

## NOTICE

Notice is hereby given that Annual General Meeting of M/S SGN TELECOMS LIMITED will be held on Thursday, 30<sup>th</sup> September, 2010 at 9.00 A.M. at regd. office E 58-59, ELTOP, Phase-VIII S.A.S. Nagar, Mohali to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March 2010 and statement of profit and loss during the year ended on that date along with the report of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Paramjit Kaur who retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment.
3. To appoint a Director in place of Mr Balwinder Singh who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.
4. TO APPOINT THE STATUTORY AUDITORS OF THE COMPANY AND IN THIS REGARD TO PASS THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION:

"Resolved that M/s N Kumar & Co, Chartered Accountant, the retiring Statutory Auditors of the company, be and are hereby reappointed as Statutory Auditors of the company from the conclusion of this Annual General Meeting until the conclusion of next annual general meeting at a remuneration to be decided by the Board."

### SPECIAL BUSINESS

5. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

"Resolved that pursuant to provisions of section 293(1)(d) of the Companies Act, 1956 consent of the shareholders be and is hereby accorded to the Board of Directors of the company for borrowing from time to time for the purpose of the company business any sum or sums of money as may deem proper notwithstanding that moneys already borrowed by the company, if any, (apart from temporary loans obtained from financial institutions) may exceed the aggregate for the time being of the paid up capital of the company and its free reserves, if any

that is to say, reserves not set apart for any specific purpose provided that total amount to be borrowed by the board together with money already borrowed, if any (apart from temporary loans obtained in the ordinary course of business) shall not exceed Rs. 100.00 crores (Rupees Hundred Crores) outstanding at any time and that for the implementation of this resolution the Board may act through any member thereof or any other person duly authorized by the board in this behalf."

**6. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:**

"RESOLVED THAT Ms. Rita Sharma who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the Company liable to retire by rotation."

**7. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTION A SPECIAL RESOLUTION :**

"RESOLVED that subject to the provisions of section 198, 269, 309, 310, 311 and Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Act the consent of the shareholders be and is hereby accorded for the appointment of Mr. Surinder Singh as Chairman cum Managing Director for a period of Three years w.e.f. 06/09/2010 on the following terms & conditions as decided by the remuneration committee :

Salary : Rs. 20000/- per month

**PERQUISITES :**

- i) Medical reimbursement : For self and family subject to a ceiling of one month salary in a year as per the rules of the company.
- ii) Earned Leave : Twenty days in a year to be accumulated up to 240 days as per rules of the company. Leave accumulated and not availed of during his tenure as Executive Director may be allowed to be encashed as per the rules of the company.
- iii) Leave Travel Concession : Actual Expenses for self and family, once a year maximum up to one months salary in accordance with the Rules of the Company.
- iv) Club Fees : Fees of Clubs subject to a maximum of two clubs. No admission and life membership fee will be paid.
- v) Personal Accident Insurance : Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 4000/-.

- (iv) The Managing Director shall also be entitled to contribution to Provident Fund, Superannuation Fund or Annuity fund which will not be included in the computation of ceiling of perquisites to the extent they are exempted under the Income Tax Act. He shall also be eligible for Gratuity subject to a ceiling of half month salary for each complete year of service or Rs.3,00,000/ whichever is lower, as per Rules of the Company.
- (vii) Free Telephone Facility at residence at Company's cost subject to the condition that long distance personal calls shall be billed by the Company.
- (viii) Free of cost company's chauffer driven car, including maintenance and operations thereof subject to the condition that the use of car for private purpose shall be billed by the company.

RESOLVED FURTHER THAT Chairman cum Managing Director shall also be entitled for reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred in connection with the company's business and such other benefits/amenities and other privileges, as may from time to time, be available to other Senior Executives of the Company."

RESOLVED FURTHER THAT in the event of loss and / or inadequacy of profits in any financial year during his tenure, the remuneration as proposed shall be deemed to be minimum remuneration."

For Board of Directors  
M/S SGN TELECOMS LTD.

DATE : 05/09/2010  
PLACE : Mohali

Sd/-  
CHAIRMAN CUM MG DIRECTOR

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote himself and such proxy need not to be the member of the company.
2. Proxies in order to be effective must be received by the company at its Registered Office not less than 48 hours before the meeting.
3. Register of members and register of transfer will remain closed from 28th September 2010 to 30th September 2010 both days inclusive.
4. Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is attached.

**ITEM NO. 5**

In terms of the provisions of Section 293(1)(d) of the Act, the Board of Directors of the company cannot except with the consent of the Company in General meeting, borrow moneys, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits.

The Board of Directors accordingly recommends the resolution set out in the notice.

None of the Directors are interested in the resolution.

**ITEM NO.6**

The company appointed Ms. Reeta Devi as Additional director of the company. In terms of the provisions of section 260 of the Act they holds office upto the date of AGM. The company has received notice u/s 257 of the Act for their confirmation as regular director.

None of the Directors are interested in the resolution.

**ITEM NO. 7**

The growth and profitability of the company has increased in the recent past due to the contribution and whole time devotion of Mr. Surinder Singh. Appreciating the contribution of Mr. Surinder Singh the remuneration committee and Board has decided to reappoint him as the Managing Director & pay him a remuneration of Rs. 20,000/- per month alongwith other benefits and perquisites as mentioned in the resolution for a period of three years w.e.f. 07/09/2010 within the limit specified in schedule XIII of the Companies Act, 1956.

Taking into account the present effective capital of the Company as per schedule XIII of the Companies Act, 1956, the company can pay remuneration upto Rs. 20000/- per month to the executive directors, subject to the approval of the members in the general meeting. As such the proposed remuneration shall be within the limit provided under the above schedule. The company

solicits the consent of share holders by way of special resolution within limit provided under clause 1(B) of section II of Part II of schedule XIII of the Companies Act, 1956.

Mr. Surinder Singh, Mr. Devender Singh, Mrs. Paramjeet Kaur and Mrs. Parminder Kaur are interested in the resolution.

**S.G.N. TELECOMS LIMITED**  
Registered Office: E-58-59, INDUSTRIAL AREA, PHASE 8, MOHALI, Pb.

(In case of Member is unable to be present in person at the Meeting this form may be used)

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of S.G.N. Telecoms Limited hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ or failing him/her, Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at registered office on 30.09.2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.  
Folio/ Client I.D. No. \_\_\_\_\_

Affix  
Rupee one  
Revenue  
Stamp

Signature.....

**Notes:**

1. The proxy must be deposited at the Regd. Office of the Company at E-58-59, Industrial Area, Phase VIII, Mohali, Punjab, atleast 48 hours before the time for holding the Meeting.
2. A proxy need not to be a member of the Company.

**S.G.N. TELECOMS LIMITED**

**Registered Office: E-58-59, INDUSTRIAL AREA, PHASE 8, MOHALI, Pb.**

(In case of Member is unable to be present in person at the Meeting this form may be used)

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of S.G.N. Telecoms Limited hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ or failing him/her, Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at registered office on 30.09.2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.  
Folio/ Client I.D. No \_\_\_\_\_

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2. A proxy need not to be a member of the Company.

**S.G.N. TELECOMS LIMITED**

**Registered Office: E-58-59, INDUSTRIAL AREA, PHASE 8, MOHALI**

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

Name of the attending Member \_\_\_\_\_ Folio/Client I.D. No. ....  
(IN BLOCK LETTERS)

No. of Shares.....

Name of the Proxy ( IN BLOCK LETTERS) \_\_\_\_\_

[To be filled in if the Proxy attends instead of the Member(s)]

I hereby record my presence at the Annual General Meeting at Regd Office at E-58-59, Industrial Area, Phase VIII, Mohali, Punjab.

Member's/ Proxy's Signature

(to be signed at the time of handing over this slip )

NOTE: The copy of the Annual Report may please be brought to the Meeting Hall.

For Office Use :

## DIRECTORS REPORT

Your Directors are pleased to present their Annual Report for the financial year ended on 31st March 2010.

### FINANCIAL RESULTS:

PARTICULARS	31 <sup>st</sup> March 2010 ( Rs. In Lacs)	31 <sup>st</sup> March 2009 ( Rs. In Lacs)
Income	278.71	667.19
Profit Before Depreciation	1.46	19.48
Depreciation	11.90	13.15
Net Profit/(loss)	(10.43)	6.33

Due to the adverse global and domestic market conditions the turnover of the company for the current financial year has been decreased by 49% as compare to the last year's turn over and the company has incurred a loss of Rs. 10.43 lacs during the financial.

### FIXED DEPOSIT

The Company has not accepted any deposit from the public with in the meaning of section 58-A of the Companies Act,1956.

### DIRECTORS:

Mr. Surinder Singh has been appointed as Chairman cum Managing Director. Mr. Devender Singh has resigned from the post of Managing Director and is continuing as Director of the company. Ms. Paramjit Kaur and Mr. Balwinder Singh, Directors of the company who retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Ms. Reeta Devi has been appointed as additional director of the company till the ensuing annual general meeting. The Board recommends for regularization of her appointment as director liable to retire by rotation. Mr. Nirmaljit Singh has resigned from the directorship. The Board place on record the efforts put by Mr. Nirmaljit Singh in upliftment of the company.



**LISTING:**

The company is listed with Bombay Stock Exchange Limited and Ludhiana Stock Exchange It is regular in payment of listing fees and complying with other listing requirements. The company has filed applications with Delhi Stock Exchange as shares are not being traded in this exchange and listing with this serves no purpose .

**AUDITORS:**

M/s N Kumar & Associates, Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The company has received a letter from them that their appointment if made will be within the limits as prescribed in the section 224 (1B).

**AUDITORS REPORT:**

Observation in the Auditors Report are dealt with in the notes to the Accounts and are self explanatory.

**CORPORATE GOVERNANCE REPORT:**

As required under listing agreement the Corporate Governance Report along with Auditors certificate regarding compliance of conditions of corporate governance report is enclosed.

**PARTICULARS OF EMPLOYEES**

None of the employees is covered Under Section 217(2A) of the Companies Act ,1956 read with Companies (Particulars of Employees) Rules ,1975 as amended.

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

The company is taking every possible step to conserve energy resources. The management is also planning to install new machinery with the latest technologies. The company has not incurred any expenditure or earned any income in the foreign currency during the financial year.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

As required u/s 217 (2AA) of the companies Act ,1956 the Directors states that :

1. That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That 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 the financial year and of the profit or loss of the company for that period.
3. That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That Directors have prepared the annual accounts on going concern basis.

## **ACKNOWLEDGEMENT**

The Directors, place on record their appreciation for the support and assistance received from all concerned during the period under review.

For Board of Directors  
M/S SGN TELECOMS LTD.

DATE : 06/09/2010  
PLACE : Mohali

Sd/-  
CHAIRMAN CUM MG DIRECTOR

## AUDITORS' REPORT TO THE MEMBERS OF SGN TELECOMS LIMITED

We have audited the attached Balance Sheet of M/s SGN Telecoms Limited as at 31st March, 2010. 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.

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

As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and in terms of information and explanations given to us and also on the basis of such checks as we considered appropriate, we state that :-

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) During the year management did not physically verify the fixed assets, however fixed Assets are physically verified by the management once in three year which is reasonable & no material discrepancies were noticed on last verification.  
(c) The Company has not made any substantial disposal of fixed assets, during the year. Thus, the going concern status of the Company has not been affected.
2. As informed to us physical verification has been conducted by the management at year end in respect of finished goods and stores, spare parts and raw materials. The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business. The discrepancies noticed on such verification in respect of raw materials as compared to the books records (stock register maintained on computer system) which are not significant, have been properly dealt with in the books of accounts. The valuation of these stocks is fair and proper in accordance with normally accepted accounting principles.
3. In our opinion the company has not taken unsecured loans, from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 where the rate of interest or other terms and conditions on such loans are Prima Facie Prejudicial to the interest of the Company.
4. The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, where the rate of interest and other terms and conditions of such loans are Prima facie prejudicial to the interest of the Company.
5. In our opinion the internal control procedure of the Company relating to the purchases of stores, raw materials including components, Plant & Machinery, equipment and other similar assets and sale of goods are commensurate with the size and nature of the business of the Company.
6. (b) According to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees 50,000/- in respect of any party.
7. The Company has not accepted any deposits from the public to which the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder would apply.
8. The Company did not have an internal audit system during the year.
9. Maintenance of cost records has not been prescribed by the Central Govt. under section 209(1) (a) of the Companies Act, 1956, for any of the products of the Company.
10. (a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, sales tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.

- (b) There are no outstanding undisputed statutory dues as at the last day of the financial year ended on 31-03-2010 or for a period of more than six months from the date they became payable.
11. In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has neither incurred cash losses during the financial year covered by our audit nor in the preceding financial year.
  12. According to the information and explanations given to us, the company has not defaulted in the repayment of dues to the financial institutions or banks. Further, there are no debenture holders.
  13. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  14. The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the said Order) are not applicable to the company.
  15. The company is not significantly dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the said Order are not applicable to the company. However the company has made some long term investment in share. All the investment are properly maintained.
  16. According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
  17. According to the information and explanations given to us and on an overall explanations given to us, in our opinion, the terms loans have been applied for the purpose for which it was raised.
  18. According to the information and explanations given to us and on an overall examination of the balance sheet of the company in our opinion the funds raised on short term basis have not been used for long term investments and vice-versa.
  19. The company has made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 and the Price at which this preferential allotment has been made is not prejudicial to the interest of the Company.
  20. The company has not issued any debentures. Accordingly, the question of creating a security for debentures does not arise.
  21. The company has not raised any money by public issues each during the year. Accordingly the question of disclosure of end use of such monies does not arise.
  22. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Further to the 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 purpose of our audit;
- b) in our opinion, proper books of account as required by the Companies Act, 1956 (as amended) have been kept by the Company so far as appears from our examination of these books;
- c) the Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet and Profit & Loss Account complied with the Accounting Standards as 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 and taken on record by the Board of Director, we report that none of the directors of the company is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

f) In our opinion and to the best of our information and according to the explanations given to us the said Accounts, read with other notes thereon, given in the schedule 15 forming part of the accounts in the manner so required and give a true and fair view:

- i) In the case of Balance sheet, of the state of affairs of the Company as at 31st March, 2010; and
- ii) in the case of Profit & Loss Account, of the loss of the Company for the year ended on that date.

For N.KUMAR & CO  
Chartered Accountants  
— sd —

(Narinder Kumar)  
(Prop.)  
M.No-80287

Place : Chandigarh  
Dated: 06.09.2010

**M/S SGN TELECOMS LTD, MOHALI**  
**BALANCE SHEET AS ON 31.03.2010**

LIABILITIES	SCHED	AS ON 31.03.2010		AS ON 31.03.2009	
<b>SOURCE OF FUNDS</b>					
<b>SHAREHOLDERS FUNDS</b>					
Share Capital	1	73771812.00		73771812.00	
Reserves & Surplus	2	<u>3083857.00</u>	76853269.00	<u>3083857.00</u>	76552289.00
<b>LOANS FUNDS</b>					
Secured Loans	3	1065237.00		1065237.00	
Un-Secured Loans	4	<u>1087158.50</u>	<u>2132295.50</u>	<u>1104823.47</u>	<u>2170060.47</u>
			<u>7893764.50</u>		<u>7907329.47</u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	5	49208076.27		49208076.27	
Less: Depreciation		<u>15731892.91</u>	33476189.38	<u>14541482.30</u>	34666393.91
Net Block					
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
INVENTORY	6	10748811.00		10644559.00	
Sundry Debtors	7	19205843.63		19761876.89	
Cash & Bank Balances	8	282076.56		454300.23	
Loans & Advances	9	<u>11381883.10</u>		<u>10216058.19</u>	
		41618614.20		41074791.31	
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	10	673730.00		630682.00	
Provision	11	<u>69979.00</u>		<u>92203.00</u>	
		684706.00	40953908.29	723688.00	40354423.31
<b>CURRENT ASSETS</b>					
<b>MISCELLANEOUS EXPENDITURE</b>					
(To the extent not written off or adjusted)	12	493167.20		886311.20	
Profit/Loss Account		<u>4084417.65</u>	4557674.85	<u>3021001.05</u>	
Transferred from Reserve A/c					
			<u>7893764.50</u>		<u>4097312.25</u>
					<u>78038323.47</u>

For SGN TELECOMS LIMITED

-- sd --

MANAGING DIRECTOR

PLACE: CHANDIGARH  
 DATED: 06.04.2010

JT. MGR.  
 DIRECTOR

**AUDITOR'S REPORT**

As per our separate report of even date attached

For NIKUMAR & CO.  
 Chartered Accountants  
 - sd -

(HARINDER KUMAR)  
 PROP.  
 M.NO. 80287

**M/S SGN TELECOMS LTD, MOHALI**  
**TRADING ,PROFIT AND LOSS ACCOUNT FOR THE YEAR 31.03.2010**

PARTICULARS	SCHED	AMOUNT AS ON 31.03.2010	AMOUNT AS ON 31.03.2009
<b>INCOME</b>			
From Manufacturing/Trading Sales		26827245.00	64790243.00
Misc Income		<u>1244050.00</u>	<u>1928752.00</u>
		27871295.00	66718995.00
<b>EXPENDITURE</b>			
Manufacturing Expenses	13	26448435.00	60447409.00
Administrative Expenses	14	1172918.00	3567283.00
Financa Expenses	15	102948.05	755856.98
Depreciation Expenses		<u>1190410.55</u>	<u>1315142.16</u>
		28814711.60	66085671.14
Net Profit(+) Loss(-)		-1043416.60	633323.86
Provision for FBT		0.00	18558.00
Profit(+)/Loss (-) Trf from Previous Year		<u>-3021001.05</u>	<u>-3837766.91</u>
Total Profit/Loss Trf. To Balance Sheet		<u><u>4064417.65</u></u>	<u><u>3021001.05</u></u>

For SGN TELECOMS LIMITED

-- sd --                      -- sd --

MANAGING DIRECTOR

JT. MG.  
DIRECTOR

PLACE : CHANDIGARM  
DATED : 06.09.2010

**AUDITOR'S REPORT**

As per our separate report of even date attached

For N.KUMAR & CO.  
Chartered Accountants  
- sd -

(NARINDER KUMAR)  
PROP.  
M.NO. 80287

M/S SGN TELECOMS LIMITED, MOHALI  
SHARE CAPITAL

SCHEDULE - 1

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
AUTHORISED SHARE CAPITAL 300000000 EQUITY SHARE OF RS.1/ EACH (Previous Year 300000000 Equity Shares of Rs.1/- each)	300000000.00	300000000.00
ISSUED SUBSCRIBED & PAID UP CAPITAL 72809900 EQUITY SHARES OF RS.1/- EACH FULLY PAID UP (Previous Year 70144000) (Including 9718000 Equity Shares of Rs.1/- each allotted for consideration other than cash and 500000 Equity Share of Rs.1/- each converted from Zero Coupon Convertible Warrants) 10% Application money of 9334100 Zero Coupon Share Warrant of Rs. 1/- each convertible into Equity Share of Rs.1/- each within 18 months at premium of 0.03 Paise	72809900.00	72809900.00
	981412.00	961412.00
	<u>73771312.00</u>	<u>73771312.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
RESERVES AND SURPLUS

SCHEDULE - 2

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
CAPITAL RESERVE Zero Coupon Convertible Warrants 10% Application Money on 29850000 Warrants of Rs.1/- each Forfeited	2985000.00	2985000.00
Land Subsidy	18980.00	18980.00
Share Premium on 2665900 Shares at 0.03 paise	79977.00	79977.00
	<u>3083957.00</u>	<u>3083957.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
SECURED LOANS

SCHEDULE - 3

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
FROM OTHERS Term Loans From Punjab Financial Corporation (Secured by 1st Charges on Fixed assets of the Company & Personal guarantee of Directors)	1065237.00	1065237.00
	<u>1065237.00</u>	<u>1065237.00</u>



M/S SGN TELECOMS LIMITED, MOHALI  
UNSECURED LOANS

SCHEDULE - 4

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
Due to Directors	1067158.50	1067158.50
Clean Limit ICICI Bank	0.00	37664.97
	<u>1067158.50</u>	<u>1104823.47</u>

M/S SGN TELECOMS LIMITED, MOHALI  
 SCHEDULE OF FIXED ASSETS AS AT 31.03.2012

SCHEDULE - B

PARTICULARS	GROSS BLOCK				DEPRECIATION		NET BLOCK AS ON	
	OPENING BALANCE	ADDITIONS	SALE	CLOSING BALANCE	UP TO 31.03.2012	DURING THE YEAR	31.03.2010	31.03.2012
Land & Site Development	3306909.89	0.00	0.00	3306909.89	0.00	0.00	3306909.89	3306909.89
Building	10035195.75	0.00	0.00	10035195.75	4192882.05	351890.93	6483242.77	6442173.70
Furniture, Fixture & Equipment	776723.22	0.00	0.00	776723.22	770865.12	5859.10	280	5859.10
Plant & Machinery	1048891.99	0.00	0.00	1048891.99	8460039.58	826521.52	9286891.09	2028662.42
Machinery (Machinery under installation)	2342300.00	0.00	0.00	2342300.00	0.00	0.00	2342300.00	2342300.00
Vehicle	117285.83	0.00	0.00	117285.83	117285.83	0.00	0.00	0.00
<b>TOTAL</b>	<b>49208078.27</b>	<b>0.00</b>	<b>0.00</b>	<b>49208078.27</b>	<b>14541482.36</b>	<b>1190410.55</b>	<b>15731892.01</b>	<b>33486893.81</b>

M/S SGN TELECOMS LIMITED, MOHALI

SCHEDULE - 6

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
<b>INVENTORIES</b>		
(As taken, Valued & Certified by the Management)		
Raw Material		
Semi Finished/Finished Goods	5667572.00	5561280.00
Stores & Spares	4518121.00	4520161.00
Packing Material	46900.00	46900.00
	516218.00	516218.00
	<u>10746811.00</u>	<u>10644559.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
SUNDRY DEBTORS

SCHEDULE - 7

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
<b>UNSECURED &amp; CONSIDERED GOOD</b>		
(a) Less than six months	15145273.00	17198813.89
(b) Exceeding six months	4060570.63	2563262.00
	<u>19205843.63</u>	<u>19761875.89</u>

M/S SGN TELECOMS LIMITED, MOHALI  
CASH & BANK BALANCES

SCHEDULE - 8

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
Cash In Hand		
Balances with Scheduled Banks	248247.00	451926.23
Andhra Bank	2374.00	2374.00
ICICI Bank OD A/c	31455.58	0.00
	<u>282076.58</u>	<u>454300.23</u>

M/S SGN TELECOMS LIMITED, MOHALI  
LOANS & ADVANCES

SCHEDULE - 9

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
(Unsecured Considered Good) Advances Recoverable in cash or kind for value to be received	9985149.91	8817323.00
DEPOSIT WITH CENTRAL EXCISE In RG 23(CENVAT)	428129.12	428129.12
SECURITY DEPOSIT (With Govt Department and other Agencies)	968604.07	968604.07
	<u>11381893.10</u>	<u>10214056.19</u>

M/S SGN TELECOMS LIMITED, MOHALI  
CURRENT LIABILITIES

SCHEDULE - 10

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
Sundry Creditors	573730.00	630562.00
Other Liabilities	0.00	0.00
	<u>573730.00</u>	<u>630562.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
PROVISIONS

SCHEDULE - 11

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
Mobile Expenses Payable	0.00	4168.00
Audit Fee Payable	20000.00	40000.00
Wages Payable	52665.00	0.00
Provision for FBT	0.00	16458.00
Electricity Charges Payable	18313.00	32080.00
	<u>80978.00</u>	<u>92808.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
MISCELLANEOUS EXPENSES

SCHEDULE - 12

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
(To the Extent Not Adjusted or Written off)		
Preliminary Expenses	51383.60	102765.60
Public Issue Expenses	441773.60	883545.60
	<u>493157.20</u>	<u>986311.20</u>

M/S SGN TELECOMS LIMITED, MOHALI  
MANUFACTURING EXPENSES

SCHEDULE - 13

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
<b>MATERIAL COST</b>		
Opening Balance	5561280.00	6062579.00
Purchases	<u>25273854.00</u>	<u>57417819.00</u>
	30835134.00	63480398.00
Less : Closing Stock	5667572.00	5561280.00
Freight Charges	18218.00	37219.00
Consumable Stores	78547.00	145263.00
Labour	<u>1033521.00</u>	<u>1883231.00</u>
	<u>26297848.00</u>	<u>59964831.00</u>
Decrease (Increase) in Stock of Semi-Finished/ Finished Goods		
Stock at Beginning	4520161.00	4712568.00
Less: Stock at Close	<u>4518121.00</u>	<u>4520161.00</u>
	<u>2040.00</u>	<u>192407.00</u>
Other Manufacturing Expenses	148547.00	290171.00
	<u>26448435.00</u>	<u>60447409.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
ADMINISTRATIVE EXPENSES

SCHEDULE - 14

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
Audit Fee	20000.00	20000.00
Advertisement	33414.00	5677.00
Legal & Professional Charges	20000.00	0.00
Misc. Expenses	4447.36	0.00
Postage and Courier Charges	2114.00	208163.00
Printing & Stationery	2450.00	295162.00
Telephone/Mobile Expenses	78547.00	80145.00
Travelling and Conveyance Expenses	53225.00	140263.00
Repair Plant & Machinery	32025.00	30545.00
Salary	433541.64	2294154.00
Public Issue Expenses Written off	441772.00	441772.00
Preliminary Expenses Written off	51382.00	51382.00
Preoperative Expenses Written off	0.00	0.00
	<u>1172018.00</u>	<u>3567263.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
FINANCE EXPENSES

SCHEDULE - 15

PARTICULARS	AS ON 31.03.2010	AS ON 31.03.2009
Bank Charges	31678.05	12365.00
Interest on Clean OD Limit	71270.00	35839.99
Finance Exp. Written off	0.00	707651.99
	<u>102948.05</u>	<u>755856.98</u>

**SCHEDULE 15 : NOTES TO ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES :**

**a) Method of Accounting :**

The accounts are prepared on Historical cost concept on an accrual basis and accounting principles generally accepted in India.

**b) Fixed Assets & Depreciation :**

Fixed assets are stated at original cost including freight, duty, taxes and other incidental and pre-operative expenses relating to the acquisition, installation on appropriate basis. Depreciation has been charged on a straight line method as per the rates and in the manner prescribed by Schedule XIV of the Companies Act, 1956.

**c) Inventories :**

Closing stocks are valued at cost or market price whichever is less and cost is ascertained on FIFO Method Basis.

**d) Gratuity and leave encashment is accounted for on cash basis.**

**e) Investment :**

Long term investment are stated at cost less permanent diminution in value if any.

**f) Misc. Expenses :**

( To the extend not written off ) : These are written off over ten years.

2. Estimated amount of contracts remaining to be executed on capital account not provided for as on 31-3-2010 is Nil (Pre-Year Nil) (as certified by M.D.)
3. Balance on account of various parties are still subject to confirmation / Reconciliation.
4. The figures have been rounded off to the nearest rupee and the figures for the previous year have been re-arranged wherever considered necessary.
5. Current Assets loans & advances are approximately of the value stated in the Balance Sheet if realized in the ordinary course of business.

6. Payment to Directors	Current Year	Previous Year
Remuneration	(Amount in Rs.)	(Amount in Rs.)

----- NIL ----- NIL ----- NIL -----

**7. Discloser of related parties/related parties transactions**

Name	Relationship	Amount (2009-10)
------	--------------	---------------------

-----NIL-----

<b>8. EARNING PER SHARE (AS 20)</b>		
	<u>2009-10</u>	<u>2008-09</u>
a) Weighted average number of equity Shares of Rs. 1 each.	0.008	0.008
i) Number of shares at the beginning of year	7,28,09,900	7,28,09,900
ii) Number of shares at the end of year	7,28,09,900	7,28,09,900
Weighted average number of equity shares outstanding during the year		
b) Net profit after tax available for Equity shares holder (Rs. in lacs)	---	---
c) Basic and diluted earning per share (in rupees)	---	---

**9. SEGMENT INFORMATION**

Company is engaged only in one business segment.

**10. Payment of Auditors**

-- Audit Fee	20,000	20,000
--------------	--------	--------

**11. Expenditure in Foreign Currency**

A. Travelling Expenses	--	--
B. Value of Imports on CIF Value (Capital Items)	--	--
C. Souvenir expenses	--	--

**12. Quantitative information to the extent available and applicable :**

	<b>Current Year</b>	<b>Previous Year</b>
	<b>(Amount in Rs.)</b>	<b>(Amount in Rs.)</b>
A. Capacity :		
Licened (Boxes)		
Installed (Boxes)	3750 Km	3750 Km

Note : Installed capacity is as certified by Managing Director.

**B. Production Turnover Stock :**  
**Product**

**Stock of Finished goods-Opening**  
**Production for the year**  
**Stock of Finished Goods-Closing**

<b>Quantity</b>	<b>Value</b> <b>(Rs. in lacs)</b>
<b>Not complied</b>	<b>Not Complied</b>

1. Previous year figures are in brackets

For N.KUMAR & CO.  
Chartered Accountants  
-- sd --  
(Narinder Kumar)  
Prop.  
M.No. 80287

For and on behalf of the Boards of Directors

-- sd --  
(SURINDER SINGH)  
JT Managing Director

-- sd --  
(PARMINDER KAUR)  
Director

Place : Chandigarh  
Date : 06.09.2010



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>A. Registration details</b>				
Registration Number				
State Code				16
Balance Sheet Date	31	03	2010	
	Date	Month	Year	
<b>B. Capital raised during the year</b>				(Rs. in Lacs)
Public Issue (Including calls received during the year)				-
Rights Issue				-
Bonus Issue				-
Private Placement (Promoters Contribution towards Public Issue)				36.27
Position of mobilization and deployment of funds				
Total Liabilities				789.87
Total Assets				789.87
<b>Sources of Funds</b>				
Paid-up Capital (including Share Application Money)				737.71
Reserve and Surplus				30.83
Secured Loans				10.65
Unsecured Loans				10.67
Deferred Tax Liability (Net)				
<b>Application of Funds</b>				
Net Fixed Assets				334.76
Investments				0.00
Net Current Assets				409.53
Misc. Expenditure not written off				45.57
<b>C. Performance of the Company</b>				
Turnover (including other income)				266.27
Total Expenditure				289.14
Profit before Tax				(-)10.43
Profit after Tax				-
<b>Earning per share in Rupees</b>				
Generic names of three Principal Products of the Company				
Item Code Number	Product Description			

For and on behalf of the Boards of Directors

-- sd --

(SURINDER SINGH)  
JT. Managing Director

-- sd --

(PARMINDER KAUR)  
Director

Place : Chandigarh  
Date : 06.09.2010

## **CORPORATE GOVERNANCE REPORT:**

### **1.COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

Corporate Governance is the combination of voluntary practice and compliance with laws and regulations leading to effective control and management of the company. The company believes that good corporate governance contemplates that corporate actions balance the interest of all stockholders and satisfy the tests of accountability , transparency and fair play. The company believes that all its operations and actions must be directed towards overall share holder value.

### **2. BOARD OF DIRECTORS :**

The Board of Directors consists of Eight Directors.

The composition of Board of Directors and other relevant details are given below :

Name of the Director	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other directorships	No. of Board Committees
Devender Singh	Managing Director	6	Yes	Nil	Nil
Surinder Singh	Jt. Managing Director	6	Yes	Nil	1
Parminder Kaur	Director	5	Yes	Nil	Nil
Paramjit Kaur	Director	5	Yes	Nil	Nil
Inderjit Singh	Director	1	No	Nil	3
Balvinder Singh	Director	1	No	Nil	3
Nirmaljit Singh	Director	1	No	Nil	2
Rajiv Kishore	Director	1	No	Nil	Nil

During the financial year ended 31.03.2010 , 6 Board Meetings were held. One AGM was held on 30.09.2009.

### **3 AUDIT COMMITTEE :**

The Board has defined the scope of Audit committee to cover the all areas provide in Companies Act, 1956 and Listing Agreement with the Stock Exchange. The terms of reference of the Audit Committee are given below :

(a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(b) Reviewing with management the annual financial statements before submission to the Board ,focusing primarily on :

\* Any changes in accounting policies and practices

\*Major accounting entries based on expertise of judgment by management

\*Qualification in draft audit report

\*Significant adjustments arising out of audit

\*The going concern assumption

\*Compliance with accounting standards

\*Compliance with stock exchange and legal requirements concerning financial statements.

(c) Reviewing the adequacy of internal control systems.

(d) Reviewing the adequacy of internal audit function including its structure report about the systems in vogue, coverage and frequency of internal audit.

(e) Discussion with internal auditors of any significant findings and follows up thereon.

While discussing this item the Board desired that the Audit Committee should review the accounting policies as also scrutinize the day to day working of the Company.

The audit committee comprises of three directors namely Balwinder Singh, Nirmaljit Singh and Inderjit Singh. During the financial year 2008-09 three Audit Committee meetings were held.

#### 4.REMUNERATION COMMITTEE

The company has constituted a Remuneration Committee. The Members of the remuneration committee are Inderjit Singh, Balwinder Singh and Nirmaljit Singh. During the financial year the remuneration committee meeting was held once. The Company has no pecuniary relationship or transactions with its non -executive directors.

Details of remuneration of directors during the year ended 31st March, 2009 are given below

Name of the Director	Salary	Perquisites & Commission	Total
Nil			

## **5. SHAREHOLDERS/INVESTORS GRIEVANCES/ SHARE TRANSFER COMMITTEE :**

The followings are the members of the committee.

Surinder Singh  
Inderjit Singh  
Balvinder Singh

Meeting of the committee are regularly held during the financial year. Some shares of the company are in demat for while some are still in physical form. There were no pending transfers and there is no complaint pending as on 31/03/2010.

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### **Brief information on the Directors proposed for reappointment**

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Mr. Inderjit Singh and Mr. Rajiv Kishore, Directors are liable to retire by rotation and being eligible they have offered themselves for reappointment.

### **Details of Annual General Meeting :**

The Annual General Meeting was held on 30<sup>th</sup> September, 2009 at Regd. Office of the company. No Special resolution was passed through postal ballot at the last AGM. No separate resolutions are proposed through postal ballot at the forthcoming AGM.

### **Disclosures**

(a) Disclosure on materially significant related party transactions i.e. transaction of the Company of material nature with the promoters, the Directors or the manage their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company.

There are no materially significant related party transactions during the period under review that may have potential conflict with the interest of the company.

There have been no instances of any penalties imposed on the company on any matter relating to the capital market. The Board receives a certificate of compliance of the applicable laws from the Managing director in every Board meeting.

There is no subsidiary of the company.

#### Means of Communication

The financial results are faxed, sent through couriers, under postal certificate and published in the news papers in accordance with the requirement of the listing agreement.

#### SHARE HOLDER INFORMATION :

Annual General Meeting :

30th September 2009

Stock exchanges where  
share are listed

The Stock Exchange, Mumbai  
Ludhiana Stock Exchange Ltd  
Delhi Stock exchange Limited (\*)

(\*) Application for voluntary delisting has been filed.

#### REGISTRAR AND TRANSFER AGENT

Mas Services Private Limited  
AB-4, Safdarjung Enclave,  
New Delhi.

**CORPORATE GOVERNANCE CERTIFICATE**

**TO THE MEMBERS OF SGN TELECOMS LIMITED**

We have examined the compliance of conditions of corporate Governance by SGN Telecoms Limited for the year ended 31st March 2010 as stipulated in clause 49 of the listing agreement of the said company with the stock exchange.

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

In our opinion and to the best of our information and according to the examinations given to us we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We State that no investor grievance 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 to future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company

N. Kumar & Co.  
Sd/-  
Chartered Accountants