<b>NOTE - 6 LONG-TERM PROVISIONS</b>		
Provision For Employee Benefits	93.66	88.17
	<b>93.66</b>	<b>88.17</b>
<b>NOTE - 7 SHORT-TERM BORROWINGS</b>		
<b>UNSECURED LOANS</b>		
Inter Corporate Deposit from Related Party	-	718.90
	-	<b>718.90</b>
<b>NOTE - 8 TRADE PAYABLES</b>		
Trade Paybles	9,504.03	3,757.28
( Due to amount outstanding to Micro, Small and Medium Enterprises Rs NIL, Previous year Rs NIL)	<b>9,504.03</b>	<b>3,757.28</b>
<p>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.</p>		
<b>NOTE - 9 OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Borrowings	2.14	1.85
Interest Accrued but not due on Loans	7.51	89.58
Advance From Customers & Others	4,149.55	3,180.54
Statutory Liabilities	172.45	126.72
Employees Related Payables	183.46	128.81
Others Payable	351.75	150.57
	<b>4,866.86</b>	<b>3,678.07</b>
<b>NOTE-10 SHORT-TERM PROVISIONS</b>		
Provision For Employee Benefits	90.89	80.59
	<b>90.89</b>	<b>80.59</b>

## NOTES FORMING PART OF THE ACCOUNTS

### NOTE - 11 FIXED ASSETS

(Rs. In Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As At 01-Apr-13	Additions During the year	Deletions/ Adjustments during the year	As At 31-Mar-14	As At 01-Apr-13	During the year	Written Back	Up to 31-Mar-14	As At 31-Mar-14	As At 31-Mar-13*
<b>Tangible Assets</b>										
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	130.37	15.90	-	146.27	298.48	314.38
Plant & Equipment	2,504.13	6.97	5.27	2,505.83	1,167.48	133.29	2.15	1,298.62	1,207.21	1,336.65
Electric Installation	111.43	-	-	111.43	30.36	5.97	-	36.33	75.10	81.07
Furniture & Fixture	98.82	0.40	0.85	98.37	32.91	5.82	0.19	38.54	59.83	65.91
Vehicles	233.23	-	10.62	222.61	106.54	19.54	7.61	118.47	104.14	126.69
Office Equipment	170.69	3.27	1.96	172.00	65.07	15.40	0.22	80.25	91.75	105.62
Computer	68.95	0.30	-	69.25	45.29	5.01	-	50.30	18.95	23.66
<b>TANGIBLE ASSETS TOTAL (A)</b>	<b>3,717.29</b>	<b>10.94</b>	<b>18.70</b>	<b>3,709.53</b>	<b>1,578.02</b>	<b>200.93</b>	<b>10.17</b>	<b>1,768.78</b>	<b>1,940.75</b>	<b>2,139.27</b>
<b>Intangible Assets</b>										
Software	229.54	-	0.97	228.57	226.68	2.36	0.91	228.13	0.44	2.86
<b>INTANGIBLE ASSETS TOTAL (B)</b>	<b>229.54</b>	<b>-</b>	<b>0.97</b>	<b>228.57</b>	<b>226.68</b>	<b>2.36</b>	<b>0.91</b>	<b>228.13</b>	<b>0.44</b>	<b>2.86</b>
<b>TOTAL (A+B)</b>	<b>3,946.83</b>	<b>10.94</b>	<b>19.67</b>	<b>3,938.10</b>	<b>1,804.70</b>	<b>203.29</b>	<b>11.08</b>	<b>1,996.91</b>	<b>1,941.19</b>	<b>2,142.13</b>
<b>Previous Year</b>	<b>4,024.24</b>	<b>51.13</b>	<b>128.54</b>	<b>3,946.83</b>	<b>1,690.33</b>	<b>216.70</b>	<b>102.33</b>	<b>1,804.70</b>	<b>2,142.13</b>	

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

1,41,426 Equity Shares of Rs10/- each of Spanco Limited (Refer Note 36)

##### 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-2014  
(Rs. In Lacs)**

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

0.33  
52.33  
52.66

0.33  
52.33  
52.66

0.04

0.04

27.12  
27.16

27.12  
27.16

**79.82**

**79.82**

(\*) Aggregated market value of Quoted Investments Rs. 13.10 Lacs (Previous Year Rs. 16.99 Lacs).

### NOTE - 13 LONG-TERM LOANS AND ADVANCES

(Unsecured considered good, unless otherwise stated)

#### Security Deposits

- Considered Good
- Considered Doubtful

121.72  
1.32

129.18  
1.32

123.04

130.50

Less: Provision for doubtful security deposits

1.32

1.32

121.72

129.18

Loans and Advances to related party (Subsidiary)

- Advance for Non-current investment
- Loans

15.06  
2,090.25

10.95  
1,891.66

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

- Considered Good
- Considered Doubtful

2.34  
7.00

4.55  
7.00

9.34

11.55

Less : Provision for Doubtful Advances

7.00

7.00

2.34

4.55

Cenvat/VAT Receivable

20.47

20.47

Advance Tax (Net)

125.74

196.85

Prepaid Expenses

0.24

0.23

**2,375.82**

**2,253.89**

\* Advances include recoverable from Employees

## NOTES FORMING PART OF THE ACCOUNTS

### NOTE - 14 OTHER NON-CURRENT ASSETS

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

AS AT 31-Mar-2014 (Rs. In Lacs)	AS AT 31-Mar-2013 (Rs. In Lacs)
66.28	0.90
<b>66.28</b>	<b>0.90</b>

### 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

375.08	333.06
-	10.93
1.12	11.20
28.35	-
39.00	97.73
1.69	2.67
8,738.56	2,621.09
570.85	488.38
<b>9,754.65</b>	<b>3,565.06</b>

### 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

296.14	365.00
509.01	399.42
805.15	764.42
509.01	399.42
296.14	365.00
270.43	766.75
<b>566.57</b>	<b>1,131.75</b>

### NOTE - 17 CASH AND BANK BALANCES

#### Cash & Cash Equivalents

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

#### OTHER BANK BALANCES

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

Less: Non-current Fixed Deposits

32.28	11.27
455.95	514.14
275.53	998.24
763.76	1,523.65
66.28	0.90
<b>697.48</b>	<b>1,522.75</b>

(\*) Rs. 53.99 Lacs (Previous Year Rs. 937.67 Lacs) under lien with Bank as Margin Money.

### NOTE - 18 SHORT-TERM LOAN AND ADVANCES

(Unsecured considered good,unless otherwise stated)

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

- Considered Good  
- Considered Doubtful

Less : Provision for Doubtful Advances

Prepaid Expenses

Advance to Supplier  
- Considered Good  
- Considered Doubtful

Less : Provision for Doubtful Advances

Cenvat/VAT Receivable  
Balance with Excise Department  
Security Deposits  
Mutual funds

222.26	184.93
5.55	3.04
227.81	187.97
5.55	3.04
222.26	184.93
14.13	22.26
3,063.26	2,375.17
9.15	9.95
3,072.41	2,385.12
9.15	9.95
3,063.26	2,375.17
267.95	410.90
0.33	0.02
9.60	24.44
688.46	-
<b>4,265.99</b>	<b>3,017.72</b>

\*Advances include export income receivable and recoverable from employees etc.

## NOTES FORMING PART OF THE ACCOUNTS

### NOTE - 19 OTHER OPERATING INCOME

Dividend on Long Term Investments  
Export incentive

YEAR ENDED 31-Mar-2014 (Rs. In Lacs)	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)
38.48	12.63
25.45	81.16
<b>63.93</b>	<b>93.79</b>

### NOTE - 20 OTHER INCOME

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

31.88	374.97
12.97	143.99
20.13	16.05
<b>64.98</b>	<b>535.01</b>

(\*) Tax deducted at source Rs.3.70 Lacs (Previous Year Rs 34.69 Lacs)

### NOTE - 21 COST OF MATERIAL CONSUMED

#### PARTICULARS OF MATERIALS CONSUMED

- Electronic Components  
- Mechanical Components

470.36	676.75
953.30	287.09
<b>1,423.66</b>	<b>963.84</b>

### NOTE - 22 PURCHASE OF TRADED GOODS

#### PARTICULARS OF PURCHASE OF GOODS TRADED

- Communication Systems & Accessories  
- Mobile Handsets & Accessories

16.82	212.30
36,727.17	34,838.18
<b>36,743.99</b>	<b>35,050.48</b>

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

#### Opening Stock

Work In Process  
Finished Goods  
Stock-In-Trade

97.73	135.49
11.20	42.48
2,621.09	5,021.93
2,730.02	5,199.90

#### Closing Stock :

Work in Process  
Finished Goods  
Stock-In-Trade

39.00	97.73
29.47	11.20
8,738.56	2,621.09
8,807.03	2,730.02
<b>(6,077.01)</b>	<b>2,469.88</b>

Details of Finished Goods Class of Products	As at 31.03.2014		As at 31.03.2013	
	Closing Stock	Opening Stock	Closing Stock	Opening Stock
Repeater & Radio Modems	29.47	11.20	11.20	42.48
Communication Systems & Accessories	17.79	42.10	42.10	127.76
Mobile Handsets & Accessories	8,720.77	2,578.99	2,578.99	4,894.17
	<b>8,768.03</b>	<b>2,632.29</b>	<b>2,632.29</b>	<b>5,064.41</b>



## NOTES FORMING PART OF THE ACCOUNTS

	YEAR ENDED 31-Mar-2014 (Rs. In Lacs)	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)
<b>NOTE - 24 EMPLOYEE BENEFITS EXPENSE</b>		
Salary, Wages & Bonus	886.84	954.91
Employer's Contribution to P.F. & Other Fund	70.26	92.37
Staff Welfare	61.70	63.84
	<b>1,018.80</b>	<b>1,111.12</b>
<b>NOTE - 25 FINANCE COSTS</b>		
Interest Expenses	26.78	129.79
Other financial cost	45.07	50.76
	<b>71.85</b>	<b>180.55</b>
<b>NOTE - 26 OTHER EXPENSESES</b>		
Stores & Spares Consumed	56.20	134.16
Power & Fuel	62.33	64.95
Other Manufacturing Expenses	49.68	223.17
Excise Duty on Closing Stock (Finished Goods) (Net)	(2.02)	(3.65)
Repair to:		
Plant & Machinery	8.24	9.15
Building	3.50	4.26
Auditor's Remuneration :		
Audit Fee	7.75	7.75
Tax Audit Fee	1.75	1.75
Other Services	2.50	2.50
Exchange rate Fluctuation ( Net)	95.66	229.97
Rates & Taxes	76.38	42.81
Insurance	14.19	38.07
Rent	123.52	179.58
Selling & Distribution Expenses	263.49	397.62
Sundry Balance Written off	-	10.60
Bad Debts Written Off	112.94	38.42
Provision for Doubtfull Debts	115.39	227.50
Legal & Professional Charges	171.72	179.72
Other Administrative Expenses	330.74	403.55
Loss on Sale/Discarded of Assets (Net)	5.18	17.60
Miscallaneous Expenses	174.23	229.01
	<b>1,673.37</b>	<b>2,438.49</b>

## OTHER NOTES TO ACCOUNTS

	<b>CURRENT YEAR</b> (Rs. In Lacs)	<b>PREVIOUS YEAR</b> (Rs. In Lacs)
<b>27 Contingent liabilities :</b>		
-Income Tax	74.41	39.71
-Excise Duty	80.87	-
-Claims of ARM Ltd *	2,892.74	-

\* 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 to 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 totaling 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.

**28** As on 31.03.2014, an amount of Rs 3530.52 Lakhs payable to (Aquarius Technology Pte Ltd. Rs 3108.84 and Nisshoiwai Corporation Rs 421.68 Lakhs ) in Foreign Currency remains unsettled for a period exceeding One year.

**29** A loan amounting to Rs 2090.25 Lakhs extended to Shyam Telecom Inc, USA remains outstanding as on date .The said wholly owned subsidiary has incurred substantial losses.However management is of the opinion that amount shall be recovered, hence no provision is considered necessary.

**30 Research & Development:**

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

**31 Exceptional items:**

The company in financial year 1994-95 rejected "Digital Micro Radio Equipment" supplied by M/s Bharat Electronics Limited on ground of defects in the equipments supplied and non adherence to delivery schedule. On appeal by the Bharat Electronic Limited for recovery of interest on the unpaid amount the company had deposited Rs 339.75 lacs in the High Court of Delhi in the year ended 31.03.2012 which was charged to revenue as exception Item. On final disposal of appeal by Bharat Electronics Limited the Honorable High Court directed to deposit of Rs 118.31 lacs as amount of interest which has also been charged to revenue during the previous year ended 31.03.2013 as exceptional item

**32 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., Vihaan Networks Ltd. and Think of us.

**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	31.03.2014				31.03.2013			
	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
<b>a) Sale of Goods &amp; Services</b>								
Shyam Telecom Inc.	307.63	-	-	307.63	557.15	-	-	557.15
Vihaan Networks Ltd.	-	866.59	-	866.59	-	59.32	-	59.32
Ubico Networks Pvt Ltd.	-	-	-	-	-	30.92	-	30.92
Sistema Shyam Teleservices Ltd.	-	7900.97	-	7,900.97	-	16077.23	-	16,077.23
Shyam Digital Communication Ltd	-	-	-	-	-	1.29	-	1.29
Think of us	-	15.49	-	15.49	-	-	-	-
RMS Automation Systems Ltd.	-	5.30	-	5.30	-	319.58	-	319.58
<b>Sub Total</b>	<b>307.63</b>	<b>8,788.35</b>	<b>-</b>	<b>9,095.98</b>	<b>557.15</b>	<b>16,488.34</b>	<b>-</b>	<b>17,045.49</b>
<b>b) Purchase of the goods</b>								
Vihaan Networks Ltd.	-	4.38	-	4.38	-	50.23	-	50.23
Spectranet ISP Pvt. Ltd.	-	-	-	-	-	1.25	-	1.25
Shyam Networks Ltd	-	-	-	-	-	1.89	-	1.89
Shyam infratel Pvt. Ltd.	-	-	-	-	-	151.36	-	151.36
Think of us	-	1.23	-	1.23	-	-	-	-
RMS Automation Systems Ltd.	-	28.60	-	28.60	-	1,211.83	-	1,211.83
<b>Sub Total</b>	<b>-</b>	<b>34.21</b>	<b>-</b>	<b>34.21</b>	<b>-</b>	<b>1,416.56</b>	<b>-</b>	<b>1,416.56</b>
<b>c) Rent Paid</b>								
Shyam Communication Systems	-	67.42	-	67.42	-	67.42	-	67.42
Intercity Cable System Pvt. Ltd.	-	20.22	-	20.22	-	20.22	-	20.22
<b>Sub Total</b>	<b>-</b>	<b>87.64</b>	<b>-</b>	<b>87.64</b>	<b>-</b>	<b>87.64</b>	<b>-</b>	<b>87.64</b>
<b>d) Remuneration</b>								
Mr.Ajay Khanna	-	-	13.15	13.15	-	-	-	-
Mr.Alok Tandon	-	-	13.15	13.15	-	-	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>26.30</b>	<b>26.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>e) Rent Received</b>								
RMS Automation Systems Ltd.	-	-	-	-	-	11.15	-	11.15
<b>f) Interest Expense</b>								
Shyam Networks Ltd.	-	22.71	-	22.71	-	95.62	-	95.62
<b>g) Loan Received</b>								
Shyam Networks Ltd.	-	-	-	-	-	85.00	-	85.00
<b>Recoverables &amp; Payables</b>								
<b>a) Amount Receivable</b>								
Shyam Networks Ltd.	-	-	-	-	-	11.90	-	11.90
Shyam Digital Communication Ltd	-	1.29	-	1.29	-	1.29	-	1.29
Sistema Shyam Teleservices Ltd.	-	7.19	-	7.19	-	279.82	-	279.82
Shyam Antenna Electronics Ltd.	-	1.74	-	1.74	-	0.62	-	0.62
Ubico Networks Pvt. Ltd.	-	24.80	-	24.80	-	26.45	-	26.45
Think of us	-	9.16	-	9.16	-	-	-	-
RMS Automation Systems Ltd.	-	2,816.37	-	2,816.37	-	2,171.50	-	2,171.50
<b>Sub Total</b>	<b>-</b>	<b>2,860.55</b>	<b>-</b>	<b>2,860.55</b>	<b>-</b>	<b>2,491.58</b>	<b>-</b>	<b>2,491.58</b>
<b>b) Amount Payble</b>								
Shyam Communication Systems	-	15.17	-	15.17	-	-	-	-
Vihaan Networks Ltd.	-	236.57	-	236.57	-	34.21	-	34.21
Shyam infratel Pvt. Ltd.	-	-	-	-	-	134.92	-	134.92
Shyam Telecom Inc.	71.09	-	-	71.09	42.34	-	-	42.34
Intercity Cable System Pvt. Ltd.	-	44.33	-	44.33	-	26.13	-	26.13
Spectranet ISP Pvt. Ltd.	-	1.25	-	1.25	-	1.25	-	1.25
Shyam Antenna Electronics Ltd.	-	140.17	-	140.17	-	140.17	-	140.17
Sistema Shyam Teleservices Limited	-	320.91	-	320.91	-	-	-	-
<b>Sub Total</b>	<b>71.09</b>	<b>758.40</b>	<b>-</b>	<b>829.49</b>	<b>42.34</b>	<b>336.68</b>	<b>-</b>	<b>379.02</b>
<b>c) Loans Outstanding</b>								
Shyam Networks Ltd.	-	-	-	-	-	718.90	-	718.90
<b>d) Advances recoverable</b>								
Shyam Telecom Inc.	2,090.25	-	-	2,090.25	1,891.66	-	-	1,891.66
Intercity Cable System Pvt. Ltd.	-	10.00	-	10.00	-	10.00	-	10.00
Shyam Communication Systems	-	60.00	-	60.00	-	60.00	-	60.00
<b>Sub Total</b>	<b>2,090.25</b>	<b>70.00</b>	<b>-</b>	<b>2,160.25</b>	<b>1,891.66</b>	<b>70.00</b>	<b>-</b>	<b>1,961.66</b>
<b>e) Advance Against Equity Share</b>								
Shyam Telecom Inc.	15.06	-	-	15.06	10.95	-	-	10.95
<b>f) Interest Accrued &amp; Due</b>								
Shyam Networks Ltd.	-	7.51	-	7.51	-	89.58	-	89.58

33

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 (In Lacs)		(Rs in Lacs)	
		Amount as on 31.03.2014	Outstanding as on 31.03.2013	Amount Outstanding in INR as on 31.03.2014	Amount Outstanding in INR as on 31.03.2013
ii.) Particulars of Hedged Foreign Currency Exposure					
Creditors	USD	-	5.53	-	311.72

iii.) Particulars of Unhedged Foreign Currency Exposure

Particulars	Currency	Amount as on 31.03.2014	Outstanding as on 31.03.2013	Amount Outstanding in INR as on 31.03.2014	Amount Outstanding in INR as on 31.03.2013
a) Debtors					
	USD	4.59	8.03	281.05	436.63
	Euro	0.21	0.26	17.13	18.29
	CHF	2.48	2.48	167.73	142.13
b) Creditors					
	USD	12.08	10.99	726.03	597.38
	Euro	0.07	0.07	5.55	4.34
c) Advance to Suppliers					
	USD	0.22	1.11	13.27	29.45
	Euro	-	0.00	-	0.30
d) Advance Received					
	USD	51.95	53.89	3,122.11	2,931.17
	Euro	-	0.01	-	0.89

### 34 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-14	Year Ended 31-Mar-13
<b>Segment Revenue</b>		
- Telecom Products & Services	2,638.63	2,489.29
- Trading & Related Services	32,173.32	39,542.58
- Investments	38.48	12.63
<b>Net Sales</b>	<b>34,850.43</b>	<b>42,044.50</b>
<b>Segment Results</b>		
(Profit before Amortization, Interest, Exceptional Item, Tax and unallocable overheads)		
- Telecom Products & Services	198.49	28.37
- Trading & Related Services	165.43	579.39
- Investments	38.48	12.63
<b>Total</b>	<b>402.40</b>	<b>620.39</b>
Less :		
- Depreciation & Amortization	203.29	216.70
- Interest & Financial Charges	71.85	180.55
- Exceptional Item	-	118.31
- Other un-allocable Expenditure ( Net of un-allocable Income)	269.80	74.69
<b>Profit/(Loss) Before Tax</b>	<b>(142.54)</b>	<b>30.14</b>
Taxes (Net of MAT Credit)	(7.61)	25.08
<b>Net profit/(Loss) after taxes</b>	<b>(134.93)</b>	<b>5.06</b>

- 35 Some of the personal accounts are subject to adjustments / reconciliation / confirmation.
- 36 In the opinion of management ,the diminution in the value of investment is temporary in nature.
- 37 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.
- 38 In compliance with the accounting standards 15 (revised 2005) "Employee Benefits" The company has got the employee benefits evaluated from actuarial valuer.

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

**A. Provident Fund & Other fund**

During the year the Company has recognized Rs 49.99 Lacs (previous Year Rs. 49.63 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. 3.67 lacs (Previous year Rs.4.92 Lacs)towards contribution to ESI and Rs 0.21 Lacs (previous Year Rs. . 0.23 Lacs) towards welfare fund, in the Statement of Profit and Loss.

**C. Defined Benefit Plans**

The actuarial valuation carried out is based on following assumption:

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

(Rs In Lacs)

	Current Year		Previous Year	
	Leave Encashment	Employee Gratuity Fund	Leave Encashment	Employee Gratuity Fund
<b>i) Actuarial Assumptions</b>				
Discount Rate (per annum)	9.10%	9.10%	8.00%	8.00%
Rate of increase in compensation levels	5.50%	5.50%	5.50%	5.50%
Rate of return on plan assets	-	8.75%	-	9.15%
<b>ii) Change in the obligation during the year</b>				
Present value obligation as at beginning of period	101.91	110.87	100.57	114.60
Impact of Transition provision of AS-15	-	-	-	-
Interest cost	8.15	8.87	8.75	9.97
Past Service cost	-	-	-	-
Current service cost	10.65	12.22	11.05	12.62
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(3.67)	(3.93)	(9.30)	(47.02)
Actuarial (gain)/ loss on Obligations	(7.15)	1.44	(9.16)	20.69
Present value obligation as at the end of the period	109.89	129.47	101.91	110.87
Receivable from other company's fund	-	-	-	-
Net Present value obligation as at the end of the period	109.89	129.47	101.91	110.87
<b>iii) Change in fair value plan Assets</b>				
Fair value of Plan Assets as at beginning of the period	-	44.02	-	73.74
Expected return on Plan Assets	-	4.03	-	4.42
Contributions	-	14.92	-	0.55
Benefits Paid	-	(3.93)	-	(34.68)
Actuarial gain/ (loss) on Obligations	-	(0.13)	-	-
Fair value of Plan Assets as at the end of the period	-	58.91	-	44.02
<b>iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Assets</b>				
Present value obligation as at the end of the period	109.89	129.47	101.91	110.87
Fair value of Plan Assets as at the end of the period	-	58.91	-	44.02
Funded Status	(109.89)	(70.55)	(101.91)	(66.85)
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.	(109.89)	(70.55)	(101.91)	(66.85)
<b>v) Expenses recognised in Statement of Profit and Loss</b>				
Current service cost	10.65	12.22	11.05	12.62
Past Service cost	-	-	-	-
Interest cost	8.15	8.87	8.75	9.97
Expected return on Plan Assets	-	(4.04)	-	(4.42)
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(7.15)	1.58	(9.16)	20.69
Received / Receivable from other company's fund	-	-	-	-
Net Expense recognised in Statement of Profit and Loss	11.65	18.63	10.64	38.87

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

#### 40 ADDITIONAL INFORMATION

##### A. TURNOVER

	Current Year (Rs in Lacs)	Previous Year (Rs in Lacs)
- Manufacturing Goods- Repeater & Radio Modems	2,802.03	2,238.75
- Traded Goods- Communication Systems & Accessories	87.00	207.80
- Traded Goods -Mobile Handsets & accessories	31,320.96	39,423.57
- Service Charges	970.01	243.35
- Others	63.93	93.79
	<b>35,243.93</b>	<b>42,207.26</b>

##### B. EARNINGS IN FOREIGN CURRENCY

- F.O.B. Value of Export Goods	1,238.07	1,744.10
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##### C. EXPENDITURE IN FOREIGN CURRENCY

- Travelling	14.33	18.15
- Product Development Charges	-	2.92
- Legal ,Professional and consultancy Charges	21.86	26.39
- Annual Maintenance Contract	-	1.38

##### D. C.I.F.VALUE OF IMPORTS

- Raw Material	1,128.67	615.38
- Communication Systems & Accessories	12.25	46.63
- Mobile Handsets & accessories	-	31,091.56

##### 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	1,183.08	83.10	785.20	81.47
INDIGENOUS	240.58	16.90	178.64	18.53
<b>TOTAL</b>	<b>1,423.66</b>	<b>100.00</b>	<b>963.84</b>	<b>100.00</b>

As per our report of even date attached

For **MEHRA GOEL & CO.**

**CHARTERED ACCOUNTANTS**

Firm Registration No.000517N

**R.K. MEHRA**

Partner  
M. No. 6102

**RAJIV MEHROTRA**

Chairman & Managing Director

**AJAY KHANNA**

Managing Director

**PLACE : NEW DELHI**

**DATED : 30th May, 2014**

**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 <sup>st</sup> December, 2013
3. Financial Year of Holding Company ended on	31 <sup>st</sup> March, 2014
4. Holding Company's Interest as on 31.03.2014	Holders of the entire issued, subscribed & paid up Share capital of 100 shares of 1 US\$ 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 style="padding-left: 20px;">(i) For the subsidiary's Financial Year ended 31.12.2013</p> <p style="padding-left: 20px;">(ii) For the previous financial year of subsidiary's since it became subsidiary of Shyam Telecom Limited.</p> <p>(b) Dealt with the accounts of Shyam Telecom Limited.</p> <p style="padding-left: 20px;">(i) For the subsidiary's Financial Year ended 31.12.2013</p> <p style="padding-left: 20px;">(ii) For the previous subsidiary's financial year of subsidiary's since it became subsidiary of Shyam Telecom Limited.</p>	<p>US\$ 12,170</p> <p>(US\$ 13,57,336)</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.

**RAJIV MEHROTRA**  
Chairman & Managing Director

**AJAY KHANNA**  
Managing Director

**PLACE : NEW DELHI**  
**DATED : 30th May, 2014**

**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 31<sup>st</sup> December, 2013.

### 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 2013		For the year ended 31st December 2012	
	In USD	In INR	In USD	In INR
Sales & Other Income	993235	56606129	1817744	97473256
Profit/(Loss) for the year	12170	(9742694)	142004	7951368
Balance brought forward from previous year	(1357336)	(76170263)	(1499340)	(84121631)
Balance carried to Balance Sheet	(1345166)	(85912957)	(1357336)	(76170263)

### CORPORATE REVIEW

During the year under review your company has registered a turnover of USD 9,93,235 (INR 5,66,06,129) as against USD 18,17,744 (INR 9,74,73,256) in the previous year. There is a net profit of USD 12,170 but registered a loss of INR 97,42,694 due to exchange fluctuation on conversion for the year.

### DIVIDEND

No dividends have been declared for the year ended 31<sup>st</sup> December, 2013.

### 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. 21 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 31<sup>st</sup> December, 2013 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 31<sup>st</sup> December 2013 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 : 21st May, 2014

**B.A MAJMUDAR**

Director



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF SHYAM TELECOM INC. USA

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **SHYAM TELECOM INC.** which comprise the Balance Sheet as at 31<sup>st</sup> December 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

#### AUDITOR'S RESPONSIBILITY

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

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

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

#### OPINION

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> December, 2013;
- (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.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

**R.K. MEHRA**  
Partner  
M.No. 6102

**PLACE : NEW DELHI**  
**DATED : 21st May, 2014**

## BALANCE SHEET AS AT 31st DECEMBER, 2013

	NOTE	AS AT		AS AT	
		31-Dec-2013	31-Dec-2013	31-Dec-2012	31-Dec-2012
		US\$	Rs.	US\$	Rs.
<b>I EQUITY AND LIABILITIES</b>					
<b>1) SHAREHOLDER'S FUNDS</b>					
a) Share Capital	2	100	4,374	100	4,374
b) Reserves and Surplus	3	(1,345,166)	(85,912,957)	(1,357,336)	(76,170,263)
c) Advance Against Share Capital		25,050	1,550,520	25,050	1,094,684
<b>2) CURRENT LIABILITIES</b>					
a) Long-Term Borrowings	4	3,477,950	215,274,671	3,477,950	190,522,101
b) Trade Payables	5	-	-	404,495	22,158,244
c) Other Current Liabilities	6	25,719	1,591,867	126,567	6,933,281
<b>TOTAL</b>		<b>2,183,653</b>	<b>132,508,475</b>	<b>2,676,826</b>	<b>144,542,421</b>
<b>II ASSETS</b>					
<b>1) NON-CURRENT ASSETS</b>					
a) <b>Fixed Assets</b>	7				
i) Tangible Assets		8,032	362,801	8,802	397,767
ii) Intangible Assets		-	-	-	-
		<b>8,032</b>	<b>362,801</b>	<b>8,802</b>	<b>397,767</b>
b) Long-Term Loans and Advances	8	1,118,116	69,208,019	1,225,825	67,150,694
<b>2) CURRENT ASSETS</b>					
a) Inventories	9	334,844	18,207,116	485,219	24,570,568
b) Trade Receivables	10	579,792	35,887,397	744,862	40,803,544
c) Cash & Bank Balances	11	34,669	2,145,900	212,118	11,619,848
d) Short Term Loans and Advances	12	108,200	6,697,242	-	-
<b>TOTAL</b>		<b>2,183,653</b>	<b>132,508,475</b>	<b>2,676,826</b>	<b>144,542,421</b>

**SIGNIFICANT ACCOUNTING POLICIES**

I

**OTHER NOTES TO ACCOUNTS**

18 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**

**DATE : 21st May, 2014**

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

	NOTE	YEAR ENDED 31-Dec-2013		YEAR ENDED 31-Dec-2012	
		US\$	Rs.	US\$	Rs.
<b>REVENUE FROM OPERATIONS</b>					
Sale of Goods		936,444	53,090,954	1,815,261	97,340,456
Other Income	13	56,791	3,515,175	2,483	132,800
<b>TOTAL REVENUE</b>		<b>993,235</b>	<b>56,606,129</b>	<b>1,817,744</b>	<b>97,473,256</b>
<b>EXPENSES</b>					
Purchases of Traded Goods	14	524,835	28,537,894	1,129,436	59,751,289
Change in Inventory of Stock-in-Trade	15	150,375	6,363,452	228,180	8,995,730
Employee Benefits Expense	16	14,242	834,554	121,914	6,425,219
Depreciation and Amortization Expense	7	770	34,966	1,223	71,406
Other Expenses	17	290,843	30,577,957	194,987	14,278,244
		<b>981,065</b>	<b>66,348,823</b>	<b>1,675,740</b>	<b>89,521,888</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>12,170</b>	<b>(9,742,694)</b>	<b>142,004</b>	<b>7,951,368</b>
<b>EARNING PER SHARE (REFER NOTE 24)</b>					
Basic Earning Per Share		121.70	(97,426.94)	1,420.04	79,513.68
Diluted earning Per Share		0.48	-	5.65	316.16
Nominal Value of equity share (USD)		\$1	\$1	\$1	\$1

**SIGNIFICANT ACCOUNTING POLICIES** I

**OTHER NOTES TO ACCOUNTS** 18 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

**DATE :** 21st May, 2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2013

	Current Year		Previous Year	
	US\$	Rs.	US\$	Rs.
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit/(Loss) after tax	12,170	(9,742,694)	142,004	7,951,368
<b>Adjustments for :</b>				
Depreciation	770	34,966	1,223	71,406
Interest and Financial Charges	1,122	65,730	1,298	69,430
Exchange Fluctuation	-	7,947,311	-	11,752,688
<b>Operating Profit before working capital change</b>	<b>14,062</b>	<b>(1,694,687)</b>	<b>144,525</b>	<b>19,844,892</b>
<b>Adjustments for :</b>				
Trade & Other Receivables	164,579	(11,785,731)	48,809	(12,136,439)
Inventories	150,375	6,363,452	228,180	8,995,730
Trade & Other Payables	(505,343)	(27,499,658)	(283,589)	(14,301,640)
<b>Cash flow from operating activities (A)</b>	<b>(176,327)</b>	<b>(34,616,624)</b>	<b>137,925</b>	<b>2,402,543</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Investments	-	-	-	-
<b>Net cash Used In / from Investing Activities (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Interest and Financial Charges Paid	(1,122)	(65,730)	(1,298)	(69,430)
Long Term Borrowings(Net)	-	24,752,570	-	5,265,616
Advance Against Equity Capital	-	455,836	-	-
<b>Net cash (used in) / from financing activities (C)</b>	<b>(1,122)</b>	<b>25,142,676</b>	<b>(1,298)</b>	<b>5,196,186</b>
<b>Increase/(Decrease) In cash and cash equivalents</b>				
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(177,449)</b>	<b>(9,473,948)</b>	<b>136,627</b>	<b>7,598,729</b>
Cash and cash equivalents at beginning of the year	212,118	11,619,848	75,491	4,021,119
Cash and cash equivalents at the end of the year	34,669	2,145,900	212,118	11,619,848

### Notes :

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

As per our report of even date attached

For **MEHRA GOEL & CO.**

**CHARTERED ACCOUNTANTS**

Firm Registration No. 000517N.

**R.K. MEHRA**

Partner

M. No. 6102

**B.A. MAJMUDAR**

Director

**PLACE : NEW DELHI**

**DATE : 21st May, 2014**

## NOTES TO THE ACCOUNTS

### NOTE - I SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

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

#### Use of Estimates

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

#### Recognition of Income/Expenditure

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

#### Fixed Assets

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

#### Intangible Assets

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

#### Depreciation

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

#### Inventories

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

#### Foreign Currency Transactions

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

#### Taxation

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

#### Employee Benefits

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

The company does not have any long term benefit plans.

## NOTES FORMING PART OF THE ACCOUNTS

	AS AT 31-Dec-2013 US\$	AS AT 31-Dec-2013 Rs.	AS AT 31-Dec-2012 US\$	AS AT 31-Dec-2012 Rs.
<b>NOTE - 2 SHARE CAPITAL</b>				
<b>ISSUED , SUBSCRIBED AND PAID UP</b>				
100 (Previous Year 100) Equity Shares of USD 1/- each	100	4,374	100	4,374
	<b>100</b>	<b>4,374</b>	<b>100</b>	<b>4,374</b>
<p>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.</p>				
<b>NOTE - 3 RESERVE &amp; SURPLUS</b>				
<b>Surplus</b>				
As per last Balance Sheet	(1,357,336)	(76,170,263)	(1,499,340)	(84,121,631)
Add: Net profit for the current year	12,170	(9,742,694)	142,004	7,951,368
	<b>(1,345,166)</b>	<b>(85,912,957)</b>	<b>(1,357,336)</b>	<b>(76,170,263)</b>
<b>NOTE - 4 LONG-TERM BORROWINGS</b>				
<b>Unsecured Loan</b>				
Loan From Related Party (Holding company)				
- Considered Good	3,477,950	215,274,671	3,477,950	190,522,101
	<b>3,477,950</b>	<b>215,274,671</b>	<b>3,477,950</b>	<b>190,522,101</b>
<b>NOTE - 5 TRADE PAYABLES</b>				
Trade Paybles*	-	-	404,495	22,158,244
	<b>-</b>	<b>-</b>	<b>404,495</b>	<b>22,158,244</b>
* There are no dues to creditors coming under the definition of Small Scale Industrial Undertakings as at December 31, 2013				
<b>NOTE - 6 OTHER CURRENT LIABILITIES</b>				
Advance From Customers & Others	-	-	103,242	5,655,574
Due to Director*	100	6,190	100	5,478
Others	25,619	1,585,677	23,225	1,272,229
	<b>25,719</b>	<b>1,591,867</b>	<b>126,567</b>	<b>6,933,281</b>
* Maximum amount outstanding during the year Rs.6,190/- (Previous year Rs.5,478/-)				
<b>NOTE - 8 LONG-TERM LOANS AND ADVANCES</b>				
(Unsecured considered good,unless otherwise stated)				
Security Deposits	1,450	89,751	4,500	246,510
Loans and Advances to Others	1,116,666	69,118,268	1,221,325	66,904,184
	<b>1,118,116</b>	<b>69,208,019</b>	<b>1,225,825</b>	<b>67,150,694</b>

## NOTES FORMING PART OF THE ACCOUNTS

### NOTES-7 FIXED ASSETS

Assets	GROSS BLOCK						DEPRECIATION						NET BLOCK					
	Asat 01.01. 2013	Asat 01.01. 2013	Asat 01.01. 2013	Upto 31.12. 2013	Additions	Upto 31.12. 2013	Asat 01.01. 2013	Asat 01.01. 2013	During the period	During the period	Upto 31.12. 2013	Upto 31.12. 2013	Asat 31.12. 2013	Asat 31.12. 2013	Asat 31.12. 2012	Asat 31.12. 2012		
	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.		
<b>Tangible Assets :</b>																		
<b>Furniture &amp; Fixtures</b>	7,750	345,882	-	-	-	7,750	345,882	3,278	147,909	491	21,894	169,803	3,981	176,079	4,472	197,973		
<b>Office Equipment</b>	5,864	275,198	-	-	-	5,864	275,198	1,796	87,270	279	13,072	100,342	3,789	174,856	4,068	187,928		
<b>Computers</b>	5,234	237,320	-	-	-	5,234	237,320	4,972	225,454	-	-	225,454	262	11,866	262	11,866		
<b>TOTAL :</b>	<b>18,848</b>	<b>858,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,848</b>	<b>858,400</b>	<b>10,046</b>	<b>460,633</b>	<b>770</b>	<b>34,966</b>	<b>495,599</b>	<b>8,032</b>	<b>362,801</b>	<b>8,802</b>	<b>397,767</b>		
<b>Intangible Assets :</b>																		
<b>Software</b>	18,000	838,080	-	-	-	18,000	838,080	18,000	838,080	-	-	838,080	-	-	-	-		
<b>GRAND TOTAL</b>	<b>36,848</b>	<b>1,696,480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,848</b>	<b>1,696,480</b>	<b>28,046</b>	<b>1,298,713</b>	<b>770</b>	<b>34,966</b>	<b>1,333,679</b>	<b>8,032</b>	<b>362,801</b>	<b>8,802</b>	<b>397,767</b>		
<b>Previous Year</b>	36,848	1,696,480	-	-	-	36,848	1,696,480	26,823	1,227,307	1,223	71,406	1,298,713	8,802	397,767	10,025	469,173		

## NOTES FORMING PART OF THE ACCOUNTS

	AS AT 31-Dec-2013 US\$	AS AT 31-Dec-2013 Rs.	AS AT 31-Dec-2012 US\$	AS AT 31-Dec-2012 Rs.
<b>NOTE - 9 INVENTORIES</b>				
(At Lower of cost and Net Realisable Value)				
Stock-In-Trade	334,844	18,207,116	485,219	24,570,568
	<b>334,844</b>	<b>18,207,116</b>	<b>485,219</b>	<b>24,570,568</b>
<b>NOTE - 10 TRADE RECEIVABLES</b>				
(Unsecured considered good, unless otherwise stated)				
More than six months	488,455	30,233,907	493,434	27,030,332
Others	91,337	5,653,490	251,428	13,773,212
	<b>579,792</b>	<b>35,887,397</b>	<b>744,862</b>	<b>40,803,544</b>
<b>NOTE - 11 CASH AND BANK BALANCES</b>				
<b>Cash &amp; Cash Equivalents</b>				
Balances with Banks				
- in Current Account	34,669	2,145,900	212,118	11,619,848
	<b>34,669</b>	<b>2,145,900</b>	<b>212,118</b>	<b>11,619,848</b>
<b>NOTE - 12 SHORT-TERM LOANS AND ADVANCES</b>				
(Unsecured Considered Good, unless otherwise stated)				
Advance to Supplier-Related Party	108,200	6,697,242	-	-
	<b>108,200</b>	<b>6,697,242</b>	-	-
<b>NOTE - 13 OTHER INCOME</b>				
Sundry Balance Written Back	56,791	3,515,175	2,483	132,800
	<b>56,791</b>	<b>3,515,175</b>	<b>2,483</b>	<b>132,800</b>
<b>NOTE - 14 PURCHASE OF TRADED GOODS</b>				
<b>PARTICULARS OF PURCHASE OF GOODS TRADED</b>				
- Telecom equipments	524,835	28,537,894	1,129,436	59,751,289
	<b>524,835</b>	<b>28,537,894</b>	<b>1,129,436</b>	<b>59,751,289</b>



## NOTES FORMING PART OF THE ACCOUNTS

	YEAR ENDED 31-Dec-2013 US\$	YEAR ENDED 31-Dec-2013 Rs.	YEAR ENDED 31-Dec-2012 US\$	YEAR ENDED 31-Dec-2012 Rs.
<b>NOTE - 15 CHANGES IN INVENTORY OF STOCK-IN-TRADE</b>				
<b>Opening Stock</b>				
Stock-In-Trade	485,219	24,570,568	713,399	33,566,298
<b>Closing Stock :</b>				
Stock-In-Trade	334,844	18,207,116	485,219	24,570,568
	<b>150,375</b>	<b>6,363,452</b>	<b>228,180</b>	<b>8,995,730</b>
<b>NOTE - 16 EMPLOYEE BENEFITS EXPENSE</b>				
Salary, Wages & Bonus	-	-	83,077	4,367,974
Staff Welfare	14,242	834,554	38,837	2,057,245
	<b>14,242</b>	<b>834,554</b>	<b>121,914</b>	<b>6,425,219</b>
<b>NOTE - 17 OTHER EXPENSES</b>				
Rent	26,585	1,557,900	27,200	1,461,387
Rates & taxes	10,295	603,260	5,299	283,452
Freight & Cartage	3,012	176,509	13,791	737,689
Commission expenses	1,110	65,046	55,540	2,970,837
Legal & Professional charges	5,584	327,227	-	-
Consultancy charges	79,275	4,645,515	40,505	2,193,718
Clearing & forwarding expenses	-	-	75	4,012
Other administrative charges	1,603	93,960	17,309	925,837
Communication expenses	2,186	128,088	9,744	521,223
Traveling and conveyance expenses	114,834	6,729,271	21,358	3,111,447
Bank charges	1,122	65,730	1,298	69,430
Audit fees	2,868	168,065	2,868	153,409
Sundry Balances Written off	42,369	2,622,531	-	-
Exchange difference on conversion	-	13,394,855	-	1,845,803
	<b>290,843</b>	<b>30,577,957</b>	<b>194,987</b>	<b>14,278,244</b>

## OTHER NOTES TO ACCOUNTS

### 18 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).

### 19 Basis of Preparation and Translation into Indian Rupees

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

### 20 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	52,826,419	264,535	53,090,954
Previous Period	(94,397,684)	(2,942,772)	(97,340,456)

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

### 21 Related Parties are classified as:

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

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

**Transactions with the above related parties are as follows:-**

Description & nature of Transactions	key Management Personnel and their relatives (US \$)	key Management Personnel and their relatives (Rupees)	Enterprises over which key management personnel & their relatives are able to exercise significant influence (US \$)	Enterprises over which key management personnel & their relatives are able to exercise significant influence (Rupees)	Holding company (US\$)	Holding company (Rupees)	Total (US\$)	Total (Rupees)
Receiving of Goods	-	-	-	-	524,835 (1,129,436)	28,537,894 (59,751,289)	524,835 (1,129,436)	28,537,894 (59,751,289)
Managerial Remuneration- BA Majumdar	(12,000)	(640,201)	-	-	-	-	12,000	(640,201)
Consultancy charges- Embeem Inc	-	-	10,000 (12,000)	586,000 (642,977)	-	-	10,000 (12,000)	586,000 (642,977)
<b>Recoverables &amp; Payables</b>								
Trade Creditors	-	-	-	-	(404,495)	(22,158,244)	(404,495)	(22,158,244)
Advances Received	-	-	-	-	3,477,950 (3,477,950)	215,274,671 (190,522,101)	3,477,950 (3,477,950)	215,274,671 (190,522,101)
Advances to Supplier	-	-	-	-	108,200	6,697,242	108,200	6,697,242

Figures in brackets indicate previous year figures

**22 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.

**23 Details of Goods Traded**

Item	Amt-Rs.	Opening stock	Purchases	Sales	Closing stock
Telecom Equipments		24,570,568	28,537,894	53,090,954	18,207,116
Previous Period	Amt-Rs.	33,566,298	59,751,289	97,340,456	24,570,568

**24 Earning Per Share**

The components of earnings per share are as follows:

Earning Per share is calculated as follows	31st December, 2013		31st December, 2012	
	US\$	RS.	US\$	RS.
Net Profit as per statement of Profit and Loss (A)	12,170	(9,742,694)	142,004	7,951,368
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)	121.70	(97,426.94)	1,420.04	79,513.68
Diluted Earning Per Share (A/C)	0.48	-	5.65	316.16

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

26 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.

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

28 Company has Outstanding interest free advance of USD 11,16,666/- to Shyam Telecom GMBH as on 31.12.2013. Accordingly no interest has been provided in Books of Accounts.

As per our report of even date attached

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

**R.K. MEHRA**  
Partner  
M. No. 6102

**B.A. MAJUMDAR**  
Director

PLACE : NEW DELHI  
DATE : 21st May, 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 reflects total assets of Rs. 1325.08 Lacs as at 31st December, 2013, profit/ (loss) of (Rs. 97.43 Lacs) and cash inflows/(outflows) of (Rs. 94.74 Lacs) for the year ended as at 31st December, 2013. 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 totaling 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  
Dated : 30th May, 2014

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014

	NOTE	ASAT 31-Mar-2014 (Rs. In Lacs)	ASAT 31-Mar-2013 (Rs. In Lacs)
<b>I EQUITY AND LIABILITIES</b>			
<b>1) SHAREHOLDER'S FUNDS</b>			
a) Share Capital	2	1,127.00	1,127.00
b) Reserves and Surplus	3	3,107.00	3,305.94
<b>2) NON-CURRENT LIABILITIES</b>			
a) Long-Term Borrowings	4	6.63	8.78
b) Deferred Tax Liability (Net)	5	90.25	151.82
c) Long -Term Provisions	6	93.66	88.17
<b>3) CURRENT LIABILITIES</b>			
a) Short-Term Borrowings	7	-	718.90
b) Trade Payables	8	9,504.03	3,757.28
c) Other Current Liabilities	9	4,817.75	3,747.40
d) Short-Term Provisions	10	90.89	80.59
<b>TOTAL</b>		<b>18,837.21</b>	<b>12,985.88</b>
<b>II ASSETS</b>			
<b>1) NON-CURRENT ASSETS</b>			
<b>a) FIXED ASSETS</b>			
i) Tangible Assets	11	1,944.34	2,143.21
ii) Intangible Assets		0.44	2.86
		<b>1,944.78</b>	<b>2,146.07</b>
b) Non-Current Investment	12	79.78	79.78
c) Long-Term Loans and Advances	13	962.60	1,022.79
d) Other Non-Current Assets	14	66.28	0.90
<b>2) CURRENT ASSETS</b>			
a) Inventories	15	9,873.40	3,761.47
b) Trade Receivables	16	925.44	1,318.20
c) Cash & Bank Balances	17	718.94	1,638.95
d) Short-Term Loans and Advances	18	4,265.99	3,017.72
<b>TOTAL</b>		<b>18,837.21</b>	<b>12,985.88</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	I		
<b>OTHER NOTES TO ACCOUNTS</b>	25 To 38		

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

**R.K MEHRA**  
Partner  
M. No. 6102

**RAJIV MEHROTRA**  
Chairman & Managing Director

**AJAY KHANNA**  
Managing Director

**PLACE :** NEW DELHI  
**DATED :** 30th May, 2014

**GURSHARAN SINGH**  
Chief Financial Officer

**DHARMENDER DHINGRA**  
Vice President ( Legal ) & Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014**

	NOTE	YEAR ENDED 31-Mar-2014 (Rs. In Lacs)	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)
<b>Revenue From Operations</b>			
Sale of Goods		34,455.52	42,246.01
Sale of Services		970.01	243.35
Other Operating Income	19	63.93	93.79
<b>Gross Revenue From Operations</b>		<b>35,489.46</b>	<b>42,583.15</b>
Less : Excise Duty & Service Tax		393.50	162.76
<b>Net Revenue From Operations</b>		<b>35,095.96</b>	<b>42,420.39</b>
Other Income	20	100.13	536.34
<b>TOTAL REVENUE</b>		<b>35,196.09</b>	<b>42,956.73</b>
<b>EXPENSES</b>			
Cost of Raw Materials Consumed		1,423.66	963.84
Purchases of Traded Goods		36,743.99	35,050.48
Change in Inventory of Finished Goods, Work-in-Progress, Stock-in-Trade	21	(5,999.35)	2,500.05
Employee Benefits Expense	22	1,027.14	1,175.37
Finance Costs	23	71.85	180.55
Depreciation and Amortization Expense	11	203.64	217.43
Other Expenses	24	1,931.71	2,640.96
		<b>35,402.64</b>	<b>42,728.68</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS &amp; TAX</b>		<b>(206.55)</b>	<b>228.05</b>
Exceptional Items (Refer Note 29)		-	118.31
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(206.55)</b>	<b>109.74</b>
Tax Expense:			
- Current Tax		42.50	133.00
- Deferred Tax		(61.57)	(107.92)
Income Tax / Deferred Tax For Earlier Year		11.46	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(198.94)</b>	<b>84.66</b>
<b>No. of Equity Shares (No.)</b>		11,270,000	11,270,000
Profit /(Loss) After Tax		(198.94)	84.66
Basic and Diluted Earning Per Share (Rs)		(1.77)	0.75
Nominal Value of equity share (Rs)		10.00	10.00

**SIGNIFICANT ACCOUNTING POLICIES**

I

**OTHER NOTES TO ACCOUNTS**

25 To 38

As per our report of even date attached

For **MEHRA GOEL & CO.**

**CHARTERED ACCOUNTANTS**

Firm Registration No 000517N

**R.K MEHRA**

Partner  
M. No. 6102

**RAJIV MEHROTRA**

Chairman & Managing Director

**AJAY KHANNA**

Managing Director

**PLACE : NEW DELHI**

**DATED : 30th May, 2014**

**GURSHARAN SINGH**

Chief Financial Officer

**DHARMENDER DHINGRA**

Vice President ( Legal ) & Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

	(Rs. in Lacs)	
	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Tax and Exceptional items	(206.55)	228.05
Adjustment for :		
Depreciation	203.64	217.43
Interest and Financial Charges	71.85	180.55
Bad Debts Written Off	112.94	38.42
Provision for Doubtful Debts/ Advances (Net)	115.39	227.50
Provision ( Leave Encashment & Retirement Benefit )	15.79	27.32
Loss on Sale Of Fixed Assets	5.18	17.60
Interest Income	(31.88)	(374.97)
<b>Operating profit before working capital change</b>	<b>286.36</b>	<b>561.90</b>
Adjustment for :		
Trade and Other Receivables	(1,094.76)	11,363.82
Inventories	(6,111.93)	5,937.69
Trade & other Payables	6,899.17	(15,712.26)
Fixed deposit/Margin money	722.71	1,024.72
<b>Cash Generated from operations</b>	<b>701.55</b>	<b>3,175.87</b>
Direct Taxes Paid	17.15	(132.51)
<b>Cash flow before exceptional items</b>	<b>718.70</b>	<b>3,043.36</b>
Exceptional Items (Refer Note 29)	-	118.31
<b>Net Cash Flow from Operating Activities (A)</b>	<b>718.70</b>	<b>2,925.05</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including Capital Work in Progress	(10.94)	(51.13)
Sale of Fixed Assets	3.41	8.62
Interest received	31.88	374.97
<b>Net cash (used in) / from investing activities (B)</b>	<b>24.35</b>	<b>332.46</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings ( Net )	(721.05)	(2,743.29)
Interest & Financial Charges	(153.92)	(1,099.52)
<b>Net cash (used in) / from Financing Activities (C)</b>	<b>(874.97)</b>	<b>(3,842.81)</b>
<b>Net increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(131.92)</b>	<b>(585.30)</b>
Cash and cash equivalents at beginning of the Period	641.61	1,226.91
Cash and cash equivalents at the end of the Period	509.69	641.61

### 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

**RAJIV MEHROTRA**  
Chairman & Managing Director

**AJAY KHANNA**  
Managing Director

**PLACE : NEW DELHI**  
**DATED : 30th May, 2014**

**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 1<sup>st</sup> January 2013 to 31<sup>st</sup> December' 2013,
- 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, 2013
Shyam Telecom Inc.	USA	100

#### 2. BASIS FOR PREPARATION OF ACCOUNTS

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

#### 3. FIXED ASSETS

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

#### 4. EXPENDITURE INCURRED DURING THE CONSTRUCTION PERIOD

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

**5. DEPRECIATION**

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

**6. INTANGIBLE ASSETS**

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

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

**7. IMPAIRMENT**

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

**8. INVESTMENTS**

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

**9. INVENTORY VALUATION**

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

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

**10. FOREIGN CURRENCY TRANSACTIONS**

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

**11. REVENUE RECOGNITION**

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

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

**12. INCOME ON INVESTMENTS**

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

**13. BORROWING COST**

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

**14. LEASES**

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

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

**15. PRODUCT WARRANTY EXPENSES**

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

**16. EMPLOYEES BENEFITS**

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

**17. CLAIMS**

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

**18. DERIVATIVE**

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

**19. TAXATION**

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

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

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

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

**20. GOVERNMENT GRANTS**

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

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

**21. PROVISION AND CONTINGENT LIABILITIES**

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

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

**22. PROPOSED DIVIDEND**

Dividend 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

	AS AT 31-Mar-2014 (Rs. In Lacs)	AS AT 31-Mar-2013 (Rs. In Lacs)
<b>NOTE - 2 SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
50,000,000 Equity Shares of Rs. 10/- each	5,000.00	5,000.00
2,500,000 Preference Shares of Rs 100/- each.	2,500.00	2,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
<b>ISSUED , SUBSCRIBED AND PAID UP</b>		
11,270,000 Equity Shares of Rs 10/- each, fully paid up	1,127.00	1,127.00
	<u>1,127.00</u>	<u>1,127.00</u>

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

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

### Detail of Shareholder's holding more than 5% shares

Name of Share Holders	As at 31.03.2014		As at 31.03.2013	
	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

<b>Investment Subsidy</b>	15.00	15.00
(Acquired under the scheme of Arrangement)		
<b>Surplus</b>		
As per last Balance Sheet	3,290.94	3,206.28
Add: Net profit for the current year	(198.94)	84.66
	<u>3,092.00</u>	<u>3,290.94</u>
	<u>3,107.00</u>	<u>3,305.94</u>

### NOTE - 4 LONG-TERM BORROWINGS

#### Secured Loan

##### Vehicle Loans\*

- From Bank	6.79	8.00
- From Body corporate	1.98	2.63
	<u>8.77</u>	<u>10.63</u>
Less: Current Maturities of Long Term borrowings	2.14	1.85
	<u>6.63</u>	<u>8.78</u>

\*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

	AS AT 31-Mar-2014 (Rs. In Lacs)	AS AT 31-Mar-2013 (Rs. In Lacs)
<b>NOTE - 5 DEFERRED TAX LIABILITY (NET)</b>		
Deferred Tax liability		
- Related to Fixed Assets	325.17	345.69
<b>Total (A)</b>	<b>325.17</b>	<b>345.69</b>
Deferred Tax Assets		
- Disallowance under Section 43B of the Income tax Act 1961.	62.28	57.34
- Provision for Doubtful debts/ Advances	172.64	136.53
<b>Total (B)</b>	<b>234.92</b>	<b>193.87</b>
<b>Total (A-B)</b>	<b>90.25</b>	<b>151.82</b>
<b>NOTE - 6 LONG-TERM PROVISIONS</b>		
Provision For Employee Benefits	93.66	88.17
	<b>93.66</b>	<b>88.17</b>
<b>NOTE - 7 SHORT-TERM BORROWINGS</b>		
<b>UNSECURED LOANS</b>		
Inter Corporate Deposit from Related Party	-	718.90
	-	<b>718.90</b>
<b>NOTE - 8 TRADE PAYABLES</b>		
Trade Paybles	9,504.03	3,757.28
( Due to amount outstanding to Micro, Small and Medium Enterprises NIL, Previous year NIL)		
	<b>9,504.03</b>	<b>3,757.28</b>
<p>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..</p>		
<b>NOTE - 9 OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Borrowings	2.14	1.85
Interest Accrued but not due on Loans	7.51	89.58
Advance From Customers & Others	4,084.52	3,237.09
Statutory Liabilities	172.45	126.72
Due to Director*	0.06	0.05
Employee Related Payables	183.46	128.81
Others payable	367.61	163.30
	<b>4,817.75</b>	<b>3,747.40</b>
<p>* Maximum amount outstanding during the year Rs. 0.06 lacs (Previous year Rs. 0.05 lacs)</p>		
<b>NOTE-10 SHORT-TERM PROVISIONS</b>		
Provision For Employee Benefits	90.89	80.59
	<b>90.89</b>	<b>80.59</b>

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### NOTE - II FIXED ASSETS

(Rs In Lacs)

ASSETS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	Cost As At 01-4-2013	Additions During the year	Deletions/ Adjustments	As At 31-3-2014	As At 01-4-2013	During the Year	Deletions/ Adjustments	As At 31-3-2014	As At 31-3-2014	As At 31-3-2013*
<b>Tangible Assets</b>										
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	130.37	15.90	-	146.27	298.48	314.38
Plant & Equipment	2,506.50	6.97	5.27	2,508.20	1,168.99	133.29	2.15	1,300.13	1,208.07	1,337.51
Electric Installation	111.43	-	-	111.43	30.36	5.97	-	36.33	75.10	81.07
Furniture & Fixture	102.28	0.40	0.85	101.83	34.38	6.04	0.19	40.23	61.60	67.90
Vehicles	233.23	-	10.62	222.61	106.55	19.54	7.61	118.48	104.13	126.68
Office Equipment	173.44	3.27	1.96	174.75	65.96	15.53	0.22	81.27	93.48	107.48
Computer	68.95	0.30	-	69.25	46.05	5.01	-	51.06	18.19	22.90
<b>TANGIBLE ASSETS TOTAL (A)</b>	<b>3,725.87</b>	<b>10.94</b>	<b>18.70</b>	<b>3,718.11</b>	<b>1,582.66</b>	<b>201.28</b>	<b>10.17</b>	<b>1,773.77</b>	<b>1,944.34</b>	<b>2,143.21</b>
<b>Intangible Assets</b>										
Software	237.92	-	0.97	236.95	235.06	2.36	0.91	236.51	0.44	2.86
<b>INTANGIBLE ASSETS TOTAL (B)</b>	<b>237.92</b>	<b>-</b>	<b>0.97</b>	<b>236.95</b>	<b>235.06</b>	<b>2.36</b>	<b>0.91</b>	<b>236.51</b>	<b>0.44</b>	<b>2.86</b>
<b>TOTAL (A+B)</b>	<b>3,963.79</b>	<b>10.94</b>	<b>19.67</b>	<b>3,955.06</b>	<b>1,817.72</b>	<b>203.64</b>	<b>11.08</b>	<b>2,010.28</b>	<b>1,944.78</b>	<b>2,146.07</b>
<b>Previous Year figures :</b>	<b>4,041.20</b>	<b>51.13</b>	<b>128.54</b>	<b>3,963.79</b>	<b>1,702.61</b>	<b>217.43</b>	<b>102.32</b>	<b>1,817.72</b>	<b>2,146.07</b>	

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

1,41,426 Equity Shares of Rs10/- each of Spanco Limited (Refer Note 33)

##### TRADE INVESTMENTS

##### UNQUOTED - Fully Paid-up (At Cost)

##### IN OTHERS

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

**AS AT  
31-Mar-2014  
(Rs. In Lacs)**

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

0.33

0.33

52.33

52.33

52.66

52.66

27.12

27.12

**79.78**

**79.78**

(\*) Aggregated market value of Quoted Investments Rs. 13.10 Lacs (Previous Year Rs. 16.99 Lacs).

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	AS AT 31-Mar-2014 (Rs. In Lacs)	AS AT 31-Mar-2013 (Rs. In Lacs)
<b>NOTE - 13 LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured considered good, unless otherwise stated)		
Security Deposits		
- Considered Good	122.63	131.65
- Considered Doubtful	1.32	1.32
	<u>123.95</u>	<u>132.97</u>
Less: Provision for doubtful security deposits	1.32	1.32
	<u>122.63</u>	<u>131.65</u>
Advances recoverable in cash or in kind or for value to be received*		
- Considered Good	2.34	4.55
- Considered Doubtful	7.00	7.00
	<u>9.34</u>	<u>11.55</u>
Less : Provision for Doubtful Advances	7.00	7.00
	<u>2.34</u>	<u>4.55</u>
Cenvat/VAT Receivable	20.47	20.47
Advance Tax (Net)	125.74	196.85
Prepaid Expenses	0.24	0.23
Others	691.18	669.04
	<u><b>962.60</b></u>	<u><b>1,022.79</b></u>
* Advances include recoverable from Employees		
<b>NOTE - 14 OTHER NON-CURRENT ASSETS</b>		
Bank Balances		
Non-current Fixed Deposits (Refer Note 17)	66.28	0.90
(including interest accrued But Not due )	<u><b>66.28</b></u>	<u><b>0.90</b></u>
<b>NOTE - 15 INVENTORIES</b>		
(At Lower of cost and Net Realisable Value)		
Raw Material	375.08	333.06
Raw Material In Transit	-	10.93
Finished Goods	1.12	11.20
Finished Goods in Transit	28.35	-
Work In Process	39.00	97.73
Stores & Spares	1.69	2.67
Stock in Trade	8,857.31	2,817.50
Stock in Trade In Transit	570.85	488.38
	<u><b>9,873.40</b></u>	<u><b>3,761.47</b></u>
<b>NOTE - 16 TRADE RECEIVABLES</b>		
(Unsecured considered good, unless otherwise stated)		
More than six months		
- Considered Good	598.48	413.72
- Considered Doubtful	509.01	399.42
	<u>1,107.49</u>	<u>813.14</u>
Less : Provision for Doubtful Debt	509.01	399.42
	<u>598.48</u>	<u>413.72</u>
Others-Considered Good	326.96	904.48
	<u><b>925.44</b></u>	<u><b>1,318.20</b></u>

## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	AS AT 31-Mar-2014 (Rs. In Lacs)	AS AT 31-Mar-2013 (Rs. In Lacs)
<b>NOTE - 17 CASH AND BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalents</b>		
Cash-in-hand	32.28	11.27
Balances with Banks		
- in Current Account	477.41	630.34
<b>OTHER BANK BALANCES</b>		
- Fixed Deposits (including interest accrued) (*)	275.53	998.24
	<u>785.22</u>	<u>1,639.85</u>
Less: Non-current Fixed Deposits	66.28	0.90
	<u><b>718.94</b></u>	<u><b>1,638.95</b></u>

(\*) Rs. 53.99 Lacs (Previous Year Rs. 937.67 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	222.26	184.93
- Considered Doubtful	5.55	3.04
	<u>227.81</u>	<u>187.97</u>
Less : Provision for Doubtful Advances	5.55	3.04
	<u>222.26</u>	<u>184.93</u>
Prepaid Expenses	14.13	22.26
Advance to Supplier		
- Considered Good	3,063.26	2,375.17
- Considered Doubtful	9.15	9.95
	<u>3,072.41</u>	<u>2,385.12</u>
Less : Provision for Doubtful Advances	9.15	9.95
	<u>3,063.26</u>	<u>2,375.17</u>
Cenvat Receivable	267.95	410.90
Balance with Excise Department	0.33	0.02
Security Deposits	9.60	24.44
Mutual Funds	688.46	-
	<u><b>4,265.99</b></u>	<u><b>3,017.72</b></u>

\* Advances include export income receivable and recoverable from employees etc.

	YEAR ENDED 31-Mar-2014 (Rs. In Lacs)	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)
<b>NOTE - 19 OTHER OPERATING INCOME</b>		
Dividend on Long Term Investments	38.48	12.63
Export incentive	25.45	81.16
	<u><b>63.93</b></u>	<u><b>93.79</b></u>



## NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### NOTE - 20 OTHER INCOME

Interest On Deposits\*  
Sundry Balance Written Back  
Miscellaneous Income

YEAR ENDED 31-Mar-2014 (Rs. In Lacs)	YEAR ENDED 31-Mar-2013 (Rs. In Lacs)
31.88	374.97
48.12	145.32
20.13	16.05
<b>100.13</b>	<b>536.34</b>

(\*) Tax deducted at source Rs.3.70 Lacs (Previous Year Rs 34.69 Lacs)

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

#### Opening Stock

Work In Process  
Finished Goods  
Stock-in-Trade

#### Closing Stock :

Work in Process  
Finished Goods  
Stock-in-Trade

97.73	135.49
11.20	42.48
2,817.50	5,248.51
<b>2,926.43</b>	<b>5,426.48</b>
39.00	97.73
29.47	11.20
8,857.31	2,817.50
<b>8,925.78</b>	<b>2,926.43</b>
<b>(5,999.35)</b>	<b>2,500.05</b>

### NOTE - 22 EMPLOYEE BENEFITS EXPENSE

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

886.84	998.59
70.26	92.37
70.04	84.41
<b>1,027.14</b>	<b>1,175.37</b>

### NOTE - 23 FINANCE COSTS

Interest Expenses  
Other financial cost

26.78	129.79
45.07	50.76
<b>71.85</b>	<b>180.55</b>

### NOTE - 24 OTHER EXPENSES

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

56.20	134.16
62.33	64.95
49.68	223.17
(2.02)	(3.65)
8.24	9.15
3.50	4.26
9.43	9.28
1.75	1.75
2.50	2.50
182.17	308.11
82.42	45.64
14.19	38.07
139.10	194.19
265.91	434.74
26.23	10.60
112.94	38.42
115.39	227.50
221.45	201.66
331.68	412.81
5.18	17.60
243.44	266.05
<b>1,931.71</b>	<b>2,640.96</b>

## OTHER NOTES TO ACCOUNTS

25 Contingent liabilities :	Current Year (Rs in Lacs)	Previous Year (Rs in Lacs)
-Income Tax	74.41	39.71
-Excise Duty	80.87	-
-Claims of ARM Ltd *	2,892.74	-

\* 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 totaling 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

26 As on 31.03.2014, an amount of Rs 3530.52 Lakhs payable to (Aquarius Technology Pte Ltd. Rs 3108.84 and Nisshoiwai Corporation Rs 421.68 Lakhs ) in Foreign Currency remains unsettled for a period exceeding One year

27 A loan amounting to Rs 2090.25 Lakhs extended to Shyam Telecom Inc, USA remains outstanding as on date. The said wholly owned subsidiary has incurred substantial losses. However management is of the opinion that amount shall be recovered, hence no provision is considered necessary.

### 28 Research & Development:

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

### 29 Exceptional items:

The company in financial year 1994-95 rejected "Digital Micro Radio Equipment" supplied by M/s Bharat Electronics Limited on ground of defects in the equipments supplied and non adherence to delivery schedule. On appeal by the Bharat Electronic Limited for recovery of interest on the unpaid amount the company had deposited Rs 339.75 lacs in the High Court of Delhi in the year ended 31.03.2012 which was charged to revenue as exception Item. On final disposal of appeal by Bharat Electronics Limited the Honable High Court directed to deposit of Rs 118.31 lacs as amount of interest which has also been charged to revenue during the previous year ended 31.03.2013 as exceptional item.

### 30. Related Party Information:

#### Relationship

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

Mr. Rajiv Mehrotra, Mr. Alok Tondon, Mr. Arun Khanna, Mr. Ajay Khanna & Mr. BA Majmudar 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., Think of us and Embeam 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	31.03.2014			31.03.2013		
	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
<b>a) Sale of Goods &amp; Services</b>						
Vihaan Networks Ltd.	866.59	-	866.59	59.32	-	59.32
Ubico Networks Pvt Ltd.	-	-	-	30.92	-	30.92
Sistema Shyam Teleservices Ltd.	7900.97	-	7,900.97	16077.23	-	16,077.23
Shyam Digital Communication Ltd	-	-	-	1.29	-	1.29
Think of us	15.49	-	15.49	-	-	-
RMS Automation Systems Ltd.	5.30	-	5.30	319.58	-	319.58
<b>Sub Total</b>	<b>8,788.35</b>	<b>-</b>	<b>8,788.35</b>	<b>16,488.34</b>	<b>-</b>	<b>16,488.34</b>
<b>b) Purchase of the goods</b>						
Vihaan Networks Ltd.	4.38	-	4.38	50.23	-	50.23
Spectranet ISP Pvt Ltd.	-	-	-	1.25	-	1.25
Shyam Networks Ltd	-	-	-	1.89	-	1.89
Shyam infratel Pvt. Ltd.	-	-	-	151.36	-	151.36
Think of us	1.23	-	1.23	-	-	-
RMS Automation Systems Ltd.	28.60	-	28.60	1,211.83	-	1,211.83
<b>Sub Total</b>	<b>34.21</b>	<b>-</b>	<b>34.21</b>	<b>1,416.56</b>	<b>-</b>	<b>1,416.56</b>
<b>c) Rent Paid</b>						
Shyam Communication Systems	67.42	-	67.42	67.42	-	67.42
Intercity Cable System Pvt. Ltd.	20.22	-	20.22	20.22	-	20.22
<b>Sub Total</b>	<b>87.64</b>	<b>-</b>	<b>87.64</b>	<b>87.64</b>	<b>-</b>	<b>87.64</b>
<b>d) Rent Received</b>						
RMS Automation Systems Ltd.	-	-	-	11.15	-	11.15
<b>e) Remuneration Paid</b>						
Mr. B A Majumdar	-	-	-	-	6.40	6.40
Mr. Ajay Khanna	-	13.15	13.15	-	-	-
Mr. Alok Tandon	-	13.15	13.15	-	-	-
<b>Sub Total</b>	<b>-</b>	<b>26.30</b>	<b>26.30</b>	<b>-</b>	<b>6.40</b>	<b>6.40</b>
<b>f) Consultancy Paid</b>						
Embeen Inc	5.86	-	5.86	6.43	-	6.43
<b>g) Interest Expense</b>						
Shyam Networks Ltd.	22.71	-	22.71	95.62	-	95.62
<b>h) Loan Received</b>						
Shyam Networks Ltd.	-	-	-	85.00	-	85.00
<b>Recoverables &amp; Payables</b>						
<b>a) Amount Receivable</b>						
Shyam Networks Ltd.	-	-	-	11.90	-	11.90
Shyam Digital Communication Ltd	1.29	-	1.29	1.29	-	1.29
Sistema Shyam Teleservices Ltd.	7.19	-	7.19	279.82	-	279.82
Shyam Antenna Electronics Ltd.	1.74	-	1.74	0.62	-	0.62
Ubico Networks Pvt. Ltd.	24.80	-	24.80	26.45	-	26.45
Think of us	9.16	-	9.16	-	-	-
RMS Automation Systems Ltd.	2,816.37	-	2,816.37	2,171.50	-	2,171.50
<b>Sub Total</b>	<b>2,860.55</b>	<b>-</b>	<b>2,860.55</b>	<b>2,491.58</b>	<b>-</b>	<b>2,491.58</b>
<b>b) Amount Payable</b>						
Shyam Communication Systems	15.17	-	15.17	-	-	-
Vihaan Networks Ltd.	236.57	-	236.57	34.21	-	34.21
Shyam infratel Pvt. Ltd.	-	-	-	134.92	-	134.92
Intercity Cable System Pvt. Ltd.	44.33	-	44.33	26.13	-	26.13
Spectranet ISP Pvt. Ltd.	1.25	-	1.25	1.25	-	1.25
Shyam Antenna Electronics Ltd.	140.17	-	140.17	140.17	-	140.17
Sistema Shyam Teleservices Limited	320.91	-	320.91	-	-	-
<b>Sub Total</b>	<b>758.40</b>	<b>-</b>	<b>758.40</b>	<b>336.68</b>	<b>-</b>	<b>336.68</b>
<b>c) Loans Outstanding</b>						
Shyam Networks Ltd.	-	-	-	718.90	-	718.90
<b>d) Advances recoverable</b>						
Intercity Cable System Pvt. Ltd.	10.00	-	10.00	10.00	-	10.00
Shyam Communication Systems	60.00	-	60.00	60.00	-	60.00
<b>Sub Total</b>	<b>70.00</b>	<b>-</b>	<b>70.00</b>	<b>70.00</b>	<b>-</b>	<b>70.00</b>
<b>e) Interest Accrued &amp; Due</b>						
Shyam Networks Ltd.	7.51	-	7.51	89.58	-	89.58

### 31 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.

Segment Reporting Particulars	(Rs. in Lacs)	
	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>Segment Revenue</b>		
- Telecom Products & Services	2,884.16	2,865.18
- Trading & Related Services	32,173.32	39,542.58
- Investments	38.48	12.63
Net Sales	<b>35,095.96</b>	<b>42,420.39</b>
<b>Segment Results</b> (Profit before Amortisation, Interest, Exceptional item, Tax and unallocable overheads)		
- Telecom Products & Services	134.83	107.37
- Trading & Related Services	165.43	579.39
- Investments	38.48	12.63
<b>Total</b>	<b>338.74</b>	<b>699.39</b>
Less :		
- Depreciation & Amortisation	203.64	217.43
- Interest & Financial Charges	71.85	180.55
- Exceptional Item	-	118.31
- Other un-allocable Expenditure ( Net of un-allocable Income)	269.80	73.36
<b>Profit/(Loss) Before Tax</b>	<b>(206.55)</b>	<b>109.74</b>
Taxes (Net of MAT Credit)	(7.61)	25.08
<b>Net profit/(Loss) after taxes</b>	<b>(198.94)</b>	<b>84.66</b>

32 Some of the personal accounts are subject to adjustments / reconciliation / confirmation.

33 In the opinion of management ,the diminution in the value of investment is temporary in nature.

34 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.

35 In compliance with the accounting standards 15 (revised 2005) "Employee Benefits" The company has got the employee benefits evaluated from actuarial valuer.

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

**A. Provident Fund & Other fund**

During the year the Company has recognized Rs 49.99 Lacs (previous Year Rs. 49.63 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. 3.67 lacs (Previous year Rs.4.92 Lacs)towards contribution to ESI and Rs 0.21 Lacs (previous Year Rs. . 0.23 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
<b>i) Actuarial Assumptions</b>				
Discount Rate (per annum)	9.10%	9.10%	8.00%	8.00%
Rate of increase in compensation levels	5.50%	5.50%	5.50%	5.50%
Rate of return on plan assets	-	8.75%	-	9.15%
<b>ii) Change in the obligation during the year</b>				
Present value obligation as at beginning of period	101.91	110.87	100.57	114.60
Impact of Transition provision of AS-15	-	-	-	-
Interest cost	8.15	8.87	8.75	9.97
Past Service cost	-	-	-	-
Current service cost	10.65	12.22	11.05	12.62
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(3.67)	(3.93)	(9.30)	(47.02)
Actuarial (gain)/ loss on Obligations	(7.15)	1.44	(9.16)	20.69
Present value obligation as at the end of the period	109.89	129.47	101.91	110.87
Receivable from other company's fund	-	-	-	-
Net Present value obligation as at the end of the period	109.89	129.47	101.91	110.87
<b>iii) Change in fair value plan Assets</b>				
Fair value of Plan Assets as at beginning of the period	-	44.02	-	73.74
Expected return on Plan Assets	-	4.03	-	4.42
Contributions	-	14.92	-	0.55
Benefits Paid	-	(3.93)	-	(34.68)
Actuarial gain/ (loss) on Obligations	-	(0.13)	-	-
Fair value of Plan Assets as at the end of the period	-	58.91	-	44.02
<b>iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Assets</b>				
Present value obligation as at the end of the period	109.89	129.47	101.91	110.87
Fair value of Plan Assets as at the end of the period	-	58.91	-	44.02
Funded Status	(109.89)	(70.55)	(101.91)	(66.85)
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.	(109.89)	(70.55)	(101.91)	(66.85)
<b>v) Expenses recognised in Statement of Profit and Loss</b>				
Current service cost	10.65	12.22	11.05	12.62
Past Service cost	-	-	-	-
Interest cost	8.15	8.87	8.75	9.97
Expected return on Plan Assets	-	(4.04)	-	(4.42)
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(7.15)	1.58	(9.16)	20.69
Received / Receivable from other company's fund	-	-	-	-
Net Expense recognised in Statement of Profit and Loss	11.65	18.63	10.64	38.87

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

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

38 The financial statement of subsidiary company namely Shyam Telecom Inc. used in consolidation from 1st January, 2013 to 31st December, 2013.

As per our report of even date attached

For **MEHRA GOEL & CO.**

**CHARTERED ACCOUNTANTS**

Firm Registration No 000517N

**R.K MEHRA**

Partner

M. No. 6102

**RAJIV MEHROTRA**

Chairman & Managing Director

**AJAY KHANNA**

Managing Director

PLACE : NEW DELHI

DATED : 30th May, 2014

**GURSHARAN SINGH**

Chief Financial Officer

**DHARMENDER DHINGRA**

Vice President ( Legal) & Company Secretary

## IMPORTANT COMMUNICATION TO MEMBERS

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

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

(Please Tear from here)

### SHYAM TELECOM LTD. Member’s Response Form 2013-2014

Name : \_\_\_\_\_

e-mail id : \_\_\_\_\_

Address : \_\_\_\_\_

Folio No : \_\_\_\_\_ No of equity shares held : \_\_\_\_\_

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

\_\_\_\_\_  
Signature of Member

#### Notes:

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



## SHYAM TELECOM LIMITED

Registered Office: MTS Tower, 3, Amrapali Circle, Vaishali Nagar,  
Jaipur-302021, Rajasthan, India  
CIN: L32202RJ1992PLC017750

### 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 21<sup>ST</sup> ANNUAL GENERAL MEETING of SHYAM TELECOM LIMITED to be held at 11.00 A.M. on Tuesday, 30<sup>th</sup> September 2014, at Hotel Hilton, Plot No. 42, Geejgarh House, Hawa Sadak Road, Jaipur-302006, 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  
CIN: L32202RJ1992PLC017750

### PROXY FORM

Folio No ..... DP ID\* ..... Client ID\* .....  
Shares Held .....

I/We, ..... of ..... being a Member / Members of SHYAM TELECOM LIMITED, hereby appoint ..... of ..... or failing him/her ..... of ..... or failing him/her ..... of ..... as my /our Proxy to attend and vote for me / us on my / our behalf at the 21<sup>ST</sup> ANNUAL GENERAL MEETING of SHYAM TELECOM LIMITED to be held at 11.00 A.M. on Tuesday, 30<sup>th</sup> September 2014, at Hotel Hilton, Plot No. 42, Geejgarh House, Hawa Sadak Road, Jaipur-302006, Rajasthan, India or at any adjournment thereof.

Signed this ..... day of ..... 2014.

Affix  
Revenue  
Stamp

\*Applicable for holding in electronic form

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



RESOLUTIONS		FOR	AGAINST
1.	Adoption of Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended 31st March, 2014 and Audited Consolidated Financial Statements.		
2.	Re-appointment of Mr. Rajiv Mehrotra who retires by rotation.		
3.	Re-appointment of Mr. Ajay Khanna who retires by rotation.		
4.	Appointment of M/s. Mehra Goel & Company, Chartered Accountants (Registration No. 000517N), as auditors of the Company,		
5.	To approve the appointment and remuneration of Mr. Ajay Khanna as Managing Director of the Company		
6.	To approve Mr. Achintya Karati as an Independent Director		
7.	To approve Mr. Vinod Juneja as an Independent Director		
8.	To approve Mr. C. S. Malhotra as an Independent Director		
9.	To approve Mr. Narendra Kumbhat as an Independent Director		
10.	To approve Mrs. Nishi Sabharwal as an Independent Director		
11.	Adoption of new Articles of Association of the Company		
12.	Approval of the Remuneration of the Cost Auditors		
13.	Approval for authorising Board to mortgage/create charge on properties of the Company		

Signed this ..... day of ..... 2014.

.....  
Signature of Shareholder

*Affix a 15  
Paise Revenue  
Stamp and sign  
across the Stamp*

\_\_\_\_\_  
Signature of first proxy holder

\_\_\_\_\_  
Signature of second proxy holder

\_\_\_\_\_  
Signature of third proxy holder

**NOTES:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.