

SHYAM



Shyam Telecom Limited
18th Annual Report
2011

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DIRECTORS' REPORT

Dear Members,

Your Directors are delighted to present the 18th Annual Report on the business & operations of the company together with the Audited Financial Statements & Accounts for the year ended on 31st March, 2011.

TELECOM INDUSTRY IN INDIA

AN OVERVIEW

Telecommunications is pivotal to a country's socio-economic growth. It is one of the main architects of the accelerated growth and progress of different segments of the economy. Narrowing access gaps and removing barriers to information dissemination are prerequisites for promoting equitable and sustainable development as well as political and social cohesion. Increasing connectivity is highly instrumental in improving governance, business communications, security, response to emergencies and in the overall strengthening of the socio cultural ethos of the country. The advantages of the advent of telecommunications are manifold and explicitly verifiable from the phenomenal success of the sector.

The Indian telecommunications industry is one of the fastest growing in the world. The industry has witnessed consistent growth during the last year on the back of rollout of newer circles by operators, successful auction of third-generation (3G) and broadband wireless access (BWA) spectrum, network rollout in semi-rural areas and increased focus on the value added services (VAS) market.

According to the Telecom Regulatory Authority of India (TRAI), the number of telephone subscriber base in the country reached 846.32 million as on March 31, 2011, an increase of 20.07 million subscribers. The wireless subscriber base has increased to 811.59 million at the end of March 2011. There are 564.08 million urban subscribers and rural are 283.23 million subscribers taking tele density to 70.89% and wireless tele density is 67.98%. Approximately 65 lakhs subscribers showed their interest in Mobile Number Portability. Revenues of the Indian Telecom sector grew by 7% to Rs. 283,207 crore (US\$ 63.8 million) in the 2011 financial year. During the previous fiscal year total revenue of the sector stood at Rs. 264,669 crore.

Revenue from various services in the Indian Telecom Industry grew to Rs.166,168 crore, up 14.9 per cent, in 2010-11 fiscal year as against Rs.144,600 crore in the previous financial year. The growth was purely driven by growth in subscriber base for various services. The maximum revenue in

the service sector of the industry came from the cellular services market which grew by 16.6 % to Rs.102,230 crore in financial year 2011 from Rs.87680 crores in the previous fiscal year. Revenues from fixed line continued to decline both in terms of number of connections and revenues.

The booming domestic telecom market has been attracting huge amounts of investment which is likely to accelerate with the entry of new players and launch of new services. According to the Department of Industrial Policy and Promotion (DIPP), the telecommunications sector includes radio paging, mobile services and basic telephone services. As per an industry report the telecom industry witnessed merger and acquisition (M&A) deals. There were 10 inbound, outbound and domestic M&A deals in the telecom sector during the first nine months of the current fiscal year. The biggest M&A deal in the sector was made by telecommunications service provider through the acquisition of mobile services operations in 15 countries. The deal involved a transaction of US\$ 10.7 billion.

The Indian telecom industry manufactures a vast range of telecom equipment using state-of-the-art technology.

The exponential growth witnessed by the telecom sector in the past decade has led to the development of the telecom equipment manufacturing industries and other supporting industries. With advent of next generation technologies and operators looking to roll out 3G and broad band wireless excess service, the demand for the telecom equipment is set to increase gigantically in the times to come.

Telecom as a service industry alone could not continue to contribute to the country's GDP at the current level. The economy can grow only when the manufacturing industry grows. The focus has been shifted from import-centric industry to global telecom equipment manufacturing hub. The imports are declining and now India is fourth telecom equipment manufacturer in the Asia Pacific region. It is a very heartening and healthy trend that many Multinational Companies have set up domestic manufacturing facilities like Huawei, NSN, Alcatel Lucent and Zte. The Country is not only emerging as a manufacturing hub but is also planning to increase its telecom exports each year.

EXPORTS

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

The Export revenue is growing on yearly basis. In the recent past the company has completed some major In-building projects

in different countries. The Company has taken Turnkey Projects worldwide, which include the survey, planning, installation, commissioning etc. We have appointed more than 50 Agents/ Distributors/ Value Added Resellers worldwide. In the recent past we have been short listed as a preferred supplier for many operators in Europe, Africa, Latin America, etc.

The product was approved and the company has got the big order by one of the biggest operator in USA i.e. Verizon Wireless.

We are planning to open few new offices in different strategic locations from where we can cover areas of our expecting business.

FOREIGN DIRECT INVESTMENT

The liberalization on the Foreign Direct Investment front has stimulated the telecom sector growth as FDI in telecom projects is allowed from 74% to 100%. In case of telecom operators, FDI is allowed upto 74% and 26% has to be the Indian shareholding. FDI upto 49% is on the Automatic Route and beyond that on the government Route. The telecom operators had invested huge money on telecom infrastructure over the past few years in expanding their network more than 90% throughout the country.

Telecom is considered to be highly potential for investments and upcoming industries.

FUTURE IN TELECOM

Telecom growth story will be a function of the enhanced demand for high speed broadband and data services from both enterprises and consumers. The growth in the India domestic mobile handsets market will be fueled by a more than 150% increment in the value of feature phones and smartphones shipped, from Rs.50,714 crore in 2010 to Rs.1,28,729 crore in 2014. It is also said that the India Telecom services sector may see policy changes that could result in market consolidation over the next few years.

The major growth drivers for the telecom services sector segments would be the launch and roll-out of 3G and BWA/ WiMax /LTE services and the consequent growth in usage of high speed broad band, VAS and data services. Establishment of 3G and BWA (WIMAX and long evaluation LTE) will have a positive impact on the India Market; however, broad band content will remain in early stages of development through 2011, CMR. In terms of broadband content, 2011 & 2012 will witness early stages of development. However, as WiMax / LTE services gain in popularity, content creation and mobile application development will witness increased focus by vendors, developers and service providers looking to build their own portfolio of unique 'apps'. Also, mobiles handsets will witness a high growth rate of 26.2 percent CAGR

over the period 2010- 2014 to touch Rs.1,28,729 Crore in 2014. Smartphone market to grow to over 10mn units in 2011- 2012. The Smartphones market in India is expected to grow year by year. The Android Operating System will continue to gain acceptance as a mode operating system (OS) and 12 percent of all smartphones shipped in India during 2011 are expected to be based on the Android platform.

STRENGTHS OF INDUSTRY

India has all the makings of a globally competitive telecom Manufacturing and R&D destination. This is evident from:

- A large and booming domestic market with Indian operators reaching out to the global market providing wider access to Indian telecom companies.
- Strong management experience in critical functions such as SCM, high tech manufacturing systems, working capital management, value chain with EMS companies, captive facilities of MNCs (willing to invest further in India), auxiliary component manufacturing base (e.g., for cables, cabinets, shelves, power electronics, tooling, bare PCBs, etc.).
- Strong technical and R&D workforce having experience in R&D centers of MNC companies, IT service companies doing telecom projects, strong academic and research labs and an increasing number of Indians who are returning back from USA/Europe.
- Skilled & trained shop floor workforce for electronics circuit assembly, testing and integration from widely available resources from Industrial Training Institutes and Polytechnics.
- Cost advantage arising from lower manufacturing plant establishment cost and competitive labor costs.
- Availability of capital from a well established financing industry as well as private equity network.
- Exports growth at 25 percent CAGR over next 5 years, reaching over USD 10 Billion.
- Domestic telecom products growth of 18 percent CAGR over next 5 years.
- Employment generation (direct and in-direct) of 20 million
- At least 70 percent of Indian domestic telecom needs are met by products manufactured in India.
- Handset and other Data Products imports and manufacturing has become a very big market in India. India is the largest importer of Handsets & Data Products in the world.

COMPANY'S OVERVIEW

Your company is a complete telecom solution provider. Your company offers an entire suite of both in-building and outdoor Repeaters and DAS Products. Your company offers a wide range of band selective repeaters from low power up to very high power available in a single, dual and tri-band version allowing any frequency combination in 2G, 3G & LTE Technology.

Your company also deals in In- building solutions & state of the art Turnkey projects. The company has penetrated the GSM & CDMA markets.

LTE is the brand name for emerging and developed technologies that comprise the existing 3G and 4G networks. The LTE specification provides downlink peak rates of at least 100 Mbps, an uplink of at least 50 Mbps and RAN round-trip times of less than 10 ms. LTE supports scalable carrier bandwidths, from 1.4 MHz to 20 MHz and supports both frequency division duplexing (FDD) and time division duplexing (TDD).

Your company has been a proven supplier of the Telecom Equipment to Telecom Equipment Manufacturers like Huawei, Ericsson, Nokia, etc. and Telecom Service Providers like Aircel, Vodafone, MTS, Idea, etc. Service providers are going big way in In-Building solution where your company is one of the leading solution providers.

In International Market, your Company has marked its presence in Asia Pacific, USA, Europe and Russia. The Company has also been successful in procuring big orders from Latin America for repeaters. Your Company also got the product approved from operators in North & South America and is also testing various products with major operators in Europe.

The company introduced 3G Tri band Repeaters, 4G Repeaters and 450 MHz (TETRA) Optical Repeaters in the last financial year and now planning to introduce Indoor Repeaters with new technology Processors. We have also launched the Web based application in our existing NMS (Network Management System). Company also designed some new low cost products to meet the customer and market requirements.

The company is currently working on the IP based software feature which will fasten the application of products and make it more user friendly.

The major contribution to the top line is from dealing in CDMA Handsets and Accessories. We are the National supplier of Handsets and Accessories for the retail market for an operator and are actively working with other Service Providers to start relationship with them. The company is importing these from the top handset manufacturers of the world like LG, Samsung, ZTE, etc. The company would be

introducing a range of new handsets and accessories in the market in the coming years.

FINANCIAL PERFORMANCE

(Rupees in Lacs)

PARTICULARS	Financial Year	Financial Year
	2010-2011	2009-2010
Sales and Services	68314.69	29329.75
Profit/(Loss) before Tax	377.09	(655.90)
Provision for Income Tax		
Current Tax	90.13	-
Deferred Tax	(48.60)	(209.18)
MAT Credit available for set off	12.92	-
Wealth Tax	0.88	1.07
Income Tax/ Deferred Tax for earlier year	(60.14)	-
Profit/ (Loss) after Tax	381.90	(447.79)

OPERATIONS

During the period under review your company has registered a turnover of Rs. 683.15 crore against Rs. 293.30 crore in the year 2009-2010. A net profit of Rs. 3.82 crore has been made during this period as against a loss of Rs. 4.48 crore in the previous period. The year to year increase in the turnover is 132.92%.

DIVIDEND

The Board considering prudent to conserve resources for investments in business, regrets its inability to recommend any dividend for the year ended 31st march 2011.

SUBSIDIARY

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

There has been a change in the financial year of the subsidiary as it observe financial year commencing from 1st January to 31st December in place of 1st April to 31st March. Accordingly, Accounts enclosed are only for the period of nine months i.e. from 1st April 2010 to 31st December 2010.

PUBLIC FIXED DEPOSIT

The company has not accepted deposits from Public under Sec 58A of the Companies Act 1956.

DIRECTORS

In accordance with the provisions of Sec 256 of the Companies Act, 1956 and Articles of Association of the company, Mr. N. Kumbhat, Mr. Vinod Juneja and Mr. C.S Malhotra, Directors of the company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re- appointment. Their brief profile has been stated in the corporate Governance Report.

Mr. Ravikant Jaipuria ceased to be the director w.e.f 11.02.2011

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 proper explanation relating to material departures 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 affairs of the company at the end of financial year 2010-11 and of the profit/ loss of the company for the year ended on that date;
- iii) 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.
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

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

AUDITOR'S REPORT AND CLARIFICATION

The notes to the accounts in Auditors' Report are self explanatory except the following whereby management

response to qualifications/observations made in Annexure to the Auditors' Report is stated as under.

(i) Point 8 of Annexure to Auditors Report

The observation expressed is purely statement of fact wherein it is stated that they have not and are not required to carry out the examination of cost records and accounts.

(ii) Point 9 of Annexure to Auditors Report

The delays are very nominal and due to mismatch of cash inflows, but on the date of the Auditors Report all such dues have been paid and regularized.

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) Rules, 1988, is annexed and form the part of this Report.

PARTICULARS OF THE EMPLOYEES

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

INDUSTRIAL RELATIONS

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with 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. Narendra Kumbhat	- Independent Director & Member
Mr. Ravikant Jaipuria*	- Independent Director & Member
Dr. Vinod Juneja	- Independent Director & Member
Mr. Praveen K. 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.

*Mr. Ravikant Jaipuria has ceased to be Director w.e.f. 11.02.2011.

ACKNOWLEDGMENT

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

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

On Behalf of the Board of Directors of
SHYAM TELECOM LIMITED

Sd/-

RAJIV MEHROTRA

Chairman & Managing Director

PLACE: NEW DELHI

DATE : 1st August, 2011

ANNEXURES TO DIRECTORS' REPORT

ANNEXURE-I

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

CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

- All high-energy lighting is controlled to switch off with manual switches, thus consuming energy only during essential periods.

- Employment of highly efficient low power consuming manufacturing equipment e.g. SMT, Progressive Assembly, Conveyer Belt system and utilizing state-of-the-art technology.
- Factory layout helps to utilize daylight for illumination in working areas and passages, thus reducing substantially the consumption of electrical energy.
- Use of programmable and high efficiency power supply units for our equipment consumes less power than other power supplies.
- Use of automatic power factor correction panel for energy conservation.
- For lightening purpose, only CFL tubes are used. New purchasing of power equipments with Power Saver Ratings 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 investments and proposals, if any, being implemented for reducing consumption of energy:

A continuous study is being made on measures 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 established in-house Research and Development Department, Shyam has built its reputation with its customers by offering a winning combination of sophisticated technical expertise, innovative 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 share 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 led to total Control of Technology.
Benefits derived as the result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	Increased the range of product like 3G, 4G and tetra repeater products. Offerings to domestic and International customers. With continuous efforts, the benefits derived are namely coverage of area along with cost Reduction. Products got approved by various operators worldwide.
In case of Importing(imported during the last 5years 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, reasons 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 exports plans:

The company has added Tri-Band RF & Optical Repeaters in existing product range with new features such as SNMP protocol, sleep mode, oscillation detection, potential free contacts etc. All our repeaters have advance features where the operators can Remotely Monitor and Control various parameters from a central location.

The exports has increased due to increasing demand of Repeaters and Accessories in various countries across the globe including USA, Turkey, Portugal, Spain, Russia, Argentina, France, Bulgaria, Italy, Bahrain, Indonesia, Nigeria, Ghana and many more, outpacing their competitors like Chinese and European Companies in terms of price, performance and services. The company has also done several trials with software customisation for TNM (Malavi) & Vodafone.

During the period under review the product of the Company are being used in more than 12 networks worldwide. The company has also got favorable response by participating in exhibitions in North and South America, Europe, South East Asia and the Indian Subcontinent.

2) Total foreign exchange used:

a) Total Foreign Exchange Used	(Rs. in Lacs)
- Travelling	72.89
- Business Promotion	28.08
- Commission	22.32
- Exhibition Expenses	163.92
- Product Certification Charges	40.58
- Legal ,Professional and consultancy Charges	30.47
- Raw Material	2,883.69
- Communication Systems & Accessories	327.74
- Capital Goods	63.03
- Mobile Handsets & accessories	60,628.69
b) Income in Foreign Currency	(Rs. in Lacs)
- F.O.B. Value of Export Goods	1,702.71
- F.O.B. Value of Export Service	6.88

CORPORATE GOVERNANCE REPORT 2010-2011

COMPANY'S PHILOSOPHY

The philosophy on corporate governance envisages the attainment of transparency, accountability and equity in all facets of its operation and all its interactions with its stakeholders, including shareholders, employees and lenders.

The company believes all its actions and operations must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

The commitment to adhere to corporate governance principles not just in letter but in spirit, permeates through every level of the company.

Driven by an active, independent and participative Board, the company is totally committed to timely and comprehensive disclosures, transparent accounting policies and high levels of integrity.

BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD

In compliance with Clause 49 (I)(A) of the Listing Agreement, the Board comprises of three Executive Directors & Six Non-Executive Directors of whom Five are Independent Directors. The Chairman of the Board is an Executive Director and in compliance with said clause more than half of the Board comprises of Independent Directors. All the members of Board are highly experienced professional drawn from the field of business, finance and public enterprises.

Name of the Director	Category	Designation	Number of Directorships held in other Companies	Number of memberships in Committees of the Board of Other Companies	Number of Chairmanship in Committees of the Board of Other Companies
Rajiv Mehrotra	Promoter & Executive	Chairman & Managing Director	4	-	-
Ajay Khanna	Promoter & Executive	Managing Director	3	2	-
Alok Tandon	Promoter & Executive	Managing Director	3	2	-
Achintya Karati	Independent	Director	7	7	-
Vinod Juneja	Independent	Director	4	-	-
Praveen Kumar Bhatia	Independent	Director	1	-	-
C.S. Malhotra	Independent	Director	-	-	-
Narendra Kumbhat	Independent	Director	3	-	-
Arun Khanna	Non Executive	Director	1	-	2
*Ravi Kant Jaipuria	Independent	Director	7	-	-

(*Mr.Ravikant Jaipuria has ceased to be a Director w.e.f. 11.02.2011)

NOTES:

- Number of other Directorships and Committee membership indicated above is exclusive of Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956 and only two committees viz., Audit Committee and Shareholders' Grievance Committee are considered.
- None of the Director 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 and Mr. Arun Khanna are related to each others as brothers.

4. Shareholding of Directors for the period ending as on 31st March, 2011 is as follows.

Name of the Director	No. of Shares held as on 31 st March, 2011
Rajiv Mehrotra	52605
Ajay Khanna	4518
Alok Tandon	17570
Arun Khanna	490
Narendra Kumbhat	Nil
Ravikant Jaipuria	Nil
Achintya Karati	Nil
Dr. Vinod Juneja	402
P. K. Bhatia	Nil
C. S. Malhotra	Nil

(ii) BOARD MEETINGS

- During the financial year 2010-2011, the Board met four times on the following dates in compliance with Section 285 of the Companies Act, 1956 and Clause 49 of the Listing Agreement:
 - 30th April, 2010
 - 30th July, 2010
 - 29th October, 2010
 - 11th February, 2011

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

Name of the Director	Number of Board Meetings Attended	Presence at the Seventeenth Annual General Meeting held on 27 th September, 2010 at Jaipur, Rajasthan.
Rajiv Mehrotra	2	NO
Ajay Khanna	4	YES
Alok Tandon	4	YES
Arun Khanna	4	YES
Narendra Kumbhat	4	YES
Ravi Kant Jaipuria	-	NO
Achintya Karati	4	NO
Vinod Juneja	4	NO
Praveen kumar Bhatia	3	NO
C.S. Malhotra	4	NO

- 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 transactions of the Non Executive Directors vis-à-vis the company, if any, have been disclosed in the Financial Statements of the company for the year ended 31st March, 2011. (Refer Note No. 9 of Schedule 15 forming part of Accounts).

(C) BOARD PROCESS

It has always been the company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the company, financial restructuring, capital expenditure proposals, collaboration, material investment proposal in joint venture/ promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations etc. are regularly placed before the Board.

(D) CODE OF CONDUCT

Pursuant to Clause 49 of the Listing Agreement, the Board Members and Senior Management Executives of the Company have confirmed compliance with the Code of Conduct for the period ended 31st March, 2011.

SEBI (Prohibition of Insider Trading) Regulations, 1992, are adhered strictly.

The CEO of the company affirms the compliance of the Code of Conduct of the company.

(E) CEO/ CFO CERTIFICATION

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

We, B. S. Yadav, Acting C.E.O. & Umesh Garg, 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 Listing Agreement, honestly and ethically.

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

- We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- 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.
- We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we were aware and the steps we have taken or propose to take to rectify these deficiencies.

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

(D) BRIEF DESCRIPTION OF THE TERMS OF REFERENCE

The Committee looks after the following matters:

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

official heading the department, reporting structure coverage and frequency of internal audit.

9. Obtain and review a report by the independent Auditor describing the company's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the firm and assess the auditor's independence.
10. Discussion with management the company's major policies with respect to risk assessment and risk management.
11. Reviewing the company's procedure for detecting fraud and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters
12. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern.
13. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(E) REVIEW OF INFORMATION BY AUDIT & FINANCE COMMITTEE

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

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

SUBSIDIARY COMPANY

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

SHAREHOLDER & INVESTOR GRIEVANCE COMMITTEE

(A) COMPOSITION OF COMMITTEE

Mr. Arun Khanna, Non Executive Director is the Chairman of the Committee along with Mr. Narendra Kumbhat, who in his absence chairs the meeting and Mr. Dharmender Dhingra, Vice President (Legal) & Company Secretary acts as the compliance officer of the Committee. :

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

During the financial year 2010-2011, the committee met 25 times.

(B) BRIEF DESCRIPTION OF TERMS OF REFERENCE

The Committee looks after the following matters:

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

(C) DETAILS OF QUERIES/ COMPLAINTS RECEIVED AND SOLVED DURING THE FINANCIAL YEAR 2010-2011

Nature of Queries/Complaints	Received (No.'s)	Solved (No.'s)	Pending (No.'s)
Non-receipt of Share Certificate	01	01	Nil
Number of requests for change of address	01	01	Nil
Number of requests for Transfer	10	10	Nil
Issue of Duplicate Share Certificates	Nil	Nil	Nil
Non-receipt of Dividend Warrants	Nil	Nil	Nil
Revalidation of Dividend Warrants	Nil	Nil	Nil
Non-receipt of Annual Report	Nil	Nil	Nil
Total	12	12	Nil

- The Company addresses all complaints, suggestions and grievances expeditiously and replies are sent /issues resolved usually within 15 days.
- The Company has complied with submission of its response to the queries/clarifications 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 31st March, 2011, no complaints were pending.

REMUNERATION COMMITTEE

(A) COMPOSITION OF COMMITTEE

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

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

(*Mr.Ravikant Jaipuria has ceased to be a Director w.e.f. 11.02.2011)

There was only one meeting held during the year 2010-2011 i.e on 11th February 2011 regarding the revision of the remuneration of executives and employees of the company.

(B) TERMS OF REFERENCE

The Committee looks after the following matters:

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

DETAILS OF REMUNERATION TO ALL DIRECTORS

(A) REMUNERATION TO EXECUTIVE DIRECTORS

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

(B) DETAILS OF REMUNERATION TO NON-EXECUTIVE DIRECTORS

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

GENERAL BODY MEETINGS

(A) DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

AGM	Year	Day & Date	Time	Venue
15 th Annual General Meeting	2008	Tuesday, 30 th September, 2008	10.00 A.M.	Hotel Pink Pearl, 10 th Mile, Mahapura, Ajmer Road, Jaipur-302026
16 th Annual General Meeting	2009	Friday, 25 th September, 2009	10.00 A.M.	Hotel Pink Pearl, 10 th Mile, Mahapura, Ajmer Road, Jaipur-302026
17 th Annual General Meeting	2010	Tuesday, 27 th September, 2010	10.00 A.M.	Hotel The Fern, Plot No. 3, Airport Plaza Tonk Road, Durgapura, Jaipur-302018

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

There has been no special resolution passed

(C) POSTAL BALLOT

There has been no resolution passed through Postal Ballot during the year 1st April, 2010 to 31st March, 2011.

DISCLOSURES

- (i) Disclosure on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, directors or the management, their subsidiaries or relative that may have potential conflict with the interest of the company at large:

Disclosure on related party transaction is made in Note No. 9 of Schedule 15 to the Balance sheet.

- (ii) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

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

- (iii) 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 & during the year no personnel has been denied access to the Audit Committee.

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

The Company has stringently complied with all the mandatory requirements of this clause & the non-mandatory requirements 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-SITE/INVESTORS GRIEVANCE ID

The results and official news are displayed on the company's website viz. www.shyamtelecom.com. Further the Investor Grievance ID as per Listing Agreement for investor's queries has been generated on the company's website which is investors@shyamtelecom.com.

GENERAL SHAREHOLDERS INFORMATION

(A) ANNUAL GENERAL MEETING

AGM	Year	Day & Date	Time	Venue
18 th AGM	2011	Monday, 5th September, 2011	12.00 Noon	Hotel Marriot, Jawahar Circle Ashram Marg, Tonk Road, Jaipur-302015, Rajasthan

(B) FINANCIAL CALENDER

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

Particulars	Due Date
First Quarter Results	Released on 30 th July, 2010
Second Quarter Results	Released on 29 th October, 2010
Third Quarter Results	Released on 11 th February, 2011
Fourth Quarter Results	Released on 14 th May, 2011
Audited Annual Results	Released on 1 st August, 2011
Consolidated Annual Results	Released on 1 st August, 2011

(C) DATE OF BOOK CLOSURE

The book closure shall be from 1st September, 2011 (Thursday) to 5th September, 2011 (Monday) (both days inclusive).

(D) DIVIDEND PAYMENT DATE

The company has not declared dividends for the financial year ending 31st March, 2011.

(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 upto the year 2011-2012.

(F) STOCK CODE

BSE 517411

NSE SHYAMTEL

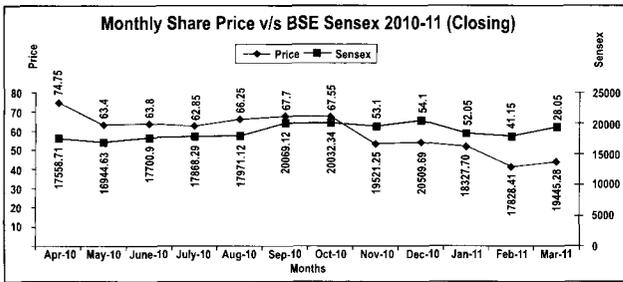
ISIN INE635A01023

(G) MARKET PRICE DATA

High, Low during each month during the financial year 2010-2011

Month	BSE (In Rs.)		NSE (In Rs.)	
	High	Low	High	Low
April, 2010	84.45	70.00	84.40	68.00
May, 2010	76.00	61.15	76.00	61.00
June, 2010	68.50	61.55	68.90	61.50
July, 2010	68.80	59.00	68.60	62.15
August, 2010	77.70	62.80	77.80	62.60
September, 2010	80.00	66.10	84.00	66.60
October, 2010	74.40	65.00	72.00	66.00
November, 2010	77.60	50.10	77.70	50.15
December, 2010	59.95	45.65	59.50	45.50
January, 2011	61.30	45.10	61.35	45.00
February, 2011	55.80	39.30	54.90	38.35
March, 2011	47.95	40.05	48.80	38.40

The Performance of the company's equity share 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 & Transfer Agent :

Indus Portfolio Private Limited

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

Email: rnt@indusinvest.com; rnt@indusinvest.com

(I) SHARE TRANSFER SYSTEM

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

(J) DISTRIBUTION OF SHAREHOLDING

Distribution of shareholding as on 31st March, 2011 is as follows:

Number of shares	No. of shareholders	% of Total shareholders	No. of Shares held	% of Total Equity
Upto 100	12228	74.80	517383	4.59
101-500	3256	19.91	792067	7.03
501-1000	453	2.77	355638	3.16
1001-5000	339	2.07	695267	6.17
5001-10000	33	0.20	229735	2.04
10001-20000	19	0.12	272831	2.42
20001-30000	5	0.03	119936	1.06
30001-40000	0	0.00	0	0.00
40001-50000	4	0.02	190432	1.69
50001-100000	3	0.02	177900	1.58
100001-500000	3	0.02	768078	6.82
500001 and above	7	0.04	7150733	63.45
Total	16350	100.00	11270000	100.00

(K) CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2011

Shareholder's Category	Percentage of Holding
Promoters', Relatives and Associates	66.28
Bodies Corporate (Domestic)	4.72
Banks & Financial Institutions	0.00
Mutual Funds	0.01
Foreign Institutional Investors	5.17
Non-Resident Indians & Overseas Corporate Bodies	0.96
Resident Individuals	21.70
Any Other (Clearing Houses, Clearing Members, Trust)	1.16
Total	100.00

(L) SHAREHOLDING WITH MORE THAN ONE PERCENT HOLDING AS ON 31ST MARCH, 2011

Shareholder's Category	Percentage of Holding
Intell InvoFin India Private Limited	15.065
Mehrotra InvoFin India Private Limited	13.85
Cellcap InvoFin India Private Limited	7.259
A T InvoFin India Private Limited	7.186
Teletec Finsec India Private Limited	7.133
Cellphone Credit & Securities India Private Limited	6.745
Shyam Antenna Electronic Limited	6.211
Cresta Fund Limited	4.193
Rakesh Kanwar	1.646

(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 31st March, 2011, 11221426 shares of the company held by shareholders are in dematerialized form, aggregating to 99.56 % 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/ WARRANTS/ ANY CONVERTIBLE INSTRUMENTS WHICH HAVE LIKELY IMPACT ON EQUITY

The company has no outstanding ADRs/ GDRs /Warrants/ any Convertible Instruments which have likely impact on its equity.

(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:

■ NARENDRA KUMBHAT

Date of Birth 23.12.1943

Date of Appointment 29, July, 1999

Qualification Post Graduate in Business Management

Mr. Narendra Kumbhat was inducted on the Shyam Board on 29th 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

S. No.	Name of the Company	Position
1.	Shyam I.T Services Ltd.	Director
2.	Aksh Optifibre Ltd.	Director
3.	Aksh Technology Ltd.	Director

COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES:

Name of the Company	Committee	Position
Aksh Optifibre Ltd.	Audit and Finance	Chairman

■ DR.VINOD JUNEJA

Date of Birth	20.04.1949
Date of Appointment	29 th August 2008
Qualification	B. Com. (Hon.), M. Com., L.L.B. & Ph D.

Dr. 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.

Dr. 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.

Dr. 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, Dr. 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."

OTHER DIRECTORSHIPS

S. No.	Name of the Company	Position
1.	Shristi Infrastructure Development Corporation Ltd.	Director
2.	Rajasthan Financial Corp. Ltd.	Director
3.	Binani Metals Ltd	Director
4.	Edelweiss Fianace & Invest Ltd.	Director

COMMITTEE CHAIRMANSHIP/ MEMBERSHIP IN OTHER COMPANIES:

Name of the Company	Committee	Position
Nil	Nil	Nil

■ MR. C. S. MALHOTRA

Date of Birth	01.04.1931
Date of Appointment	25 th September 2009
Qualification	M.A. , DBM, MBA

Mr. C.S. Malhotra is the Management advisor to Delhi Flying Club. He was also the Ex- Director of Indian Airlines, Shyam Telelink 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

CERTIFICATE

To
The Members of
Shyam Telecom Limited

We have examined the compliance of conditions of Corporate Governance by **SHYAM TELECOM LIMITED**, for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has during the year complied with the conditions of Corporate Governance as stipulated in the above-mentioned Clause of Listing Agreement.

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

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

**For MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS**

**PLACE : NEW DELHI
DATE : 1st August, 2011**

**GEETIKA MEHRA
(PARTNER)
M. No. 510525**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND OPPORTUNITIES

The Indian telecommunications industry is one of the fastest growing in the world. The industry has witnessed consistent growth during the last year on the back of rollout of newer circles by operators, successful auction of third-generation (3G) and broadband wireless access (BWA) spectrum, network rollout in semi-rural areas and increased focus on the value added services (VAS) market.

According to the data released by Telecom Regulatory Authority of India (TRAI), the number of telephone subscribers in the country reached 874.68 million at the end of May 2011 from 861.48 million at the end of April 2011, resulting the increase of 1.53 per cent. The wireless segment's (GSM, CDMA, FWP) total subscriber base increased to 840.28 million at the end of May 2011 from 826.93 million in April 2011, registering a growth of 1.61 per cent. Wireless subscription in rural areas grew 2.15 per cent while the urban subscription grew 1.34 per cent.

Meanwhile, Indian Global System of Mobile Communication (GSM) telecom operators added 8.58 million new subscribers in June 2011, taking the all-India GSM cellular subscriber base to 598.77 million, according to the Cellular Operators Association of India (COAI).

The sector will witness up to US\$ 55.95 billion investments and the market will cross the US\$ 100 billion mark in 5 years, according to consultancy firm Boston Consulting Group (BCG). BCG India's Partner and Director, Arvind Subramanian said the industry will continue to grow at 12-13 per cent annually. The old players are adding millions of subscriber monthly while the new players are facing problems.

SHYAM ADVANTAGE

Once these basic steps are covered, telecom company- Shyam Telecom can go deeper by segmenting customers into groups and targeting them with special promotions and offers. Instead of primarily focusing on finding new customers, telcos could focus on increasing the value derived from current customers.

Being a local company the operator looks towards Shyam to provide reliable and cheap products. Most of the new operators have issues with the Capex and they are looking for products which can meet their coverage requirements and satisfy customers.

New 3 G players are looking for coverage solution which can be provided by Shyam. We have lot of experience in selling the 3G products to various developed countries in Europe, America etc. using our experience the customer are providing reliable services.

Shyam is also providing the lot of 2G, 3G, 4G and Tetra solution to operators and other public users like DMRC etc.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The body responsible for the internal control system, the Board of Directors lays down the guidelines for the system and verifies its adequacy, efficacy and proper functioning, while making sure

that the main operational, compliance, economic and financial risks are appropriately identified and managed. In performing this responsibility, the Board, in addition to the Internal Control and Corporate Governance Committee, uses a person endowed with an appropriate degree of independence and adequate means to be responsible for the internal control function.

The functions assigned to this person are to assist in verifying the adequacy and efficacy of the internal control system and, where anomalies are found, to propose appropriate remedies. The person responsible for internal control reports to the member of the Board of Directors.

STRENGTHS OF INDUSTRY

India has all the makings of a globally competitive telecom Manufacturing and R&D destination. This is evident from:

- A large and booming domestic market with Indian operators reaching out to the global market providing wider access to Indian telecom companies.
- Strong technical and R&D workforce having experience in R&D centers of MNC companies, IT service companies doing telecom projects, strong academic and research labs and an increasing number of Indians who are returning back from USA/Europe.
- Cost advantage arising from lower manufacturing plant establishment cost and competitive labour costs.
- Availability of capital from a well established financing industry as well as private equity network.
- Exports growth at 25 percent CAGR over next 5 years, reaching over USD 10 Billion.
- Domestic telecom products growth of 18 percent CAGR over next 5 years.
- Employment generation (direct and in-direct) of 20 million
- At least 70 percent of Indian domestic telecom needs are met by products manufactured in India.
- Handset and other Data Products imports and manufacturing has become a very big market in India. India is the largest importer of Handsets & Data Products in the world.

RISKS AND CONSTRAINTS

Challenges faced by Telecom sector are as follows:

- Volatile Telecom Market. Sudden capex freeze.
- Focus on Tender business, as we have to dedicate our full time on tender and there is either 0% or 100% probability of getting the same.
- Reduction of CAPEX budget by all the operators, as their margins are declining so they don't have enough money to spend.
- Competition from Chinese players, as their prices are drastically lower as compared to our
- Fast technological obsolescence
- Infrastructure sharing by operators
- Low quality products used in network
- Roll out plans of operators are not clear.
- Operators are buying equipment from foreign buyers as it comes with funding

AUDITORS' REPORT

TO THE MEMBERS OF SHYAM TELECOM LIMITED

1. We have audited the attached Balance Sheet of **SHYAM TELECOM LIMITED** as at 31st March, 2011, and also the Profit & Loss Account and the cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) In our opinion, and to the best of our information and according to explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st, March, 2011;
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

PLACE: NEW DELHI
DATED: 1st August 2011

R.K.MEHRA
PARTNER
M.No. 6102

ANNEXURE

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

- i) The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets covering significant value have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. On the basis of the information and explanations given by the management, no material discrepancies have been noticed on such verification. Substantial Part of fixed assets have been disposed off on account of technical obsolescence during the year. However this has not affected going concern status of the company.
- ii) In our opinion, the Management at reasonable intervals has physically verified the inventories of the Company in its possession. Stocks in the possession and custody of the third parties have been verified by the Management with regard to confirmation or statement of account or correspondence of the third parties or subsequent receipt of goods. The procedures of physical verification of inventory of the Company followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business. The company is maintaining proper records of inventory
- iii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956.

The Company has not taken any secured loans from Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. In respect of unsecured loan taken from a Company covered in the register maintained under section 301 of the Companies Act, 1956, the rate of interest and other terms and conditions of loan are prima facie are not prejudicial to the interest of the Company. The maximum amount outstanding at any time during the is Rs.33.98 crores and year end balance Rs. 33.98 crores. The principal and interest amount is repayable on demand.

- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of Audit, no major weakness has been noticed in the internal control systems.
- v) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered into the register maintained under Section 301 of the Companies Act, 1956.

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

- vi) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposits covered under Section 58 A and 58 AA or any other relevant provisions of the Companies Act, 1956.
- vii) To the best of our knowledge and as per the information and explanations given to us, the Company has a reasonable internal audit system, being carried by a firm of Chartered Accountants, commensurate with its size and nature of its business.
- viii) On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, have been maintained in respect of a division to which it is applicable. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.
- ix) To the best of our knowledge and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Investor Education and Protection fund, Employee State Insurance, Provident Fund, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues, where applicable with the appropriate authorities However some delays have been noticed in depositing Income Tax, ESI & Provident fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31-03-2011 for a period of more than six months from the date they became payable.

Further according to the information and explanations given by the management, there were no disputed dues of sales tax, income tax, custom duty, wealth tax, excise duty, service tax and cess.

- x) The Company has no brought forward losses and has not incurred any cash losses during the financial year. However there was cash loss of Rs. 2.76 crores in the immediate preceding financial year.
- xi) On an examination of the records of the company & information & explanation given to us, the company has not defaulted in the repayment of dues to any financial institutions or bank or debenture holder as at the balance date.
- xii) On the basis of verification of accounts and records maintained by the Company and to the best of our knowledge & belief, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, and to the best of our information and according to the explanation by the management, we are of the opinion that the company is neither a chit fund nor a nidhi/mutual benefit society.
- xiv) To the best of our knowledge and according to information given to us, the Company is not dealing or trading in shares, debentures and other securities, except certain shares and units of mutual fund were traded during the year.
- xv) To the best of our knowledge and according to the information and explanation given to us, the Company has not given guarantee for loans taken by others from Banks/ Financial Institutions.
- xvi) To the best of our knowledge and according to the information and explanations given to us, no term loans were taken by the company during the year.
- xvii) According to the Cash Flow Statement and other records examined by us and information and explanations given to us, on an overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- xviii) According to the information & explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information & explanations given to us the Company has not issued any debentures during the year.
- xx) According to the information & explanations given to us, the Company has not raised any money by Public Issue during the year.
- xxi) Based upon the audit procedure performed and information and explanation given by the management we report that no fraud on or by the Company has been noticed or reported during the year.

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

PLACE: NEW DELHI
DATED: 1st August 2011

R.K.MEHRA
PARTNER
M.No. 6102

BALANCE SHEET AS AT 31st MARCH, 2011

	SCHEDULE NO.	ASAT 31-Mar-2011 (Rs.)	ASAT 31-Mar-2010 (Rs.)
I SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	1	112,700,000	112,700,000
Reserves and Surplus	2	382,398,275	344,208,602
LOAN FUNDS	3		
Secured Loans		11,429,720	75,167,484
Unsecured Loans		339,865,000	283,665,000
Deferred Tax Liability (Net)		32,923,289	44,201,220
		879,316,284	859,942,306
II APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		442,023,636	552,353,063
Less : Depreciation		173,183,809	179,231,870
Net Block		268,839,827	373,121,193
Capital Work in Progress		-	20,490,518
INVESTMENTS	5	9,076,738	26,289,570
CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories	6	1,192,530,610	484,261,811
Sundry Debtors	7	794,419,887	813,658,194
Cash & Bank Balances	8	402,999,169	186,519,997
Loans & Advances	9	347,397,199	287,049,219
		2,737,346,865	1,771,489,221
Less : CURRENT LIABILITIES & PROVISIONS	10		
Current Liabilities		2,118,689,225	1,316,094,796
Provisions		17,257,921	15,353,400
		2,135,947,146	1,331,448,196
NET CURRENT ASSETS		601,399,719	440,041,025
		879,316,284	859,942,306
SIGNIFICANT ACCOUNTING POLICIES	14		
NOTES TO ACCOUNTS	15		

The schedules referred above form an integral part of the Balance Sheet.

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

R.K. MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	SCHEDULE NO.	YEAR ENDED 31-Mar-2011 (Rs.)	YEAR ENDED 31-Mar-2010 (Rs.)
INCOME			
Sales & Services		6,817,955,940	2,948,061,057
Less : Excise Duty & Service Tax		46,246,333	33,594,702
Net Sales		6,771,709,607	2,914,466,355
Other Income	11	59,759,289	18,508,678
		6,831,468,896	2,932,975,033
EXPENDITURE			
Manufacturing & Other Expenditure	12	6,727,152,511	2,917,540,885
Financial Charges	13	32,359,348	45,220,709
		6,759,511,859	2,962,761,594
PROFIT/(LOSS) BEFORE DEPRECIATION & TAX		71,957,037	(29,786,561)
Less : Depreciation		34,248,491	35,803,433
PROFIT/(LOSS) BEFORE TAX		37,708,546	(65,589,994)
Provision for Taxation			
Income Tax			
- Current Tax		9,012,492	-
- Deferred Tax		(4,860,035)	(20,918,255)
- MAT Credit available for set-off		1,292,374	-
Wealth Tax		88,000	107,000
Income Tax / Deferred Tax For Earlier Year		(6,013,958)	-
PROFIT/(LOSS) AFTER TAX		38,189,673	(44,778,739)
Balance Carried to Balance Sheet		38,189,673	(44,778,739)
Basic and Diluted Earning Per Share (Refer Point No. 8 of Schedule 15)		3.39	(3.97)
Nominal Value of equity share		10	10
SIGNIFICANT ACCOUNTING POLICIES	14		
NOTES TO ACCOUNTS	15		

The schedules referred above form an integral part of the Profit & Loss Account.

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

R.K. MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	Current Year	(Rs. in lacs) Previous Year
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit after tax and before extraordinary items	381.90	(447.79)
Adjustments for :		
Depreciation	342.48	358.03
Interest and Financial Charges	323.59	452.21
Interest & Dividend Income	(165.10)	(41.09)
Provision for Tax	(4.81)	(208.11)
Bad Debts Written Off	3.66	152.42
Opening Research & Development Expenses W/off	204.91	-
Provision for Doubtful Debts/ Advances (Net)	71.07	(22.54)
Provision (Leave Encashment & Retirement Benefit)	19.05	17.00
Profit / Loss on Sale Of Fixed Assets	(3.18)	1.78
Plant and Machinery Discarded	782.20	-
(Profit)/Loss on Sale of Investment	(355.27)	-
Operating Profit before working capital change	1,600.49	261.91
Adjustments for :		
Trade & Other Receivables	(409.24)	2,444.83
Inventories	(7,082.69)	(2,025.36)
Trade & Other Payables	7,864.65	369.88
Cash Generated From Operations	1,973.21	1,051.26
Direct Taxes Paid	(184.56)	70.54
Cash flow from operating activities (A)	1,788.66	1,121.80
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Aseets (including Capital Work in Progress)	(140.38)	(368.17)
Sale of Fixed assets	61.69	2.31
Interest & Dividend Income	165.10	41.09
Investments	527.40	(0.84)
Net cash Used In / from Investing Activities (B)	613.81	(325.61)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Short term borrowings (net)	(75.38)	135.89
Interest and financial charges paid	(162.30)	(242.80)
Net cash (used in) / from financing activities (C)	(237.68)	(106.91)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	2,164.79	689.28
Cash and cash equivalents at beginning of the year	1,865.20	1,175.92
Cash and cash equivalents at the end of the year	4,029.99	1,865.20

Notes :

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

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

R.K. MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31-Mar-2011 (Rs.)	AS AT 31-Mar-2010 (Rs.)
SCHEDULE - 1 SHARE CAPITAL		
AUTHORISED		
50,000,000 Equity Shares of Rs. 10/- each	500,000,000	500,000,000
2,500,000 Preference Shares of Rs 100/- each.	250,000,000	250,000,000
	750,000,000	750,000,000
ISSUED , SUBSCRIBED AND PAID UP		
11,270,000 Equity Shares of Rs 10/- each, fully paid up	112,700,000	112,700,000
	112,700,000	112,700,000
SCHEDULE - 2 RESERVES & SURPLUS		
Investment Subsidy		
Acquired under the scheme of Arrangement	1,500,000	1,500,000
Profit & Loss Account		
As per last Balance Sheet	342,708,602	387,487,341
Add: Balance transferred from Profit & Loss account	38,189,673	(44,778,739)
	380,898,275	342,708,602
	382,398,275	344,208,602
SCHEDULE - 3 LOAN FUNDS		
SECURED LOANS		
Term Loans		
- Vehicle Loans from Bank (*)	541,983	2,903,429
Cash Credit		
- From Bank (**)	10,887,737	72,264,055
	11,429,720	75,167,484
UNSECURED LOANS		
- From Corporate Bodies	339,865,000	283,665,000
	339,865,000	283,665,000

(*) Secured by hypothecation of specific Assets.

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

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 4 FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01-Apr-10 (Rs.)	Additions/ Adjustments During the year (Rs.)	Deletions/ Adjustments during the year (Rs.)	As At 31-Mar-11 (Rs.)	As At 01-Apr-10 (Rs.)	During the year (Rs.)	Written Back (Rs.)	Up to 31-Mar-11 (Rs.)	As At 31-Mar-11 (Rs.)	As At 31-Mar-10 (Rs.)
Tangible Assets										
Land Free Hold	177,150	-	-	177,150	-	-	-	-	177,150	177,150
Land Lease Hold	8,352,429	-	-	8,352,429	-	-	-	-	8,352,429	8,352,429
Building	44,474,745	-	-	44,474,745	8,268,740	1,588,468	-	9,857,208	34,617,537	36,206,005
Plant & Machinery	400,174,942	7,206,358	123,175,455	284,205,845	129,223,184	22,097,007	39,915,141	111,405,050	172,800,795	270,867,597
Electric Installation	11,901,983	-	-	11,901,983	1,646,628	655,016	-	2,301,644	9,600,339	10,181,658
Furniture & Fixture	19,499,309	1,437,668	-	20,936,977	6,796,974	1,549,337	-	8,346,311	12,590,666	12,775,981
Vehicles	24,394,953	2,172,785	1,192,267	25,375,471	9,294,310	2,466,687	381,411	11,379,586	13,995,885	15,100,672
Office Equipment	16,372,060	1,039,974	-	17,412,034	4,021,535	2,166,406	-	6,187,941	11,224,093	12,350,522
Computer	5,269,372	1,227,370	-	6,496,742	2,256,822	601,658	-	2,858,480	3,638,262	3,096,735
TOTAL	530,616,943	13,084,155	124,367,722	419,333,376	161,508,193	31,124,579	40,296,552	152,336,220	266,997,156	369,108,749
Intangible Assets										
Software	21,736,120	954,140	-	22,690,260	17,723,677	3,123,912	-	20,847,589	1,842,671	4,012,444
GRANDTOTAL	552,353,063	14,038,295	124,367,722	442,023,636	179,231,870	34,248,491	40,296,552	173,183,809	268,839,827	373,121,193
Previous Year figures :	536,664,690	16,730,633	1,042,260	552,353,063	144,062,108	35,803,433	633,671	179,231,870	373,121,193	
Capital Work in Progress										20,490,518
									268,839,827	393,611,711

- Capital Work in Progress Includes advance for capital expenditure. (Unsecured, Considered Good.)

SCHEDULE - 5 INVESTMENTS

NON TRADE	AS AT 31-Mar-2011 (Rs.)	AS AT 31-Mar-2010 (Rs.)
QUOTED - Fully Paid-up(*)		
Long - Term (At Cost)		
3,300 Equity Shares of Rs 10/- each of Intec Capital Limited	33,000	33,000
1,41,427 Equity Shares of Rs10/- each of Spanco Limited	5,232,799	5,232,799
NIL (P.Y. 4,86,667) Equity Shares of Rs10/- each fully paid up of Sparsh BPO Services Ltd.	-	18,006,679
	5,265,799	23,272,478
TRADE INVESTMENTS		
UNQUOTED - Fully Paid-up		
IN SUBSIDIARY COMPANIES		
100 Common stock of \$ 1.00 each of Shyam Telecom Inc.USA	4,374	4,374
IN OTHERS		
3,80,307 (P.Y. 2,92,544) Equity Shares of Rs. 10/- each of Sistema Shyam Teleservices Ltd.	2,711,881	1,834,251
SHORT TERM		
NIL (P.Y. 80.63) Units, UTI Treasury Advantage Fund	-	83,783
ADVANCE FOR INVESTMENT		
IN SUBSIDIARY COMPANY		
Shyam Telecom Inc, USA	1,094,684	1,094,684
	3,810,939	3,017,092
	9,076,738	26,289,570

(*) Aggregated market value of Quoted Investments Rs 215.88 Lacs (Previous Year Rs. 294.28 Lacs) including cost where market value is not readily available.

SCHEDULE - 6 INVENTORIES

(As taken, valued and certified by the Management)

Raw Material	171,012,355	137,875,894
Finished Goods	855,175,733	301,044,776
Work In Process	74,931,879	34,001,368
Stores & Spares	3,435,542	1,017,081
Material In Transit	87,975,101	10,322,692
	1,192,530,610	484,261,811

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31-Mar-2011 (Rs.)	AS AT 31-Mar-2010 (Rs.)
SCHEDULE - 7 SUNDRY DEBTORS		
(Unsecured, Considered Good unless otherwise stated)		
Debts Outstanding for over 6 months		
- Considered Good	503,623,303	479,707,670
- Considered Doubtful	13,777,705	7,642,329
	517,401,008	487,349,999
Less : Provision for Doubtful Debt.	13,777,705	7,642,329
	503,623,303	479,707,670
Others	290,796,584	333,950,524
	794,419,887	813,658,194

SCHEDULE - 8 CASH & BANK BALANCES

Cash in Hand	1,230,705	1,707,251
Balance With Scheduled Banks in :		
- Fixed Deposits (including interest accrued) (*)	309,762,629	109,907,940
- Current Account	92,005,835	74,904,806
	402,999,169	186,519,997

(*) Rs. 1729 Lacs (Previous Year Rs. 1099.08 Lacs) under lien with Bank as Margin Money

SCHEDULE - 9 LOANS & ADVANCES

(Unsecured, Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered Good	91,775,540	48,786,195
- Considered Doubtful	971,500	-
	92,747,040	48,786,195
Less : Provision for Doubtful Advances	971,500	-
	91,775,540	48,786,195
Security Deposits	17,045,430	10,968,256
Due From Subsidiary (interest Free)	155,290,467	167,602,563
Cenvat Receivable	60,005,394	42,764,922
Balance with Excise Department	24,152	37,402
Advance Tax (Net)	23,256,216	15,597,507
MAT Credit available	-	1,292,374
	347,397,199	287,049,219

SCHEDULE - 10 CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Sundry Creditors	1,422,630,420	661,508,299
Advance From Customers & Others	614,051,975	588,709,205
Interest Accrued on Loans	82,006,830	65,877,292
	2,118,689,225	1,316,094,796

PROVISIONS

Leave Encashment	11,188,478	10,061,654
Retirement Benefit	6,069,443	5,291,746
	17,257,921	15,353,400

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 11 OTHER INCOME	YEAR ENDED	YEAR ENDED
	31-Mar-2011 (Rs.)	31-Mar-2010 (Rs.)
Interest On Deposits (*)	13,456,367	3,937,076
Dividend on Non Trade Long Term Investments	3,053,811	171,928
Profit on Sale of Investment	35,526,858	-
Exchange rate Fluctuation (Net)	5,470,016	10,612,282
Miscellaneous Income	1,933,826	3,787,392
Profit on Sale of Assets (Net)	318,411	-
	59,759,289	18,508,678

(*) Tax deducted at source Rs. 14.53 Lacs (Previous Year Rs 5.96 Lacs)

SCHEDULE - 12 MANUFACTURING & OTHER EXPENDITURE

Material Consumed	360,403,794	269,182,374
Purchase of Goods Traded	6,423,225,293	2,453,854,921
Stores & Spares Consumed	5,334,446	2,696,497
Power & Fuel	8,083,035	6,907,694
Manufacturing Expenses	12,344,939	12,359,708
Excise Duty on Closing Stock (Finished Goods) (Net)	139,896	(763,940)
Salary, Wages & Bonus	121,130,261	115,484,618
Employer's Contribution to P.F. & Other Fund	11,187,292	7,544,858
Staff Welfare	8,418,645	8,323,825
Repair to:		
Plant & Machinery	2,124,616	1,928,974
Building	1,661,387	4,983,390
Auditor's Remuneration :		
Audit Fee	775,000	653,000
Tax Audit Fee	175,000	150,000
Other Services	360,957	216,000
Research & Development Expenses	36,349,131	-
Communication Expenses	11,697,722	9,483,437
Printing & Stationery	3,289,067	2,067,978
Travelling & Conveyance	34,924,584	29,015,426
Rates & Taxes	2,334,356	1,431,227
Insurance	6,309,474	5,332,472
Rent	17,676,879	14,677,498
Director Sitting Fees	82,000	56,000
Advertisement & Publicity	24,353,473	34,811,946
Packing & Forwarding	70,596,041	23,111,533
Sundry Balance Written off	640,645	-
Bad Debts Written Off (Net)	366,052	15,242,268
Add/(Less): Provision for Doubtfull Debts	<u>7,106,876</u>	<u>(2,253,714)</u>
Legal & Professional Charges	31,827,506	37,257,392
Foreign Consultancy Charges	3,047,302	4,999,876
Other Administrative Expenses	38,028,158	23,652,517
Loss on Sale of Assets (Net)	-	177,862
Discount on Sales	-	26,000,000
Plant and Machinery Discarded	78,220,152	-
	7,322,213,979	3,108,585,637
Add / Less Decrease / Increase in Stocks :		
Add : Opening Stock		
Work In Process	34,001,368	20,450,841
Finished Goods	301,044,776	123,550,551
Less : Closing Stock :		
Work in Process	74,931,879	34,001,368
Finished Goods	<u>855,175,733</u>	<u>301,044,776</u>
	6,727,152,511	2,917,540,885

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 13 FINANCIAL CHARGES	YEAR ENDED	YEAR ENDED
	31-Mar-2011	31-Mar-2010
	(Rs.)	(Rs.)
Interest on		
- Fixed Period Loans	261,405	3,380,312
- Others	24,298,847	33,320,816
Bank Charges	7,799,096	8,519,581
	32,359,348	45,220,709

SCHEDULE - 14 SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF ACCOUNTS

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

2. USE OF ESTIMATES

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

3. FIXED ASSETS

Fixed Assets are stated at cost, net of VAT/ CENVAT, less accumulated depreciation. All costs comprises purchase price, non-refundable duties, levies and borrowing costs till assets are ready for intended use are capitalised. Capital expenditure on assets not owned by company is reflected in capital work in progress account till the period of completion and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue. Advance paid towards the acquisition of fixed assets, and the cost of assets not ready for intended use, before the year end, are disclosed under capital work-in-progress.

4. INTANGIBLE ASSETS

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

5. IMPAIRMENT OF ASSETS

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

6. EXPENDITURE INCURRED DURING CONSTRUCTION PERIOD

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

7. INVESTMENTS

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

8. REVENUE RECOGNITION

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

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

9. INVENTORY VALUATION

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

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

10. DEPRECIATION

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

11. PRODUCT WARRANTY EXPENSES

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

12. FOREIGN CURRENCY TRANSACTIONS

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

13. BORROWING COST

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

14. INCOME ON INVESTMENTS

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

15. CLAIMS

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

16. EMPLOYEE'S BENEFITS

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

17. Derivatives

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

18. TAXATION

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

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

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

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

19. GOVERNMENT GRANTS

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

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

20. PROVISION AND CONTINGENT LIABILITIES

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

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

21. LEASES

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

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

22. PROPOSED DIVIDEND

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

23. CENVAT/VAT

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

SCHEDULE - 15 NOTES TO ACCOUNTS

I Contingent liabilities :	Current Year	Previous Year
	(Rs in Lacs)	(Rs in Lacs)
i) Claim against the company not acknowledged as debt	108.13	108.13
ii) Outstanding Guarantee Issued by Banks	1,660.32	690.87
iii) Letter of Credits issued by the Banks (Agst. which Goods have not been despatched)	2,338.89	1,160.70
2 Machinery costing Rs 1179.15 Lacs having depreciated value Rs. 782.20 Lacs acquired in earlier years, has been retired from active use due to technical obsolescence and the same disposed off during the year.		

3 Details of Investment purchased and sold during the year.	Purchase		Redemption / Sale	
	Units/Shares	Rs.	Units/Shares	Rs.
Units of Mutual Funds	12,119,353	470,000,000	12,119,434	470,005,117
Shares	87,763	877,630	486,667	53,528,420

(Rs. in Lacs)

PARTICULARS	31.03.2011				31.03.2010			
	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
1 Sale of Goods & Services								
Shyam Telecom Inc.	313.19	-	-	313.19	383.77	-	-	383.77
Spectranet ISP Pvt Ltd.	-	167.36	-	167.36	-	31.82	-	31.82
Vihaan Networks Limited	-	581.36	-	581.36	-	913.23	-	913.23
Ubico Networks Pvt Ltd.	-	331.20	-	331.20	-	692.64	-	692.64
Sistema Shyam Teleservices Ltd.	-	16,000.21	-	16,000.21	-	11,367.69	-	11,367.69
RMS Automation Systems Ltd.	-	114.27	-	114.27	-	272.18	-	272.18
Sub Total	313.19	17,194.40	-	17,507.59	383.77	13,277.56	-	13,661.33
2 Purchase of the goods								
Vihaan Networks Limited	-	508.35	-	508.35	-	-	-	-
RMS Automation Systems Ltd.	-	10,353.61	-	10,353.61	-	1,682.00	-	1,682.00
Sub Total	-	10,861.96	-	10,861.96	-	1,682.00	-	1,682.00
3 Rent Paid								
Mr.K.N.Mehrotra	-	-	1.20	1.20	-	-	1.20	1.20
Shyam Antenna Electronics Ltd.	-	25.92	-	25.92	-	25.92	-	25.92
Shyam Communication Systems	-	16.55	-	16.55	-	13.23	-	13.23
Sistema Shyam Teleservices Ltd.	-	1.65	-	1.65	-	1.99	-	1.99
Sub Total	-	44.12	1.20	45.32	-	41.14	1.20	42.34
4 Rent Received								
RMS Automation Systems Ltd.	-	14.74	-	14.74	-	13.51	-	13.51
Sub Total	-	14.74	-	14.74	-	13.51	-	13.51
5 Interest Expense								
Shyam Networks Ltd.	-	179.22	-	179.22	-	232.67	-	232.67
Sub Total	-	179.22	-	179.22	-	232.67	-	232.67
6 Loan Received								
Shyam Networks Ltd.	-	955.00	-	955.00	-	2,048.00	-	2,048.00
Sub Total	-	955.00	-	955.00	-	2,048.00	-	2,048.00
7 Repayment of Loan								
Shyam Networks Ltd.	-	393.00	-	393.00	-	1,565.00	-	1,565.00
Sub Total	-	393.00	-	393.00	-	1,565.00	-	1,565.00
8 Advance Recovered								
Shyam Telecom Inc.	123.12	-	-	123.12	-	-	-	-
Sub Total	123.12	-	-	123.12	-	-	-	-
9 Amount Receivable								
Shyam Telecom Inc.	174.02	-	-	174.02	49.14	-	-	49.14
Spectranet ISP Pvt. Ltd.	-	66.28	-	66.28	-	6.82	-	6.82
Intercity Cable System Pvt. Ltd.	-	13.86	-	13.86	-	1.95	-	1.95
Ubico Networks Pvt. Ltd.	-	79.67	-	79.67	-	-	-	-
RMS Automation Systems Ltd.	-	211.41	-	211.41	-	-	-	-
Sub Total	174.02	371.22	-	545.24	49.14	8.77	-	57.91
10 Amount Payable								
Shyam Communication Systems	-	-	-	-	-	200.05	-	200.05
Vihaan Networks Limited	-	39.37	-	39.37	-	-	-	-
Intell Invofin India Pvt. Ltd.	-	-	-	-	-	1.01	-	1.01
Sistema Shyam Teleservices Ltd.	-	969.15	-	969.15	-	1,050.20	-	1,050.20
RMS Automation Systems Ltd.	-	-	-	-	-	1,460.63	-	1,460.63
Shyam Antenna Electronics Ltd.	-	28.64	-	28.64	-	100.30	-	100.30
Shyam Networks Ltd.	-	-	-	-	-	658.77	-	658.77
Sub Total	-	1,037.16	-	1,037.16	-	3,470.96	-	3,470.96
11 Loans Outstanding								
Shyam Networks Ltd.	-	3,398.65	-	3,398.65	-	2,836.65	-	2,836.65
Sub Total	-	3,398.65	-	3,398.65	-	2,836.65	-	2,836.65
12 Advances recoverable								
Shyam Telecom Inc.	1,552.90	-	-	1,552.90	1,676.03	-	-	1,676.03
Shyam Communication Systems	-	34.00	-	34.00	-	-	-	-
Sub Total	1,552.90	34.00	-	1,586.90	1,676.03	-	-	1,676.03
13 Interest Payable								
Shyam Networks Ltd.	-	820.07	-	820.07	-	658.77	-	658.77
Sub Total	-	820.07	-	820.07	-	658.77	-	658.77

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

Particulars of Hedged Foreign Currency Exposure

(Rs in Lacs)

Particulars	Currency	Foreign Currency Outstanding as on 31.03.2011	Foreign Currency Outstanding as on 31.03.2010	Amount Outstanding in INR as on 31.03.2011	Amount Outstanding in INR as on 31.03.2010
Creditors	USD	158.53	69.66	7,217.77	3,177.19

- ii.)

Particulars of Unhedged Foreign Currency Exposure		Respective Foreign Currency shown in Lacs		(Rs In Lacs)	
Particulars	Currency	Outstanding amount in Foreign Currency as on 31.03.2011	Foreign Currency Outstanding as on 31.03.2010	Amount Outstanding in INR as on 31.03.2011	Amount Outstanding in INR as on 31.03.2010
Debtors	USD	114.94	114.73	5,132.21	5,178.74
	Euro	0.26	1.20	16.64	72.70
	CHF	2.48	2.48	122.06	105.04
Creditors	USD	76.42	17.79	3,412.18	803.35
	Euro	0.03	0.04	1.95	2.35
	GBP	-	0.01	-	0.32
	JPY	0.09	-	0.05	-
Advance to Suppliers	AED	0.47	-	5.92	-
	USD	3.52	4.79	157.20	216.09
Advance Received	Euro	0.25	0.03	15.69	1.96
	USD	91.73	94.05	4,095.68	4,245.25

11 SEGMENT INFORMATION

The Company's operations predominantly relate to providing Telecommunication products, Turnkey Projects, 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. Turnkey Projects and trading services segment includes the turnkey Projects and 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 Particulars	Rs in Lacs	
	Year Ended 31-Mar-2011	Year Ended 31-Mar-2010
Segment Revenue		
- Telecom Products & Services	7,099.28	7,478.30
- Trading and Turnkey Projects	60,617.82	21,666.36
- Investments	385.80	1.72
Net Sales	68,102.90	29,146.38
Segment Results		
(Profit before Amortisation, Interest, Tax and unallocable overheads)		
- Telecom Products & Services	79.68	600.02
- Trading and Turnkey Projects	1,928.33	73.76
- Investments	385.80	1.72
Total	2,393.81	675.50
Less :		
- Depreciation & Amortisation	342.48	358.03
- Interest & Financial Charges	323.59	452.21
Other un-allocable Expenditure (Net of un-allocable Income)	1,350.65	521.16
Profit/(Loss) Before Tax	377.09	(655.90)
Taxes (net of MAT Credit)	(4.81)	(208.11)
Net profit/(Loss) after taxes	381.90	(447.79)

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

- 13 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.

- 14 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

During the year the Company has recognized Rs. 58.45 Lacs (previous Year Rs. 51.69 lacs) towards contribution to PF in the Profit and Loss account.

B. State Plans

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

During the year the Company has recognised Rs. 6.39 lacs (Previous year Rs. 3.65 Lacs) towards contribution to ESI and Rs. 0.18 Lacs (previous Year Rs. 0.027 Lacs) towards welfare fund, in the Profit and Loss accounts.

C. Defined Benefit Plans

The actuarial valuation carried out is based on following assumption:

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

	Current Year		Previous Year	
	Leave Encashment	Employee Gratuity Fund	Leave Encashment	Employee Gratuity Fund
i) Actuarial Assumptions				
Discount Rate (per annum)	8%/8.10%	8%/8.10%	8.00%	8.00%
Rate of increase in compensation levels	5.50%	5.50%	5.50%	5.50%
Rate of return on plan assets	-	9.15%	-	9.15%
	(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)
ii) Change in the obligation during the year				
Present value obligation as at beginning of period	100.62	90.85	87.51	82.56
Impact of Transition provision of AS-15	-	-	-	-
Interest cost	8.05	7.27	6.56	6.19
Past Service cost	-	12.36	-	2.18
Current service cost	20.15	17.30	20.11	14.02
Curtaiment cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(3.23)	(11.11)	(3.83)	(13.99)
Actuarial (gain)/ loss on Obligations	(13.71)	19.51	(9.74)	(0.11)
Present value obligation as at the end of the period	-	-	100.61	90.85
Receivable from other company's fund	-	-	-	-
Net Present value obligation as at the end of the period	111.88	136.18	100.61	90.85
iii) Change in fair value plan Assets				
Fair value of Plan Assets as at beginning of the period	-	37.94	-	28.97
Expected return on Plan Assets	-	4.24	-	2.59
Contributions	-	43.37	-	20.18
Benefits Paid	-	(10.06)	-	(13.98)
Actuarial gain/ (loss) on Obligations	-	-	-	0.18
Fair value of Plan Assets as at the end of the period	-	75.49	-	37.94
iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Assets				
Present value obligation as at the end of the period	111.88	136.18	100.61	90.85
Fair value of Plan Assets as at the end of the period	-	75.49	-	37.94
Funded Status	(111.88)	(60.69)	(100.61)	(52.91)
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.	(111.88)	(60.69)	(100.61)	(52.91)
v) Expenses recognised in Profit and Loss Account				
Current service cost	20.15	17.30	20.11	14.02
Past Service cost	-	12.36	(0.36)	4.89
Interest cost	8.05	7.27	6.56	6.19
Expected return on Plan Assets	-	(4.24)	-	(2.59)
Curtaiment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(13.71)	19.51	(9.74)	(0.30)
Received / Receivable from other company's fund	-	-	-	-
Net Expense recognised in Profit and Loss Account	14.49	52.20	16.57	22.21

15 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.

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

17 Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956.

(As certified by the management)

	CurrentYear	PreviousYear
A. LICENSED CAPACITY	N.A.	N.A.

B. INSTALLED CAPACITY

Most of the Plant & Machinery is common for different products manufactured by the company, the installed capacity depends on products mix which in turn is decided by actual demand for various products from time to time, as such it is not practical to ascertain product-wise installed production capacity.

	CurrentYear		PreviousYear	
	Qty (Nos)	Value (Rs.)	Qty (Nos)	Value (Rs.)
C. PRODUCTION				
- Repeater	7,333	-	5,766	-
- Radio Modems	3,607	-	-	-
D. OPENING STOCK				
- Repeater	299	14,458,059	129	7,784,997
- Radio Modems	-	-	-	-
- Communication Systems & Accessories	608,611	23,640,607	95,614	16,978,129
- Mobile Handsets & accessories	190,891	262,946,110	63,824	98,787,425
		<u>301,044,776</u>		<u>123,550,551</u>
E. TURNOVER (Including Services)				
- Repeater	7,440	482,664,804	5,596	450,800,585
- Radio Modems	3,381	89,009,350	-	-
- Communication Systems & Accessories	1,576,707	116,491,485	1,805,669	240,298,419
- Mobile Handsets & accessories	5,423,489	6,061,781,890	1,374,355	2,000,819,102
- Service Charges	-	57,723,635	-	81,972,352
- Computers & accessories	-	-	14,256	158,842,464
- Accessories for WLL cordect system	-	-	16,623	6,917,571
- Others	-	10,284,776	-	8,410,564
		<u>6,817,955,940</u>		<u>2,948,061,057</u>
F. CLOSING STOCK				
- Repeater	192	4,597,136	299	14,458,059
- Radio Modems	226	2,633,066	-	-
- Communication Systems & Accessories	232,798	15,805,648	608,611	23,640,607
- Mobile Handsets & accessories	751,333	832,139,883	190,891	262,946,110
		<u>855,175,733</u>		<u>301,044,776</u>
G. PURCHASE OF GOODS TRADED				
- Communication Systems & Accessories	1,200,894	74,740,302	2,318,666	180,679,064
- Mobile Handsets & accessories	5,983,931	6,348,484,991	1,501,422	2,109,325,637
- Computers & accessories	-	-	14,256	157,278,528
- Accessories for WLL cordect system	-	-	16,623	6,571,692
Sub-Total		<u>6,423,225,293</u>		<u>2,453,854,921</u>
H. CONSUMPTION OF RAW MATERIAL				
- Electronic Components	19,000,252	259,066,957	16,459,427	207,292,487
- Mechanical Components	6,372,974	101,336,837	911,917	61,889,887
Sub-Total		<u>360,403,794</u>		<u>269,182,374</u>
Total		<u>6,783,629,087</u>		<u>2,723,037,295</u>

	Current Year (Rs)	Previous Year (Rs)		
I. EARNINGS IN FOREIGN CURRENCY				
- F.O.B. Value of Export Goods	170,270,965	205,801,527		
- F.O.B. Value of Export Service	688,203	333,366		
J. EXPENDITURE IN FOREIGN CURRENCY				
- Travelling	7,289,443	7,384,231		
- Business Promotion	2,808,000	-		
- Commission	2,231,691	3,511,163		
- Exhibition Expenses	16,391,742	17,360,199		
- Product Certification Charges	4,057,797	-		
- Legal ,Professional and consultancy Charges	3,047,301	12,540,653		
K. C.I.F.VALUE OF IMPORTS				
- Raw Material	288,369,274	185,080,623		
- Communication Systems & Accessories	32,774,064	99,995,682		
- Capital Goods	6,303,461	2,743,721		
- Mobile Handsets & accessories	6,062,869,418	2,064,592,711		
L. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS SPARE PARTS AND COMPONENTS CONSUMED :				
	Current Year	Previous Year		
RAW MATERIAL	Value (Rs.)	% of Total Consumption	Value (Rs.)	% of Total Consumption
IMPORTED	263,910,899	73.23	194,243,138	73.00
INDIGENOUS	96,492,895	26.77	74,939,236	27.00
TOTAL	360,403,794	100.00	269,182,374	100.00

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

R.K. MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i REGISTRATION DETAILS

Registration No. -

State Code

Balance Sheet Date

ii CAPITAL RAISED DURING THE YEAR (Amount in Rs Thousand)

Public Issue

Right Issue

Bonus Issue

Private Placement

iii POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs Thousand)

Total Liabilities

Total Assets

SOURCES OF FUNDS

Paid up capital

Reserve & Surplus

Advanced for Share Capital

Unsecured Loans

Secured Loans

Deferred Tax Liability

APPLICATION OF FUNDS

Net Fixed Assets (Including Capital Work in Progress)

Investment (Including advance for investment)

Net Current Assets

Preoperative Expenditure

iv PERFORMANCE OF COMPANY (Amount in Rs.Thousand)

Turnover (Including other income)

Total Expenditure

Profit Before Tax

Profit After Tax

Basic and Diluted Earning Per Share in Rs.

Dividend Rate

v GENERAL NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

(As per monetary terms) N.A.

Item Code No. (ITC Code) 852520.09

Product Description Other Radio Communication Equipment including VHF, UHF & Microwave Communication Equipment

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

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

1. Name of the Subsidiary Company	Shyam Telecom Inc.
2. Financial Year of the Subsidiary Company ended on	31 st December, 2010
3. Financial Year of Holding Company ended on	31 st March, 2011
4. Holding Company's Interest as on 31.03.2011	Holders of the entire issued, subscribed & paid up Share capital of 100 shares of 1 US\$ each.
5. Net aggregate amount of profit / (loss) of the Subsidiary Company so far as it concerns the members of Shyam Telecom Limited. (a) Not dealt with the accounts of Shyam Telecom Limited. (i) For the subsidiary's 9 Months ended 31.12.2010 (ii) For the previous financial year of subsidiary's since it became subsidiary of Shyam Telecom Limited. (b) Dealt with the accounts of Shyam Telecom Limited. (i) For the subsidiary's 9 Months ended 31.12.2010 (ii) For the previous subsidiary's financial year of subsidiary's since it became subsidiary of Shyam Telecom Limited.	 US\$ (312,455) US\$ (13,73,060) Nil Nil
6. Material changes which have occurred between the end of financial year of the Subsidiary Company and the end of the holding company's financial year in respect of (a) Fixed Assets (including capital work in progress of the subsidiary company). (b) Investment of Subsidiary Company. (c) Money lent by subsidiary company. (d) Money borrowed by subsidiary company for any purpose other than that of meeting of current liabilities.	 Nil Nil Nil Nil

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
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 period ended 31st December, 2010.

CAPITAL

The Company has an issued, subscribed and paid-up capital of 100 shares of USD 1 each amounting to USD 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 period ended on 31st December 2010		2009-10	
	In US\$	In Rs.	In US\$	In Rs.
Sales & Other Income	848105	38741441	1615681	76961695
Profit/(Loss) Before Tax	(312455)	(13555394)	127473	18856045
Provision for Tax	-	-	2200	100096
Profit/(Loss) After Tax	(312455)	(13555394)	125273	18755949
Balance brought forward from previous year	(1373060)	(61705114)	(1498333)	(80461063)
Balance carried to Balance Sheet	(1685515)	(75260508)	(1373060)	(61705114)

CORPORATE REVIEW

During the period under review your company has registered a turnover of USD 848105 (INR 38741441) for the period as against USD 1615681 (INR 76961695) in the previous year. There is a net loss of USD 312455 (INR 13555394) for the period as against a net profit of USD 125273 (INR 18755949) in the previous year.

DIVIDEND

No dividends have been declared for the period ended 31st December 2010.

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 disclosed in Schedule 12 (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:

- i) In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, where 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 affairs of the company at the end of period ending on 31st December 2010 and of the loss of the company for the period ended on that date.
- iii) 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.
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

FINANCIAL YEAR

The Company would now observe financial year commencing from 1st January to 31st December every year in place of 1st April to 31st March. The enclosed Balance Sheet is for the period 1st April 2010 to 31st December 2010 for nine months.

AUDITORS

M/s Mehra Goel & Co., Chartered Accountants, Auditors of your Company have audited the Accounts of the Company for the Financial period ended 31st December 2010 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 : 25th July, 2011

B.A MAJMUDAR

Director

AUDITORS' REPORT

To

The Shareholders of Shyam Telecom Inc.USA

We have audited the balance sheet of Shyam Telecom Inc. USA as at December 31, 2010, the Profit and Loss Account and also the Cash Flow Statement of the company for the 9 months period ended on that date (the financial statements) attached hereto, which have been prepared in accordance with the Generally Accepted Accounting Principles in India.

Respective Responsibilities of the Management and Auditors

The Management of the Company is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit of the financial statements.

Basis of Opinion

We conducted our audit in accordance with the auditing standards. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the management in the preparation of the financial statements and whether the accounting policies are appropriate to the circumstances to the Company, consistently applied and adequately disclosed. We planned and performed audit so as to obtain all information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

The financial statements dealt with by this report are in agreement with books of accounts of the Company and have been compiled solely for complying with Indian laws.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with the accounting policies and notes thereon give a true and fair view:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2010;
- (ii) in the case of the Profit and Loss Account, of the loss for the 9 months period ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the 9 months period ended on that date.

For MEHRA GOEL & CO.
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 25th July, 2011

R.K. MEHRA
Partner
M.No. 6102

BALANCE SHEET AS AT 31st DECEMBER, 2010

	SCHEDULE NO.	ASAT 31-Dec-10 US\$	ASAT 31-Dec-10 Rs.	ASAT 31-Mar-10 US\$	ASAT 31-Mar-10 Rs.
I SOURCES OF FUNDS:					
SHAREHOLDER'S FUNDS					
Share Capital	1	100	4,374	100	4,374
Advance Against Share Capital		25,050	1,094,684	25,050	1,094,684
		25,150	1,099,058	25,150	1,099,058
II APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	2	36,848	1,696,480	36,848	1,696,480
Less : Depreciation		25,203	1,153,871	23,090	1,067,452
Net Block		11,645	542,609	13,758	629,028
CURRENT ASSETS, LOANS & ADVANCES					
Current Assets					
Inventories	3	309,946	14,107,252	318,105	14,490,801
Sundry Debtors	4	540,091	24,201,476	444,532	20,066,162
Cash & Bank Balances	5	136,251	6,105,423	175,565	7,925,023
Loans & Advances	6	1,185,304	53,113,460	1,575,918	71,136,955
		2,171,592	97,527,611	2,514,120	113,618,941
Less : CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	7	3,843,602	172,231,670	3,875,788	174,854,025
		3,843,602	172,231,670	3,875,788	174,854,025
NET CURRENT ASSETS/(LIABILITIES)		(1,672,010)	(74,704,059)	(1,361,668)	(61,235,084)
PROFIT & LOSS ACCOUNT					
		1,685,515	75,260,508	1,373,060	61,705,114
		25,150	1,099,058	25,150	1,099,058
SIGNIFICANT ACCOUNTING POLICIES	11				
NOTES TO ACCOUNTS	12				

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

R.K. MEHRA
 Partner
 M.No. 6102

B.A. MAJMUDAR
 Director

PLACE : NEW DELHI
DATED : 25th July, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 2010

	SCHEDULE NO.	FOR THE PERIOD		YEAR ENDED	YEAR ENDED
		ENDED ON	ENDED ON	31-Mar-10	31-Mar-10
		31-Dec-10	31-Dec-10	US\$	Rs.
		US\$	Rs.	US\$	Rs.
INCOME					
Sales	8	834,646	38,126,632	1,579,898	75,313,881
Other Income		13,459	614,809	35,783	1,647,814
		848,105	38,741,441	1,615,681	76,961,695
EXPENDITURE					
Cost of Goods Traded	9	550,388	25,103,222	892,827	40,671,432
Administration & Other Expenditure	10	608,059	27,107,194	592,426	17,294,070
		1,158,447	52,210,416	1,485,253	57,965,502
PROFIT/(LOSS) BEFORE DEPRECIATION & TAX		(310,342)	(13,468,975)	130,428	18,996,193
Less : Depreciation		2,113	86,419	2,955	140,148
PROFIT/(LOSS) BEFORE TAX		(312,455)	(13,555,394)	127,473	18,856,045
Current Year Taxation		-	-	2,200	100,096
PROFIT/(LOSS) AFTER TAX		(312,455)	(13,555,394)	125,273	18,755,949
ADD : Profit(Loss) brought forward		(1,373,060)	(61,705,114)	(1,498,333)	(80,461,063)
Balance Carried to Balance Sheet		(1,685,515)	(75,260,508)	(1,373,060)	(61,705,114)

SIGNIFICANT ACCOUNTING POLICIES 11

NOTES TO ACCOUNTS 12

As per our report of even date attached

 For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS
R.K. MEHRA
 Partner
 M.No. 6102

B.A. MAJMUDAR
 Director

PLACE : NEW DELHI
DATED : 25th July, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2010

	For the Period ended on 31-Dec-10		Previous Year	
	US\$	Rs.	US\$	Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit after tax and before extraordinary items	(312,455)	(13,555,394)	125,273	18,755,949
Adjustments for :				
Depreciation	2,113	86,419	2,955	140,148
Interest and Financial Charges	1,146	52,338	2,078	99,920
Provision for Doubtful Debts/ Advances	-	-	(98,309)	(4,472,863)
Exchange Fluctuation	-	389,002	-	13,605,759
Operating Profit before working capital change	(309,196)	(13,027,635)	31,997	28,128,913
Adjustments for :				
Trade & Other Receivables	295,055	13,499,179	332,446	14,423,165
Inventories	8,159	383,549	84,615	2,136,916
Trade & Other Payables	(32,186)	(2,622,355)	(318,461)	(39,049,058)
Taxes Paid/ (Refunded)	-	-	2,200	100,096
Cash flow from operating activities	(A) (38,168)	(1,767,262)	132,797	5,740,032
(B) CASH FLOW FROM INVESTING ACTIVITIES :				
Net cash Used In / from Investing Activities	(B) -	-	-	-
(C) CASH FLOW FROM FINANCING ACTIVITIES :				
Interest and Financial Charges Paid	(1,146)	(52,338)	(2,078)	(99,920)
Net cash (used in) / from financing activities	(C) (1,146)	(52,338)	(2,078)	(99,920)
Increase/(Decrease) In cash and cash equivalents				
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(39,314)	(1,819,600)	130,719	5,640,112
Cash and cash equivalents at beginning of the year	175,565	7,925,023	44,846	2,284,911
Cash and cash equivalents at the end of the year	136,251	6,105,423	175,565	7,925,023

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 including bank deposit.

As per our report of even date attached

 For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS
R.K. MEHRA
 Partner
M.No. 6102
B.A.MAJMUDAR
 Director

PLACE : NEW DELHI
DATED : 25th July, 2011

SCHEDULES FORMING PART OF THE ACCOUNTS

	AS AT 31-Dec-10 US\$	AS AT 31-Dec-10 Rs.	AS AT 31-Mar-10 US\$	AS AT 31-Mar-10 Rs.
SCHEDULE - 1 SHARE CAPITAL				
ISSUED , SUBSCRIBED AND PAID UP				
100 (Previous Year 100) Equity Shares of USD 1/- each	100	4,374	100	4,374
	100	4,374	100	4,374
The Whole of the above shares are held by Shyam Telecom Ltd., the holding company.				
SCHEDULE - 2 FIXED ASSETS				
(Overleaf)				
SCHEDULE - 3 INVENTORIES				
(As taken, valued and certified by the Management)				
Finished goods (Traded)	309,946	14,107,252	318,105	14,490,801
	309,946	14,107,252	318,105	14,490,801
SCHEDULE - 4 SUNDRY DEBTORS				
Debts Outstanding over 6 Months				
Considered Good	341,226	15,290,333	108,183	4,883,368
Others	198,865	8,911,143	336,349	15,182,794
	540,091	24,201,476	444,532	20,066,162
SCHEDULE - 5 CASH & BANK BALANCES				
Balance With Banks in :				
- Current Account	116,251	5,209,223	95,565	4,313,823
- Money Market Account	20,000	896,200	80,000	3,611,200
	136,251	6,105,423	175,565	7,925,023
SCHEDULE - 6 LOANS & ADVANCES				
(Unsecured, Considered Good)				
Advances recoverable in cash or in kind or for value to be received				
Security Deposits	1,180,804	52,911,815	1,521,418	68,676,825
	4,500	201,645	54,500	2,460,130
	1,185,304	53,113,460	1,575,918	71,136,955
SCHEDULE - 7				
CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors				
- Others *	356,974	15,995,897	114,735	5,080,140
Other Liabilities	8,471	379,572	5,889	265,786
Due to Holding Company	3,477,950	155,846,939	3,712,950	167,602,563
Advance From Customers	107	4,781	42,114	1,901,022
Due to Director **	100	4,481	100	4,514
	3,843,602	172,231,670	3,875,788	174,854,025

* There are no dues to creditors coming under the definition of Small Scale Industrial Undertakings as at December 31, 2010

** Maximum amount outstanding during the year Rs.4514 (Previous year Rs.4514)

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 2 FIXED ASSETS

Assets	GROSS BLOCK						DEPRECIATION						NET BLOCK			
	As at 01.04. 2010	As at 01.04. 2010	Additions	Additions	Upto 31.12. 2010	Upto 31.12. 2010	As at 01.04. 2010	As at 01.04. 2010	During the period	During the period	Upto 31.12. 2010	Upto 31.12. 2010	As at 31.12. 2010	As at 31.12. 2010	As at 31.03. 2010	As at 31.03. 2010
	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.	US\$	Rs.
Tangible Assets :																
Furniture & Fixtures	7,750	345,883	-	-	7,750	345,883	1,928	87,700	368	16,421	2,296	104,121	5,454	241,761	5,822	258,182
Office Equipment	5,864	275,198	-	-	5,864	275,198	1,029	48,061	209	13,065	1,238	61,126	4,626	214,072	4,836	227,137
Computers	5,234	237,320	-	-	5,234	237,320	3,033	139,277	636	11,267	3,669	150,544	1,565	86,776	2,200	98,043
TOTAL :	18,848	858,400	-	-	18,848	858,400	5,990	275,038	1,213	40,753	7,203	315,791	11,645	542,609	12,858	583,362
Intangible Assets :																
Software	18,000	838,080	-	-	18,000	838,080	17,100	792,414	900	45,666	18,000	838,080	-	-	900	45,666
GRANDTOTAL	36,848	1,696,480	-	-	36,848	1,696,480	23,090	1,067,452	2,113	86,419	25,203	1,153,871	11,645	542,609	13,758	629,028
Previous Year	36,848	1,696,480	-	-	36,848	1,696,480	20,135	927,304	2,955	140,148	23,090	1,067,452	13,758	629,028	16,713	769,176

SCHEDULES FORMING PART OF THE ACCOUNTS

	For the period		Year Ended 31-Mar-10 US\$	Year Ended 31-Mar-10 Rs
	Ended on 31-Dec-10 US\$	Ended on 31-Dec-10 Rs		
SCHEDULE - 8 SALES				
Sales of Products	834,646	38,126,632	1,579,898	75,313,881
	834,646	38,126,632	1,579,898	75,313,881

SCHEDULE - 9 COST OF SALES

Traded Goods Purchase	542,229	24,719,673	808,213	38,534,516
Add : Opening Stock				
Trading	318,105	14,490,801	402,719	16,627,717
Less : Closing Stock :				
Trading	309,946	14,107,252	318,105	14,490,801
	550,388	25,103,222	892,827	40,671,432

SCHEDULE - 10
ADMINISTRATIVE & OTHER EXPENDITURE

Rent	18,000	822,240	24,454	1,160,631
Rates & taxes	717	32,765	3,213	155,153
Salary & wages	234,749	10,723,306	296,579	14,070,381
Staff welfare	23,746	1,084,699	32,522	1,539,770
Insurance	1,849	84,462	1,062	50,695
Installation Charges	2,625	119,910	-	-
Car lease/insurance	1,392	63,607	4,938	236,404
Commission expenses	1,000	45,680	28,276	1,304,711
Consultancy charges	118,576	5,416,543	53,645	2,532,548
Clearing & forwarding expenses	11,593	529,582	13,739	641,679
Other administrative charges	4,283	195,666	5,952	280,310
Legal and professional charges	23,639	1,079,830	17,871	844,144
Telephone expenses	7,064	322,705	10,889	518,098
Testing charges	8,500	388,280	7,000	339,738
Training Expenses	-	-	5,000	238,393
Traveling and conveyance expenses	20,022	914,601	59,975	2,851,342
Advertisement and exhibition expense	-	-	2,194	106,052
Sundry Balances Written Off	126,290	5,768,907	-	-
Bank charges	1,146	52,338	2,078	99,920
Audit fees	2,868	131,010	2,868	130,488
Exchange difference on conversion	-	(668,937)	-	(10,724,110)
Bad Debts (Net of Provision for doubtful debts)	-	-	20,171	917,723
	608,059	27,107,194	592,426	17,294,070

SCHEDULE - 11

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

Use of Estimates

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

Recognition of Income/Expenditure

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

Fixed Assets

Fixed Assets are stated at cost, net of Taxes, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production are capitalized. Capital expenditure on assets not owned by company is reflected in capital work in progress account till the period of completion and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue.

Intangible Assets

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

Depreciation

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

Inventories

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

Foreign Currency Transactions

Transactions in foreign currency are recorded at the original rates of the exchange in force at the time transactions are effected. Monetary items (other than those related to Share Capital, advance against Share Capital and acquisition of fixed

assets) denominated in foreign currency are restated using the exchange rates prevailing at the date of Balance Sheet and the resulting net exchange difference is recognized in the Profit and Loss Account.

Taxation

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

Employee Benefits

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

The company does not have any long term benefit plans.

SCHEDULE - 12 NOTES TO ACCOUNTS

1. 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).

2. Basis of Preparation and Translation into Indian Rupees

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

3. Segment Reporting:

Business Segments (Primary)

The Company operates only in one business segment viz. Telecom Products & Services. 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	U.S.A.	Others	Total
External customers			
Current Period	35,076,501	3,050,131	38,126,632
Previous Year	(68,684,844)	(6,629,038)	(75,313,881)

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

4. Related Parties (as identified by the management) are classified as:

Holding Company – Shyam Telecom Limited, India

- Key Management Personnel : Mr. B A Majumdar
- Enterprises over which Key Management Personnel and 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.

Summary of significant related party transactions

Description & nature of Transactions	Key Management Personnel and their relatives (US\$)	Key Management Personnel and their relatives (Rupees)	Holding company (US\$)	Holding company (Rupees)	Total (US\$)	Total (Rupees)
Receiving of Goods			542229 (804,936)	24615273 (38,377,359)	542229 (804,936)	24,615,273 (38,377,359)
Managerial Remuneration BA Majumdar	23,004 (30,813)	1,050,843 (1,390,902)	- -	- -	23,004 (30,813)	1,050,843 (1,390,902)
Consultancy Charges Embeem Inc	45,000 (49,500)	2,055,600 (2,234,430)	- -	- -	45,000 (49,500)	2,055,600 (2,234,430)
Sundry Creditors	- -	- -	353,995 (108,871)	15,862,519 (4,914,423)	353,995 (108,871)	15,862,519 (4,914,423)
Advances received	- -	- -	3,477,950 (3,712,950)	155,846,939 (167,602,563)	3,477,950 (3,712,950)	155,846,939 (167,602,563)

Figures in brackets indicate previous year figures

5. Lease

Operating Lease:

During previous period the Company had taken on lease office space, under various operating leases ranging from one month to five years.

The future minimum lease payments and payment profile of operating leases are as follows:

Particulars	Total minimum lease Payments O/s as on 31st December, 2010		Total minimum lease Payments O/s as on 31st March, 2010	
	US\$	RS.	US\$	RS.
Not Later than One Year	Nil	Nil	23,100	1042734
Later than one year but not later than five years	Nil	Nil	Nil	Nil
Later than five years	Nil	Nil	Nil	Nil

6. 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.

7. Quantitative details of goods traded

Item		Opening stock	Purchases	Sales	Closing stock
Telecom Equipments	Nos.	1,531	2,006	1,683	1,854
	Amt-Rs.	14,490,801	24,719,673	38,126,632	14,107,252
Previous Year	Nos.	1,579	2,819	2,867	1,531
	Amt-Rs.	16,627,717	38,534,516	75,313,881	14,490,801

8. Earning Per Share

The components of earnings per share are as follows:

Earning Per share is calculated as follows	31 st December, 2010		31 st March, 2010	
	US\$	Rs.	US\$	Rs.
Net Profit / (Loss) as per Profit and Loss Account	(312,455)	(13,555,394)	125,273	18,755,949
Weighted average outstanding common stock(Nos.)	100	100	100	100
Nominal value of common stock	No Par	No Par	No Par	No Par
Basic and diluted earning per share	(3,124.55)	(135,553.94)	1,252.73	187,559.49

9. Contingent Liabilities – Rs. Nil

- 10.** Other disclosure requirements of Schedule VI to the Companies Act, 1956 are not applicable to the Company.
- 11.** 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.
- 12.** Previous year figures have been regrouped / reclassified wherever considered necessary to conform to current year's classification.
- 13.** Previous year figures is not comparable with current period figures.
- 14.** Financial statement of current year is only for 9 months period from 1st April,2010 to 31st December,2010.

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

R.K.MEHRA
Partner
M.No. 6102

B.A.MAJMUDAR
Director

PLACE : NEW DELHI
DATED : 25th July, 2011

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of

SHYAM TELECOM LIMITED

We have audited the attached Consolidated Balance Sheet of Shyam Telecom Limited and its Subsidiary namely Shyam Telecom Inc., USA as at 31 March 2011 and also the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date, annexure thereto. These financial statements of the subsidiary prepared for the purpose of compliance of the provisions of Section 211 & 212 of the Companies Act 1956 is the responsibility of the management and have been considered and included in the consolidated accounts up to the appointed date on the basis of accounts audited by us.

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

We report that:-

- a) The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, and on the basis of the separate audited financial statements of the Company and audited financial statements of its subsidiaries included in the consolidated financial statements.
- b) On the basis of the information and explanations given to us and on the consideration of separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true & fair view in conformity with the accounting principles generally accepted in India :-
 - i. in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March 2011 and for its subsidiary as at 31st December 2010;
 - ii. in the case of Consolidated Profit & Loss Account, of the consolidated results of operations of Company for the year ended 31st March 2011 and its subsidiary for the period of nine months ended 31st December 2010 and
 - iii. in the case of Consolidated Cash Flow Statement, of the Consolidated cash flow of the Company and its subsidiary for the year/period then ended.

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

Place : NEW DELHI

Dated : 1st August, 2011

R. K. MEHRA
Partner
M. No. 6102

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

	SCHEDULE NO.	ASAT 31-Mar-2011 (Rs.)	ASAT 31-Mar-2010 (Rs.)
SOURCES OF FUNDS			
SHARE HOLDER'S FUNDS			
Share Capital	1	112,700,000	112,700,000
Reserves and Surplus	2	303,378,087	276,822,086
LOAN FUNDS			
Secured	3	11,429,720	75,167,484
Unsecured		339,865,000	283,665,000
DEFERRED TAX LIABILITY (Net)		32,923,289	44,201,220
		800,296,096	792,555,790
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	443,720,116	554,049,543
Less : Depreciation		174,337,680	180,299,322
Net Block		269,382,436	373,750,221
Capital Work in Progress		-	20,490,518
INVESTMENTS	5	7,977,680	25,190,512
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	1,202,878,182	493,071,210
Sundry Debtors	7	802,758,861	828,809,933
Cash & Bank Balances	8	409,104,592	194,445,020
Loans & Advances	9	245,220,192	190,583,611
		2,659,961,827	1,706,909,774
Less : CURRENT LIABILITIES & PROVISIONS	10		
Current Liabilities		2,119,767,926	1,318,431,835
Provisions		17,257,921	15,353,400
		2,137,025,847	1,333,785,235
NET CURRENT ASSETS		522,935,980	373,124,539
		800,296,096	792,555,790
SIGNIFICANT ACCOUNTING POLICIES	14		
NOTES TO ACCOUNTS	15		
As per our report of even date attached			
For MEHRA GOEL & CO.			
CHARTERED ACCOUNTANTS			

R.K MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	SCHEDULE NO.	YEAR ENDED 31-Mar-2011 (Rs.)	YEAR ENDED 31-Mar-2010 (Rs.)
INCOME			
Sales & Services		6,831,467,299	2,984,997,579
Less : Excise Duty/ Service Tax		46,246,333	33,594,702
Net Sales		6,785,220,966	2,951,402,877
Other Incomes	11	60,374,098	20,156,492
		6,845,595,064	2,971,559,369
EXPENDITURE			
Manufacturing, Administrative & Other Expenditure	12	6,752,773,594	2,934,748,479
Financial Charges	13	32,411,686	45,320,629
		6,785,185,280	2,980,069,108
PROFIT/(LOSS) BEFORE DEPRECIATION & TAX		60,409,784	(8,509,739)
Less : Depreciation		34,334,910	35,943,581
PROFIT/(LOSS) BEFORE TAX		26,074,874	(44,453,320)
Provision for Income Tax			
- Current Tax		9,012,492	100,096
- Deferred Tax		(4,860,035)	(20,918,255)
- MAT Credit available for set-off		1,292,374	-
Provision for Wealth Tax		88,000	107,000
Income Tax / Deferred Tax for earlier years		(6,013,958)	-
PROFIT/(LOSS) AFTER TAX		26,556,001	(23,742,161)
Balance Carried to Balance Sheet		26,556,001	(23,742,161)
- Basic & Diluted Earning Per Share (Refer Note No. 4 of Schedule 15)		2.36	(2.11)

SIGNIFICANT ACCOUNTING POLICIES 14
NOTES TO ACCOUNTS 15

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

R.K MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Current Year	Previous Year
(Rs. in Lacs)		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after Tax and before prior period/ extra ordinary items	265.56	(237.42)
Adjustment for :		
Depreciation	343.35	359.44
Provision (leave encashment)	19.05	17.00
Interest and financial charges	324.12	453.21
Loss on sale / write off of Fixed Assets	(3.18)	1.78
Provision for tax	(4.81)	(208.11)
Bad debts / Provision for doubtful debts / advances	74.73	85.16
Dividend on Investments	(30.54)	(1.72)
Interest Income	(134.56)	(39.37)
Exchange Fluctuation	-	136.06
Plant and Machinery Discarded	782.20	-
(Profit) / Loss on Sale of Investment	(355.27)	-
Opening Reaserch & Development Expenses W/off	204.91	-
Operating profit before working capital change	1,485.54	566.01
Adjustment for :		
(Increase)/ Decrease in Trade and Other Receivables	(284.00)	2,546.96
(Increase)/ Decrease in Inventories	(7,098.07)	(2,026.80)
Increase /(Decrease) in Trade Payable	7,852.07	21.49
Cash Generated from operations	1,955.54	1,107.66
Direct Taxes Paid	(184.56)	71.54
Net Cash (used in) From Operating Activities (A)	1,770.98	1,179.20
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital Work in Progress	(140.38)	(368.17)
Sale of Fixed Assets	61.69	2.31
Dividend on Invetments	30.54	1.72
Investment (Net)	527.40	(0.84)
Interest received	134.56	39.37
Net cash (used in) / from investing activities (B)	613.81	(325.61)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Short-term borrowing (Net)	(75.37)	135.89
Interest & Financial Charges	(162.82)	(243.80)
Net cash (used in) / from Financing Activities (C)	(238.19)	(107.91)
Net increase/(Decrease) in cash and cash equivalents (A+B+C)	2,146.60	745.68
Cash and cash equivalents at beginning of the Period	1,944.45	1,198.77
Cash and cash equivalents at the end of the Period	4,091.05	1,944.45

Notes :

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

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

R.K MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	ASAT 31-Mar-2011 (Rs.)	ASAT 31-Mar-2010 (Rs.)
SCHEDULE - 1 SHARE CAPITAL		
AUTHORISED		
50,000,000 Equity Shares of Rs. 10/- each	500,000,000	500,000,000
2,500,000 Preference Shares of Rs 100/- each.	250,000,000	250,000,000
	<u>750,000,000</u>	<u>750,000,000</u>
ISSUED SUBSCRIBED AND PAID UP		
11,270,000 Equity Shares of Rs 10/- each, fully paid up	112,700,000	112,700,000
	<u>112,700,000</u>	<u>112,700,000</u>
SCHEDULE - 2 RESERVES & SURPLUS		
Investment Subsidy		
Acquired under the scheme of arrangement	1,500,000	1,500,000
Profit & Loss Account		
As per last Balance Sheet	275,322,086	299,064,247
Add/Less : Balance transferred from Profit & Loss account	26,556,001	(23,742,161)
	<u>301,878,087</u>	<u>275,322,086</u>
	<u>303,378,087</u>	<u>276,822,086</u>
SCHEDULE - 3 LOAN FUNDS		
SECURED LOANS		
Term Loans		
- Vehicle Loans from Banks (*)	541,983	2,903,429
- Cash Credit (**)	10,887,737	72,264,055
	<u>11,429,720</u>	<u>75,167,484</u>
UNSECURED LOANS		
From Corporate Bodies	339,865,000	283,665,000
	<u>339,865,000</u>	<u>283,665,000</u>

(*) Secured by hypothecation of specific Assets.

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

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE - 4 FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As At 01-4-2010 (Rs.)	Additions (Rs.)	Deletions/ Adjustments (Rs.)	As At 31-3-2011 (Rs.)	As At 01-4-2010 (Rs.)	For the Year (Rs.)	Deletions/ Adjustments (Rs.)	As At 31-3-2011 (Rs.)	As At 31-3-2011 (Rs.)	As At 31-3-2010 (Rs.)
Land Free Hold	177,150	-	-	177,150	-	-	-	-	177,150	177,150
Leasehold Land	8,352,429	-	-	8,352,429	-	-	-	-	8,352,429	8,352,429
Building	44,474,745	-	-	44,474,745	8,268,740	1,588,468	-	9,857,208	34,617,537	36,206,005
Plant & Machinery	400,412,262	7,206,358	123,175,455	284,443,166	129,362,462	22,108,274	39,915,141	111,555,595	172,887,571	270,965,639
Electric Installation	11,901,983	-	-	11,901,983	1,646,628	655,016	-	2,301,644	9,600,340	10,181,658
Furniture & Fixture	19,845,191	1,437,668	-	21,282,859	6,884,673	1,565,758	-	8,450,431	12,832,428	13,034,165
Vehicles	24,394,953	2,172,785	1,192,267	25,375,471	9,294,310	2,466,687	381,411	11,379,586	13,995,884	15,100,672
Office Equipment	16,647,257	1,039,974	-	17,687,231	4,069,596	2,179,471	-	6,249,067	11,438,164	12,577,658
Computer Lease hold	-	-	-	-	-	-	-	-	-	-
Computer	5,269,372	1,227,370	-	6,496,742	2,256,822	601,658	-	2,858,480	3,638,262	3,096,735
TOTAL	531,475,343	13,084,155	124,367,722	420,191,776	161,783,231	31,165,332	40,296,552	152,652,011	267,539,765	369,692,111
Intangible Assets										
Software	22,574,200	954,140	-	23,528,340	18,516,091	3,169,578	-	21,685,669	1,842,671	4,058,110
Grand Total	554,049,543	14,038,295	124,367,722	443,720,116	180,299,322	34,334,910	40,296,552	174,337,680	269,382,436	373,750,221
Previous Year figures :	538,361,170	16,730,633	1,042,260	554,049,543	144,989,412	35,943,582	633,671	180,299,322	373,750,221	

CAPITAL WORK IN PROGRESS

- 20,490,518

TOTAL

- 20,490,518

Note : Capital Work in Progress Includes advance for capital expenditure. (Unsecured, Considered Good.)

SCHEDULE - 5 INVESTMENTS

NON TRADE-QUOTED(*)

Long Term

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

33,000

33,000

1,41,427 Equity Shares of Rs 10/- each of Spanco Ltd.

5,232,799

5,232,799

NIL (P.Y. 4,86,667) Equity Shares of Rs 10/- each fully paid up of Sparsh BPO Services Ltd.

-

18,006,679

TRADE -UNQUOTED

3,80,307 (P.Y. 2,92,544) Equity Shares of Rs. 10/- each of Sistema Shyam Teleservices Ltd.

2,711,881

1,834,251

SHORT TERM

NIL (P.Y. 80.63) Units, UTI Treasury Advantage Fund

-

83,783

7,977,680

25,190,512

(*) Aggregated market value of Quoted Investments Rs 215.88 Lacs (Previous Year Rs. 294.28 Lacs) including cost where market value is not readily available.

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE - 6 INVENTORIES	ASAT 31-Mar-2011 (Rs.)	ASAT 31-Mar-2010 (Rs.)
<i>(As taken, valued and certified by the Management)</i>		
Raw Material	171,012,355	137,875,894
Finished Goods	865,523,306	309,854,175
Work In Process	74,931,879	34,001,368
Stores	3,435,542	1,017,081
Material In Transit	87,975,101	10,322,692
	1,202,878,182	493,071,210
SCHEDULE - 7 SUNDRY DEBTORS		
Debts Outstanding for over 6 months		
Unsecured & Considered Good	503,051,134	479,676,615
Unsecured & Considered doubtful	13,777,705	7,642,329
	516,828,839	487,318,944
Less : Provision for doubtful debts	13,777,705	7,642,329
Others debts	503,051,134	479,676,615
Unsecured & Considered Good	299,707,727	349,133,318
	802,758,861	828,809,933
SCHEDULE - 8 CASH & BANK BALANCES		
Cash in Hand	1,230,705	1,707,251
Balance With Scheduled Banks in :		
- Fixed Deposits / Margin Money (including interest accrued) (*)	310,658,829	113,519,140
- Current Account	92,005,835	74,904,806
Balance With Other Banks in :		
- Current Account	5,209,223	4,313,823
(*) Rs. 1,729 Lacs (Previous Year Rs. 1,099.08 Lacs) under bank lien as margin Money	409,104,592	194,445,020
SCHEDULE - 9 LOANS & ADVANCES		
<i>(Unsecured, Considered Good unless otherwise stated)</i>		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	144,687,355	117,463,020
Considered Doubtful	971,500	-
	145,658,855	117,463,020
Less : Provision for doubtful amounts	971,500	-
	144,687,355	117,463,020
Security Deposits	17,247,075	13,428,386
Cenvat Receivable	60,005,394	42,764,922
Balance with Excise Department	24,152	37,402
Advance Tax (Net)	23,256,216	15,597,507
MAT Credit available	-	1,292,374
	245,220,192	190,583,611

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE - 10 CURRENT LIABILITIES & PROVISIONS	ASAT	ASAT
	31-Mar-2011	31-Mar-2010
	(Rs.)	(Rs.)
Sundry Creditors	1,422,763,815	661,674,016
Advances From Customers and Others	614,056,756	590,610,227
Other Liabilities	379,572	265,786
Due to Directors	4,481	4,514
Due to Holding Company	556,472	-
Interest Accrued on loans	82,006,830	65,877,292
	2,119,767,926	1,318,431,835
PROVISIONS		
Leave Encashment	11,188,478	10,061,654
Retirement Benefits	6,069,443	5,291,746
	17,257,921	15,353,400

SCHEDULE - 11 OTHER INCOMES	Year ended	Year ended
	31-Mar-2011	31-Mar-2010
	(Rs.)	(Rs.)
Interest On Deposits (*)	13,456,367	3,937,076
Dividend on Non Trade Long term investment	3,053,811	171,928
Profit on Sale of Investment	35,526,858	-
Exchange rate Fluctuation (Net)	5,470,016	10,612,282
Miscellaneous Income	2,548,635	5,435,206
Profit on Sale of Assets (Net)	318,411	-
	60,374,098	20,156,492

(*) Tax deducted at source Rs. 14.53 Lacs (Previous Year Rs 5.96 Lacs)

SCHEDULE - 12 MANUFACTURING, ADMINISTRATIVE & OTHER EXPENDITURE

Material Consumed	360,403,794	269,182,374
Purchase of Goods Traded	6,423,329,693	2,454,012,078
Stores & Spares Consumed	5,334,446	2,696,497
Power & Fuel	8,083,035	6,907,694
Manufacturing Expenses	12,464,849	12,359,708
Excise Duty on Closing Stock (Finished Goods)	139,896	(763,940)
Salary, Wages & Bonus	131,853,567	129,554,999
Employer's Contribution to P.F. & Other Fund	11,187,292	7,544,858
Staff Welfare	9,503,344	9,863,595
Repair to:	-	-
- Plant & Machinery	2,124,616	1,928,974
- Building	1,661,387	4,983,390

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	YEAR ENDED 31-Mar-2011	YEAR ENDED 31-Mar-2010
	(Rs.)	(Rs.)
Auditor's Remuneration :		
- Audit Fee	906,010	783,488
- Tax Audit Fee	175,000	150,000
- Other	360,957	216,000
Research & Development Expenses	36,349,131	-
Communication Expenses	12,020,427	10,001,535
Printing & Stationery	3,289,067	2,067,978
Travelling & Conveyance	35,902,792	32,103,173
Rates & Taxes	2,755,401	1,926,118
Insurance	6,393,936	5,383,167
Rent and utilities	18,499,119	15,838,129
Directors Sitting Fee	82,000	56,000
Advertisement & Publicity	24,353,473	34,917,998
Dealers commission	45,680	1,304,711
Packing & Forwarding	71,125,623	23,753,212
Sundry Balances Written Off	6,409,552	-
Bad debts written off (Net)	366,052	20,632,854
Add/(Less) : Provision for Doubtfull Debts (Written Back)	7,106,876	(6,726,577)
Legal & Professional Charges	38,323,879	40,634,084
Foreign Consultancy Charges	3,047,302	4,999,876
Other Administrative Charges	38,223,824	24,171,220
Loss on Sale/write off of Assets (Net)	-	177,862
Discount on Sales	-	26,000,000
Plant and Machinery Discarded	78,220,152	-
Exchange Rate Difference arises on Conversion	(668,937)	(10,724,110)
	7,349,373,235	3,125,936,945
Add / Less Decrease / Increase in Stocks :		
Add : Opening Stock :		
Work In Process	34,001,368	20,450,841
Finished Goods	309,854,175	132,216,236
Less : Closing Stock:		
Work in Process	74,931,879	34,001,368
Finished Goods	865,523,306	309,854,175
	6,752,773,594	2,934,748,479

SCHEDULE -13 FINANCIAL CHARGES

Interest on		
- Fixed Period Loans	261,405	3,380,312
- Others	24,298,847	33,320,816
Bank Charges and commission	7,851,434	8,619,501
	32,411,686	45,320,629

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE – 14 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 9 months period i.e. from 1st April 2010 to 31st December' 2010,
- 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 consolidated 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 heldAs at December 31, 2010
Shyam Telecom Inc.	USA	100

2. BASIS FOR PREPARATION OF ACCOUNTS

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

3. FIXED ASSETS

Fixed Assets are stated at cost, net of VAT/ CENVAT, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalized. Capital expenditure on assets not owned by company is reflected in capital work in progress account till the period of completion and thereafter in the fixed assets. Machinery spares that can be used only in

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue.

4. EXPENDITURE INCURRED DURING THE CONSTRUCTION PERIOD

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

5. DEPRECIATION

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Individual assets costing Rs.5000 or less are depreciated in full in the year of purchase. Leasehold land for lease period below 90 years is amortised over the period of lease from the date of commencement of commercial operations

6. INTANGIBLE ASSETS

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

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

7. IMPAIRMENT

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

8. INVESTMENTS

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

9. INVENTORY VALUATION

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

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

10. FOREIGN CURRENCY TRANSACTIONS

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

11. REVENUE RECOGNITION

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

Revenue in respect of long-term turnkey works contracts is recognized under percentage of completion method, subject to such contracts having progressed to a reasonable extent.

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

12. INCOME ON INVESTMENTS

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

13. BORROWING COST

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

14. LEASES

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

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

15. PRODUCT WARRANTY EXPENSES

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

16. EMPLOYEES BENEFITS

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

17. CLAIMS

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

18. DERIVATIVE

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

19. TAXATION

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

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

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

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

20. GOVERNMENT GRANTS

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

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

21. PROVISION AND CONTINGENT LIABILITIES

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

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

22. PROPOSED DIVIDEND

Dividend as proposed by Board of Directors is provided for in the books of account, pending approval at the Annual General Meeting

23. CENVAT / VAT

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

SCHEDULE – 15 NOTES TO ACCOUNTS

	Year Ended March 31,2011	(Rs in Lacs) Year Ended March 31,2010
1 Contingent liabilities :		
i) Claim against the company not acknowledged as debt	108.13	108.13
ii) Outstanding Guarantee Issued by Banks	1,660.32	690.87
iii) Letter of Credits issued by the Banks (Agst. which Goods have not been despatched)	2,338.89	1,160.70
2 Machinery costing Rs 1179.15 Lacs having depreciated value Rs. 782.20 Lacs acquired in earlier years, has been retired from active use due to technical obsolescence and the same disposed off during the year.		
3 Bad debts debited to accounts include :		
Debit balances written off	3.99	206.33
Credit balances written off	0.33	-
Net	<u>3.66</u>	<u>206.33</u>
4 Earnings per share (Basic and Diluted) :		
Equity Shares (Nos.)	11,270,000	11,270,000
Profit/(Loss)after Tax (Rs. In Lacs)	265.56	(237.42)
Basic & Diluted Earning Per Share (Rs.)	2.36	(2.11)
5 DEFERRED INCOMETAX		

(Rs. in Lacs)

The deferred tax liability at the year end comprise of the following :	ASAT 31.03.2011		ASAT 31.03.2010	
	Deferred Tax Liability on account of;			
Timing difference between book & Tax Depreciation	437.59		711.36	
Deferred Revenue Expenditure	-	437.59	-	711.36
Deferred Tax assets on account of;				
Disallowance under Section 43B	60.51		51.45	
Provision for Doubtful Debts / Advances	47.85		23.62	
Others	-	108.36	194.28	269.35
Net deferred tax liability		329.23		442.01
Opening Deferred Tax Liability		442.01		651.19
Deferred Tax Charged/(Credit) during the year		(48.60)		(209.18)
Deferred Tax Charged/(Credit) on account of previous years		(64.18)		-

6 RELATED PARTY INFORMATION RELATIONSHIP

- a) - Key Management Personnel : Mr. K. N. Mehrotra , Mr. Rajiv Mehrotra , Mr Alok Tondon, Mr. Arun Khanna, Mr. Ajay Khanna, and Mr. B A majumdar [Previous year Mr. K. N. Mehrotra , Mr. Rajiv Mehrotra , Mr Alok Tondon ,Mr. Ajay Khanna, and Mr. B A Majumdar]

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- 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 Limited (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 Limited, Ubico Networks Pvt.Ltd., RMS Automation Systems Ltd., Spectranet Pvt Ltd., Vihaan Networks Ltd., and Embeem Inc.

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

Transactions with the above related parties are as follows:

(Rs In Lacs)

PARTICULARS	Key Management Personnel	Enterprises over which they have significant influence	Grand Total
1 Sale of Products/Services	-	17194.40	17,194.40
	-	13277.56	13,277.56
2 Purchase of Goods	-	10861.96	10,861.96
	-	1682.00	1,682.00
3 Managerial Remuneration	10.51	-	10.51
	13.91	-	13.91
4 Consultancy Charges	20.56	-	20.56
	22.34	-	22.34
5 Interest Accrued	-	820.07	820.07
	-	658.77	658.77
6 Rent Agreements (Paid)	1.20	44.12	45.32
	1.20	41.14	42.34
7 Rent Agreements (Received)	-	14.74	14.74
	-	13.51	13.51
8 Loan Taken	-	955.00	955.00
	-	2,048.00	2,048.00
9 Repayment of Loan	-	393.00	393.00
	-	1,565.00	1,565.00
Out standings ;			
10 Receivables	-	405.22	405.22
	-	8.77	8.77
11 Payables	-	1,037.16	1,037.16
	-	3,470.96	3,470.96
12 Guarantees	-	-	-
	-	-	-
13 Loans (including interest accrued)	-	4218.72	4,218.72
	-	3,495.42	3,495.42

7 Operating Leases

Where the company is a lessee

Operating Lease :

The Company (Shyam Telecom Inc.) takes on lease office space, under various operating leases ranging from one month to five years.

Future lease receipts under operating leases are as follows:

(Rs in Lacs)

	March 31,2011	March 31,2010
Payable not later than one year	-	10.43
Later than one year but not later than five years	-	-
later than five years	-	-
Total	-	10.43

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

8 SEGMENT INFORMATION

The Company and its subsidiaries operations predominantly relate to providing Telecommunication and information technology 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 market 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. Turnkey Projects and trading services segment includes the turnkey Projects and 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 except basic telephony services and internet services , 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 available data is onerous except basic telephony services.

Business Segments (Primary)	Rs in Lacs	
	Year Ended	Year Ended
Segment Reporting	31-Mar-11	31-Mar-10
Particulars		
Segment Revenue		
- Telecom Products & Services	7,234.39	7,847.67
- Trading and Turnkey Projects	60,617.82	21,666.36
- Investment	385.80	1.72
Net Sales	68,238.01	29,515.75
Segment Results		
(Profit before Amortisation, Interest, Tax and unallocable overheads)		
- Telecom Products & Services	79.68	813.80
- Trading and Turnkey Projects	1,808.54	73.76
- Investment	385.80	1.72
Total	2,274.02	889.28
Less :		
- Depreciation & Amortisation	343.35	359.44
- Interest & Financial Charges	324.12	453.21
Other un-allocable Expenditure (Net of un-allocable Income)	1,345.80	521.16
Profit/(Loss) Before Tax (net of Extraordinary Items)	260.75	(444.53)
Taxes (net of MAT Credit)	(4.81)	(207.11)
Net profit/(Loss) after taxes	265.56	(237.42)

- 9 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

During the year the Company has recognized Rs. 58.45 Lacs (previous Year Rs. 51.69 lacs) towards contribution to PF in the Profit and Loss account.

B. State Plans

Employer's contribution to Employee State insurance and to Welfare Fund

During the year the Company has recognised Rs. 6.39 lacs (Previous year Rs. 3.65 Lacs) towards contribution to ESI and Rs. 0.18 Lacs (previous Year Rs. 0.027 Lacs) towards welfare fund, in the Profit and Loss accounts.

C. Defined Benefit Plans

The actuarial valuation carried out is based on following assumption:

- a) Leave Encashment

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

b) Contribution to Gratuity Fund - Employee's Gratuity Fund.

i) Actuarial Assumptions	Current Year		Previous Year	
	Leave Encashment	Employee Gratuity Fund	Leave Encashment	Employee Gratuity Fund
Discount Rate (per annum)	8%/8.10%	8%/8.10%	8.00%	8.00%
Rate of increase in compensation levels	5.50%	5.50%	5.50%	5.50%
Rate of return on plan assets	-	9.15%	-	9.15%
	(Rs In Lacs)	(Rs In Lacs)	(Rs In Lacs)	(Rs In Lacs)
ii) Change in the obligation during the year				
Present value obligation as at beginning of period	100.62	90.85	87.51	82.56
Impact of Transition provision of AS-15	-	-	-	-
Interest cost	8.05	7.27	6.56	6.19
Past Service cost	-	12.36	-	2.18
Current service cost	20.15	17.30	20.11	14.02
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(3.23)	(11.11)	(3.83)	(13.99)
Actuarial (gain)/ loss on Obligations	(13.71)	19.51	(9.74)	(0.11)
Present value obligation as at the end of the period	-	-	100.61	90.85
Receivable from other company's fund	-	-	-	-
Net Present value obligation as at the end of the period	111.88	136.18	100.61	90.85
iii) Change in fair value plan Assets				
Fair value of Plan Assets as at beginning of the period	-	37.94	-	28.97
Expected return on Plan Assets	-	4.24	-	2.59
Contributions	-	43.37	-	20.18
Benefits Paid	-	(10.06)	-	(13.98)
Actuarial gain/ (loss) on Obligations	-	-	-	0.18
Fair value of Plan Assets as at the end of the period	-	75.49	-	37.94
iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Assets				
Present value obligation as at the end of the period	111.88	136.18	100.61	90.85
Fair value of Plan Assets as at the end of the period	-	75.49	-	37.94
Funded Status	(111.88)	(60.69)	(100.61)	(52.91)
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.	(111.88)	(60.69)	(100.61)	(52.91)
v) Expenses recognised in Profit and Loss Account				
Current service cost	20.15	17.30	20.11	14.02
Past Service cost	-	12.36	(0.36)	4.89
Interest cost	8.05	7.27	6.56	6.19
Expected return on Plan Assets	-	(4.24)	-	(2.59)
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(13.71)	19.51	(9.74)	(0.30)
Received / Receivable from other company's fund	-	-	-	-
Net Expense recognised in Profit and Loss Account	14.49	52.20	16.57	22.21

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- 10 Some of the personal accounts are subject to adjustments / reconciliation / confirmation .
- 11 In the opinion of Board of Directors 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.
- 12 Figures pertaining to the holding company or subsidiaries have been reclassified wherever necessary to bring them in line for preparation of consolidated financial statements.
- 13 Previous year figures have been regrouped/reclassified wherever considered necessary
- 14 Previous year figures is non comparable with current year figures.
- 15 The Financial statement of subsidiary company namely Shyam telecom Inc.used in consolidation only for 9 months period from 1st April,2010 to 31st December,2010.

As per our report of even date attached

For **MEHRA GOEL & CO.**
CHARTERED ACCOUNTANTS

R.K MEHRA
Partner
M. No. 6102

RAJIV MEHROTRA
Chairman & Managing Director

AJAY KHANNA
Managing Director

ALOK TANDON
Managing Director

PLACE : NEW DELHI
DATED : 1st August, 2011

UMESH GARG
Chief Financial Officer

DHARMENDER DHINGRA
Vice President (Legal) & Company Secretary

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

TIME: 12.00 Noon

DAY & DATE: MONDAY, 5th SEPTEMBER, 2011

**VENUE: HOTEL MARRIOT NEAR JAWAHAR CIRCLE ASHRAM MARG, TONK ROAD,
JAIPUR-302015 RAJASTHAN**

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of **SHYAM TELECOM LIMITED** will be held at Hotel Marriot near Jawahar Circle Ashram Marg, Tonk Road, Jaipur- 302015 Rajasthan, on Monday, 5th September, 2011 at 12.00 Noon to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and Profit and Loss Account for the period ended on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. N.Kumbhat, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vinod Juneja, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. C.S.Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/S Mehra Goel & co., Chartered Accountants, as Auditors to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and authorize the Audit Committee of the Board/Board of Directors to fix their remuneration.

By Order of the Board of Directors
For Shyam Telecom Limited

Sd/-

DHARMENDER DHINGRA
V.P.(legal) & Company Secretary

Place: New Delhi

Date: 1st August, 2011

REGISTERED OFFICE:

MTS TOWERS
3, AMRAPALI CIRCLE
VAISHALI NAGAR
JAIPUR-302021
RAJASTHAN (INDIA)

NOTES:

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

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

2. Please bring the Admission slip duly filled-in and hand over the same at the entrance of the Meeting Hall.

3. The Register of Members and share transfer Books of the company will remain closed from 1st September, 2011 (Thursday) to 5th September, 2011 (Monday). (both days inclusive).
4. Members desirous of getting any information from the company are requested to send their queries to the company at its registered office well in advance so that the same may reach at least 7 days before the date of the meeting to enable the management to keep the required information readily available at the meeting.
5. As a measure of economy, members are requested to bring their copy of the Annual Report to the meeting.
6. Members are requested to immediately furnish their Email addresses and intimate the change of their address, if any, along with pin-code numbers with the registered office of the company quoting their Folio Numbers and members holding shares in electronic form may inform the same to their Depository Participants.
7. In compliance to the listing Agreement the company is in the process of transferring all unclaimed shares to Shyam Telecom Ltd.-Unclaimed Suspense A/c. Hence members are requested to kindly claim their shares immediately from the Registrar or the company as the case may be.
8. Pursuant to section 205A of the companies Act, 1956, all the unclaimed/ unpaid dividend for all the years have been transferred to Investor Education & Protection Fund.
9. Brief resume and other requisite information of Mr. N.Kumbhat, Mr. Vinod Juneja, Mr. C.S Malhotra and are given in the report of Corporate Governance, as required under Clause 49 of the Listing agreement, Further, all three directors have filled form No. DDA with the company as required by the companies (Disqualification of Directors under section 274(1)(g) of the companies Act, 1956) Rules, 2003 and have confirmed that they are not disqualified for re-appointment as Directors of the company.
10. The shares of the company are at present listed on two Stock Exchanges viz, Bombay Stock Exchange and National Stock Exchange. Listing Fees to all the stock Exchanges had been paid up to 31st March, 2011.
11. An important communication is attached herewith for perusal of Members.

By Order of the Board of Directors
For Shyam Telecom Limited

Sd/-

DHARMENDER DHINGRA
V.P.(legal) & Company Secretary

Place: New Delhi

Date: 1st August, 2011

REGISTERED OFFICE:

MTS TOWERS
3, AMRAPALI CIRCLE
VAISHALI NAGAR
JAIPUR-302021
RAJASTHAN (INDIA)

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by 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 2010-2011

Name : _____

e-mail id : _____

Address : _____

Folio No : _____ No of equity shares held : _____

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

Signature of Member

Notes:

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



SHYAM TELECOM LIMITED

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

ATTENDANCE SLIP

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

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

Applicable for members holding shares in dematerialized form.

I / We hereby record my / our presence at the 18TH ANNUAL GENERAL MEETING of SHYAM TELECOM LIMITED to be held at 12.00 Noon on Monday, 5th September 2011, at Hotel Marriot Near Jawahar Circle Ashram Marg, Tonk Road, Jaipur-302015, Rajasthan, India.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

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

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



SHYAM TELECOM LIMITED

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

PROXY FORM

Folio No DP ID* Client ID*
Shares Held

I/We, of being a Member / Members of SHYAM TELECOM LIMITED, hereby appoint of or failing him/her of or failing him/her of as my /our Proxy to attend and vote for me / us on my / our behalf at the 18TH ANNUAL GENERAL MEETING of SHYAM TELECOM LIMITED to be held at 12.00 Noon on Monday, 5th September 2011, at Hotel Marriot Near Jawahar Circle Ashram Marg, Tonk Road, Jaipur-302015, Rajasthan, India or at any adjournment thereof.

Signed this day of 2011.



*Applicable for holding in electronic form

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

(*Mr. Ravi Kant Jaipuria were on the Board upto 11th February, 2011)

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Mr. Dharmender Dhingra

AUDITORS

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

BANKERS

United Bank of India
Bank of Baroda
State Bank of India

REGISTRAR AND TRANSFER AGENTS

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

DEPOSITORY

● National Securities Depository Ltd.

4th Floor, Trade World,
Kamla Mills Compound,
Senapati Bapat Marg,
Lower Parel,
Mumbai-400013, India
Ph.: 91-22-24994200
Fax: 91-22-24972993/24976351

● Central Depository Services (India) Ltd.

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

EQUITY SHARES LISTING

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

www.shyamtelecom.com

REGD.OFFICE:
MTS Towers,
3, Amrapali Circle,
Vaishali Nagar, Jaipur -302021
Rajasthan, India