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# ANNUAL

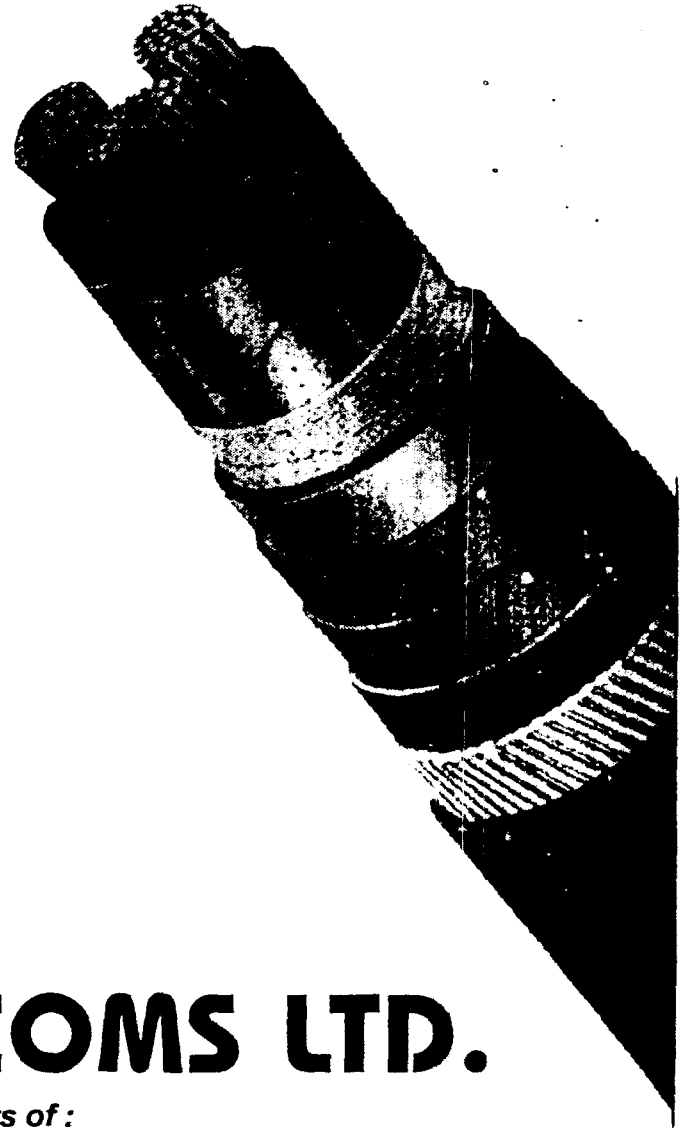
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# REPORT

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# 2007-2008

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## **S G N TELECOMS LTD.**

**Manufacturers of :**  
All types of Power, XLPE, Control,  
Data cables and AAAC, AAC & ACSR Conductors

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Regd. Office : E-58, 59, 64, 65 Phase-VIII, S.A.S. Nagar, Mohali (PUNJAB), PIN - 160 055.  
E-mail : [sgntelecom@rediffmail.com](mailto:sgntelecom@rediffmail.com) & [sgntelecoms@yahoo.co.in](mailto:sgntelecoms@yahoo.co.in)  
Phone : 0172-5063378, Fax : 0172-5063902

## **BOARD OF DIRECTORS**

Mr. Surinder Singh	Chairman cum Joint Managing Director
Mr. Devender Singh	Managing Director
Ms. Parminder Kaur	Director
Ms. Paramjit Kaur	Director
Mr. Inderjit Singh	Director
Mr. Balvinder Singh	Director
Mr. Nirmaljit Singh	Director
Mr. Rajiv Kishore	Director

## **AUDITORS**

N. Kumar & Co.  
Chartered Accountants  
# 220, Sector 40-A,  
Chandigarh,

## **BANKERS**

ICICI Bank Ltd

## **REGD. OFFICE**

E 58-59, Industrial Area,  
Phase 8, Mohali.  
Punjab.

## **WORKS**

E 58-59,64-65 Industrial Area,  
Phase 8, Mohali.  
Punjab.

## NOTICE

Notice is hereby given that Annual General Meeting of M/S SGN TELECOMS LIMITED will be held on Tuesday, 30<sup>th</sup> September, 2008 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 2008 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 Ms. Parminder Kaur who retires by rotation at the ensuing Annual General Meeting and being eligible offers herself 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 MODIFICATIONS THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION**

“RESOLVED THAT Mr. Rajiv Kishore who was appointed by the Board of Directors of the Company as Additional Director w.e.f. 30.09.2007 and who holds office under section 260 of the Companies Act, 1956 of the Companies Act, 1956 upto this Annual General Meeting and in respect of whom the company has, as required by Section 257 of the Companies Act, 1956, received notice in writing from member proposing his candidature for the office of director and signifying his intention, be and is hereby appointed as a director of the company liable to retire by rotation.”

**6. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS 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 crores (Rupees One 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.”

**7. TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION**

“RESOLVED THAT the Authorized Capital of the company be and is hereby increased from Rs. 30,00,00,000/- ( Rupees Thirty crores ) divided into 30,00,00,000 ( Thirty Crores) Equity Shares of Rs. 1/- ( Rupee One ) each to Rs. 36,00,00,000 ( Rupees Thirty Six Crores only ) divided into 36,00,00,000 (Thirty Six Crores ) Equity shares of Re. 1/- ( Rupee One ) each.”

“RESOLVED FURTHER THAT pursuant to provisions of section 16 and other applicable provisions of the Companies Act, 1956, the existing clause V of the Memorandum of Association of the company, relating to the authorized share capital of the company be and is hereby altered by deleting the same and instead thereof , substituting the following as new clause V.

“The Authorized Share Capital of the company is Rs. 36,00,00,000/- ( Rupees Thirty Six Crores only ) divided into 36,00,00,000 ( Thirty Six Crores ) Equity Shares of Rs. 1/- ( Rupee One ) each.”

“RESOLVED FURTHER THAT pursuant to provisions of section 31 and other applicable provisions of the Companies Act, 1956, the existing Article No. 3 of the Articles of Association of the company, relating to the authorized share capital of the company be and is hereby altered by deleting the same and instead thereof , substituting the following as new article no 3.

“The Authorized Share Capital of the company is Rs. 36,00,00,000/- ( Rupees Thirty Six Crores only ) divided into 36,00,00,000 ( Thirty Six Crores ) Equity Shares of Rs. 1/- ( Rupee One ) each.”

For Board of Directors  
M/S SGN TELECOMS LTD.

DATE : 05/09/2008  
PLACE : Mohali

Sd/-  
CHAIRMAN CUM JT. 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 2008 to 30th September 2008 both days inclusive.
4. Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is attached.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

### **ITEM NO. 5**

The Board of Directors of your company in accordance with the provisions of Section 260 of the Companies Act, 1956 had appointed Mr. Rajiv Kishore as an Additional Director w.e.f. 30.09.2007 to strengthen the Board. Mr. Rajiv Kishore will hold the office as such upto this Annual General meeting and is eligible for appointment since the company has received notice under section 257 of the Companies Act, 1956 from member proposing his candidature for the office of director of the company subject to retire by rotation.

Your directors recommend to appoint Mr. Rajiv Kishore as director of the company.

None of the director except for Mr. Rajeev Kishore is interested in the resolution.

### **ITEM NO. 6**

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 recommend the resolution set out in the notice.

None of the director is interested in the resolution.

### **ITEM NO. 7**

With a view to augment long-term resources of the company, it is proposed to issue right shares to the members of the company in the proportion of four ~~equity share for every one share held~~. It is also proposed to authorise the Board Directors to dispose of the equity shares remaining unsubscribed and the fractional shareholding arising out of the said issue. As required under section 81(1A) of the Companies Act, 1956 this resolution is placed for the approval of members. Copies of the terms and conditions governing the rights issue are available for inspection by members during working hours at the Registered Office of the company.

The existing Equity shareholders of the Company may also be provided a right to renounce their right and entitlement to apply for shares in the said issue in favour of other Equity shareholders instead of participating in the Rights Issue, the mode and manner of which would be determined by the Board in consultation with the underwriters (if appointed) and/or the Manager(s). Such a right to renounce their right and entitlement to apply for shares in the said issue in favour of other Equity shareholders would subject to the approval of the said right by the Board.

None of the director is interested in the resolution.

## DIRECTORS REPORT

Your Directors are pleased to present their Annual Report and Audited Annual Accounts for the financial year ended on 31st March 2008.

### FINANCIAL RESULTS:

	2007 (In lacs)	2008
Income	642.44	1307.44
Profit Before dep	33.32	76.84
Depreciation	13.15	13.15
Net Profit	20.17	63.69

The turnover of the company for the financial year is Rs. 1307.44 which is almost double as compare to the last year. This has resulted into increase in the net profits to Rs. 63.69 lacs. Your directors are making efforts for expanding the production of the company.

### 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. Rajiv Kishore who was appointed as additional director during the financial year is being regularized in the ensuing AGM as director liable to retire by rotation. Mrs. Paramjit Kaur and Mrs Parminder Kaur, Directors of the company who retire at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

### LISTING:

The company is listed with The Stock Exchange, Mumbai, Delhi Stock Exchange and Ludhiana Stock Exchange and is regular in payment of listing fees and complying with listing requirements with The Stock Exchange, Mumbai. It is in the process of complying with all pending compliances with Ludhiana Stock Exchange and Delhi Stock Exchange.

## **RIGHT ISSUE:**

The company has filed an offer document with SEBI for permission to issue shares on right basis. Permission in this regard has been obtained for Mumbai Stock Exchange and company permission from Ludhiana Stock Exchange and Delhi Stock Exchange is awaited.

## **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. There is no internal audit system. This is because company remained closed for many years. It is now in the process of being revived. The company will appoint the internal auditors soon.

## **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 and on behalf of the Board  
M/S SGN TELECOMS LIMITED

Date:05/09/2008

Sd/-  
CHAIRMAN

## 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	5	Yes	Nil	1
Surinder Singh	Director	6	Yes	Nil	1
Parminder Kaur	Director	6	Yes	Nil	1
Paramjit Kaur	Director	6	Yes	Nil	Nil
Inderjit Singh	Director	1	No	Nil	3
Balvinder Singh	Director	1	No	Nil	3
Nirmaljit Singh	Director	1	No	Nil	2
	Director	1	No	Nil	Nil

During the financial year ended 31.03.2008 , 6 Board Meetings were held. One AGM was held on 29.09.2007 and No Extra Ordinary General Meeting was held.

### 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 reporting 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 Balvinder Singh, Nirmaljit Singh and Inderjit Singh. During the financial year 2007-08 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, 2008 are given below :

Name of the Director	Salary	Perquisites & Commission	Total
Mr. Surinder Singh	210000	Nil	210000

**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 couries, under postal certificate and published in the news papers in accordance with the requirement of the listing agreement.

**SHARE HOLDER INFORMATION :**

Annual General Meeting : 29th September 2007

Stock exchanges where  
share are listed

The Stock Exchange, Mumbai  
Ludhiana Stock Exchange Assn Limited  
Delhi Stock exchange Limited

**REGISTRAR AND TRANSFER AGENT**

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

## **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 31/03/2008.

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Brief information on the Directors proposed for reappointment

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Mrs. Paramjit Kaur and Mrs. Parminder Kaur, Directors are liable to retire by rotation and being eligible they have offered themselves for reappointment.

Mr. Rajiv Kishore who was appointed as additional director during the financial year is being regularized in this annual general meeting.

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

The Annual General Meeting was held on 29th September, 2007 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.

**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 2008 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

To

The Members  
SGN TELECOMS LIMITED  
S.A.S. Nagar Mohali – Pb

We have audited the attached Balance Sheet of SGN TELECOMS LIMITED, as at 31<sup>st</sup> March, 2008 and also the profit and loss Account 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.

1. 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 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 provided a reasonable basis for our opinion.
2. As required by the manufacturing and other Companies (Auditors Report) Order, 1988 issued by the Central Government of India in terms of Section (4A) of the Companies Act, 1956. We annex a statement on the matters specified in paragraph 4 & 5 of said order.
3. Further to our comments in the annexure referred to in paragraph (2) 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 law have been kept by the Company, so far as appears from our examination of the books.
  - c) The balance Sheet and profit and Loss Account dealt with this report are in agreement with the books of accounts.
  - d) In our opinion, the balance sheet and the profit and loss account comply with the Accounting Standard referred to in sub section (3C) of section 211 of the Companies Act, 1956 subject of Notes of Accounts forming part of Balance Sheet.
  - e) On the basis of written representations received from the Directors, as on March 31<sup>st</sup> 2008 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31<sup>st</sup>, 2008 from appointment as a Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the 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.
  - g) In the case of balance Sheet of the State of affairs of the Company as at 31<sup>st</sup> March, 2008 and
  - h) In the case of the Profit and Loss Account of the profit of the company of the year ended on date.

For N.KUMAR & CO.  
Chartered Accountants

sd/-  
(NARINDER KUMAR)  
PROP.  
M.NO. 80287

PLACE : CHANDIGARH  
DATED : 5th June, 2008

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date to the Members of SGN TELECOMS LIMITED on the Account for the year March 31<sup>st</sup> 2008)

1. The company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets. As explained to us, fixed assets have been physically verified by the Management at the reasonable intervals during the period under review and no material discrepancies were noticed in the said verification.
2. None of the fixed assets have been revaluated during the year.
3. Physical verification of stocks of finished goods, store, spares and raw material was conducted by the management during the year and in our opinion, the frequency of verification was reasonable.
4. The procedures for physical verification of stocks followed by the company are reasonable and adequate in relation to company and the nature of its business.
5. No discrepancies were noticed on verification of stocks between the physical stocks and the book record.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks, is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the proceeding year.
7. 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.
8. 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.
9. The company has not given loans and advances in the nature of loans to its employees.
10. In our opinion and according to the information and explanations given to us, there are Adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of stores, raw material including the Plant & Machinery, Vehicles Equipment other assets and for the sale of these goods.
11. According to the information and explanations given to us there are no transactions of purchase of goods material & services and sale of goods, material and services in pursuance of contracts of agreement entered in the register maintained U/s 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in receipt of each party.
12. As explained to us, the company had regular procedure for determination of unserviceable or damaged stores, raw material and finished goods.



13. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public under section 58 A of the Companies Act, 1956.
14. The company has not any internal audit system.
15. We have been informed that the Central Government has not prescribed the maintenance of cost records for the Company U/s 209 (1) of the Companies Act, 1956.
16. According, to the information and explanations given to us, there are no undisputed amounts payable in respect of Wealth Tax, Sales Tax, Custom Duty and Excise Duty which are outstanding on the 31<sup>st</sup> March 2008 for a period of more than six months from the date they becomes payable. However the company has Income Tax liabilities but appeals are pending decision with various appellate Authorities.
17. Based on the test checks carried out by us and information and explanations given to us, no personal expenses have been charged to the profit and loss account other than payable under contract, obligations.
18. The Company is not a sick industrial Company within the meaning of clause (0) of subsection (1) of Section 3 of the sick Industrial Companies (Special Provisions ) Act, 1985.

For N. KUMAR & CO.  
Chartered Accountants

PLACE: CHANDIGARH  
DATED : 5th June, 2008

sd/-  
(NARINDER KUMAR)  
PROP.  
M.NO. 80287

**M/S SGN TELECOMS LTD, MOHALI**  
**TRADING ,PROFIT AND LOSS ACCOUNT FOR THE YEAR 31.03.2008**

PARTICULARS	SCHED	AMOUNT AS ON 31.03.2008	AMOUNT AS ON 31.03.2007
<b><u>INCOME</u></b>			
From Manufacturing/Trading Sales		126243160.00	62450370.00
Misc Income		<u>4501075.00</u>	<u>1884159.00</u>
		130744235.00	64334529.00
<b><u>EXPENDITURE</u></b>			
Manufacturing Expenses	13	118501644.00	58532477.00
Administrative Expenses	14	3903962.04	1251342.00
Finance Expenses	15	654594.60	1222873.01
Depreciation Expenses		<u>1315142.16</u>	<u>1315142.16</u>
		124375342.80	62321834.17
Net Profit(+) Loss(-)		6368892.20	2012694.83
Provision for FBT		11243.00	0.00
Profit(+)/Loss (-) Tfr from Previous Year		<u>(-) 9995415.91</u>	<u>(-) 12008110.74</u>
Total Profit/Loss Trf. To Balance Sheet		<u><u>3637766.91</u></u>	<u><u>9995415.91</u></u>

For SGN TELECOMS LIMITED

**AUDITOR'S REPORT**

As per our separate report of even date attached

sd/-  
 Davinder Singh  
 MANAGING DIRECTOR

sd/-  
 Surinder Singh  
 JT. MG DIRECTOR.

For N.KUMAR & CO.  
 Chartered Accountants

PLACE : CHANDIGARH  
 DATED :

sd/-  
 (NARINDER KUMAR)  
 PROP.  
 M.NO. 80287

**M/S SGN TELECOMS LTD, MOHALI**  
BALANCE SHEET AS ON 31.03.2008

LIABILITIES	SCHED	AS ON 31.03.2008		AS ON 31.03.2007	
<b><u>SOURCE OF FUNDS</u></b>					
<b><u>SHARE HOLDER'S FUNDS</u></b>					
Share Capital	1	70144000.00		73129000.00	
Reserves & Surplus	2	<u>3003980.00</u>	73147980.00	<u>1741836.47</u>	74870836.47
<b><u>LOANS FUNDS</u></b>					
Secured Loans	3	3143183.00		3143183.00	
Un-Secured Loans	4	<u>3414463.99</u>	<u>6557646.99</u>	<u>3438698.17</u>	<u>6581881.17</u>
			<u>79705626.99</u>		<u>81452717.64</u>
<b><u>APPLICATION OF FUNDS</u></b>					
<b><u>FIXED ASSETS</u></b>					
Gross Block	5	49208076.30		49208076.30	
Less: Depreciation Net Block		<u>13226340.20</u>	35981736.10	<u>11911198.04</u>	37296878.26
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>					
INVENTORY	6	11483528.00		11021575.00	
Sundry Debtors	7	18221450.27		8348271.00	
Cash & Bank Balances	8	119498.00		476950.00	
Loans & Advances	9	<u>10216981.99</u>		<u>11285749.68</u>	
		40041458.26		31132545.68	
<b><u>LESS: CURRENT LIABILITIES &amp; PROVISIONS</u></b>					
Current Liabilities	10	80231.00		67572.00	
Provision	11	<u>339364.00</u>		<u>333271.00</u>	
		419595.00		400843.00	
<b>CURRENT ASSETS</b>			39621863.26		30731702.68
<b><u>MISCELLANEOUS EXPENDITURE</u></b>					
(To the extent not written off or adjusted)	12	2187117.19		3280975.79	
Profit/Loss Account		3637766.91		9995415.91	
Transferred from Reserve A/c		<u>(-1722856.47)</u>	4102027.63	0.00	
Pre-operative Expenses			<u>0.00</u>	<u>4102027.63</u>	<u>13424136.70</u>
			<u>79705626.99</u>		<u>81452717.64</u>

For SGN TELECOMS LIMITED

sd/-  
Davinder Singh  
MANAGING DIRECTOR

sd/-  
Surinder Singh  
JT. MG DIRECTOR

PLACE : CHANDIGARH  
DATED : 5th June, 2008

**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 31.03.2008	AS ON 31.03.2007
AUTHORISED SHARE CAPITAL		
300000000 EQUITY SHARE OF RS.1/ EACH (Previous Year 100000000 Equity Shares of Rs.1/- each)	300000000.00	100000000.00
ISSUED SUBSCRIBED & PAID UP CAPITAL		
70144000 EQUITY SHARES OF RS.1/- EACH FULLY PAID UP (including 9718000 Equity Shares of Rs.1/- each alloted for consideration other than cash and 5000000 Equity Share of Rs.1/- each converted from Zero Coupn Convertible Warrants)	70144000.00	70144000.00
29850000 Zero Coupn Convertible Warrantts of Rs.1 Each (10% Paid) Convertible into Equity Share of Rs.1/- Each within 18 months	0.00	2985000.00
	<u>70144000.00</u>	<u>73129000.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
RESERVES AND SURPLUS

SCHEDULE - 2

PARTICULARS	AS ON 31.03.2008	AS ON 31.03.2007
CAPITAL RESERVE		
Zero Coupn Convertible Warrants 10% Application Money on 29850000 Warrants of Rs.1/- each Forefieted	2985000.00	0.00
Investment Allowance Reserve	0.00	522856.47
Land Subsidy	18980.00	18980.00
General Reserve	0.00	1200000.00
	<u>3003980.00</u>	<u>1741836.47</u>

M/S SGN TELECOMS LIMITED, MOHALI  
SECURED LOANS

SCHEDULE - 3

PARTICULARS	AS ON 31.03.2008	AS ON 31.03.2007
Cash Credit from Punjab National Bank Against hypothecation of stock (Secured by way of hypothication of stocks & inventories & Personal guarantee of the Directors)	0.00	0.00
<u>FROM OTHERS</u>	<u>3143183.00</u>	<u>3143183.00</u>
Term Loans From Punjab Financial Corporation (Secured by 1st Charges on Fixed assets of the Company & Personal guarantee of Directors)		
	<u>3143183.00</u>	<u>3143183.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
UNSECURED LOANS

SCHEDULE - 4

PARTICULARS	AS ON 31.03.2008	AS ON 31.03.2007
Due to Directors	3045000.00	3045000.00
Clean Limit ICICI Bank	369463.99	393698.17
	<u>3414463.99</u>	<u>3438698.17</u>

M/S SGN TELECOMS LIMITED, MOHALI  
SCHEDULE OF FIXED ASSETS AS AT 31.03.2008

SCHEDULE - 5

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK AS ON	
	OPENING BALANCE	ADDITIONS	SALE	CLOSING BALANCE	UP TO 31.03.2007	DURING THE YEAR	TOTAL AS 31.03.2008	31.03.2008	31.03.2007
Land & Site Development	3366909.69	0.00	0.00	3366909.69	0.00	0.00	0.00	3366909.69	3366909.69
Building	10035165.75	0.00	0.00	10035165.75	3475130.19	358930.93	3834061.12	6201104.63	9676234.82
Furniture & Fixture	61901.59	0.00	0.00	61901.59	43464.20	2633.91	46098.11	15803.48	59267.68
<u>Plant &amp; Machinery</u>									
Machinery	10488691.98	0.00	0.00	10488691.98	6808796.52	825621.52	7634418.04	2854273.94	9663070.46
(Machinery under Installation)	23423000.00	0.00	0.00	23423000.00	0.00	0.00	0.00	23423000.00	23423000.00
Equipment & Installation	714821.63	0.00	0.00	714821.63	641329.44	40401.83	681731.27	33090.36	674419.80
Vehicles (Under Hire Purchases)	1117585.63	0.00	0.00	1117585.63	942477.69	87553.97	1030031.66	87553.97	1030031.66
<b>TOTAL</b>	<b>49208076.27</b>	<b>0.00</b>	<b>0.00</b>	<b>49208076.27</b>	<b>11911198.04</b>	<b>1315142.16</b>	<b>13226340.20</b>	<b>35981736.07</b>	<b>47892934.11</b>

M/S SGN TELECOMS LIMITED, MOHALI  
INVENTORY

SCHEDULE - 6

<u>PARTICULARS</u>	<u>AS ON 31.03.2008</u>	<u>AS ON 31.03.2007</u>
<b><u>INVENTORIES</u></b>		
(As taken, Valued & Certified by the Management)		
Raw Material	6062579.00	5073267.00
Semi Finished/Finished Goods	4712568.00	5261903.00
Stores & Spares	192163.00	240860.00
Packing Material	516218.00	445545.00
	<u>11483528.00</u>	<u>11021575.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
SUNDRY DEBTORS

SCHEDULE - 7

<u>PARTICULARS</u>	<u>AS ON 31.03.2008</u>	<u>AS ON 31.03.2007</u>
<b><u>UNSECURED &amp; CONSIDERED GOOD</u></b>		
(a) Less than six months	18221450.27	8348271.00
(b) Exceeding six months	0.00	0.00
	<u>18221450.27</u>	<u>8348271.00</u>

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

SCHEDULE - 8

<u>PARTICULARS</u>	<u>AS ON 31.03.2008</u>	<u>AS ON 31.03.2007</u>
Cash in Hand	118218.00	474576.00
Balances with Scheduled Banks		
Andhra Bank	1280.00	2374.00
ICICI Bank	0.00	0.00
Cheque in Hand	0.00	0.00
	<u>119498.00</u>	<u>476950.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
LOANS & ADVANCES

SCHEDULE - 9

<u>PARTICULARS</u>	<u>AS ON 31.03.2008</u>	<u>AS ON 31.03.2007</u>
<b><u>LOANS &amp; ADVANCES</u></b>		
(Unsecured Considered Good)	8820248.80	9988055.49
Advances Recoverable in cash or kind		
<b><u>DEPOSIT WITH CENTRAL EXCISE</u></b>		
In PLA	0.00	0.00
In RG 23(CENVAT)	428129.12	329090.12
<b><u>SECURITY DEPOSIT</u></b>		
(With Govt Department and other Agencies)	968604.07	968604.07
	<u>10216981.99</u>	<u>11285749.68</u>

M/S SGN TELECOMS LIMITED, MOHALI  
CURRENT LIABILITIES

SCHEDULE - 10

PARTICULARS	AS ON 31.03.2008	AS ON 31.03.2007
Sundry Creditors	80231.00	67572.00
Other Liabilities	0.00	0.00
	<u>80231.00</u>	<u>67572.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
PROVISIONS

SCHEDULE - 11

PARTICULARS	AS ON 31.03.2008	AS ON 31.03.2007
Mobile Expenses Payable	0.00	0.00
Audit Fee Payable	20000.00	20000.00
Wages Payable	308121.00	313271.00
Provision for FBT	11243.00	0.00
	<u>339364.00</u>	<u>333271.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
MISCELLANEOUS EXPENSES

SCHEDULE - 12

PARTICULARS	AS ON 31.03.2008	AS ON 31.03.2007
(To the Extent Not Adjusted or Written off)		
Preliminary Expenses	154147.60	205529.60
Public Issue Expenses	1325317.60	1767089.60
Finance Charges	707651.99	1308356.59
	<u>2187117.19</u>	<u>3280975.79</u>

M/S SGN TELECOMS LIMITED, MOHALI  
MANUFACTURING EXPENSES

SCHEDULE - 13

PARTICULARS	AS ON 31.03.2008	AS ON 31.03.2007
<b>MATERIAL COST</b>		
Opening Balance	5073267.00	4831987.84
Purchases	115959571.00	55926891.16
	121032838.00	60758879.00
Less : Closing Stock	6062575.00	5073267.00
Freight Charges	55248.00	34372.00
Consumable Stores	207572.00	104278.00
Labour	3268561.00	2708215.00
	<u>118501644.00</u>	<u>58532477.00</u>
Decrease (Increase) in Stock of Semi-Finished/ Finished Goods		
Stock at Beginning	5261903.00	5261903.00
Less: Stock at Close	4712568.00	5261903.00
	<u>549335.00</u>	<u>0.00</u>
Other Manufacturing Expenses	398121.00	0.00
	<u>119449100.00</u>	<u>58532477.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
ADMINISTRATIVE EXPENSES

SCHEDULE - 14

PARTICULARS	AS ON 31.03.2008	AS ON 31.03.2007
Audit Fee	20000.00	20000.00

Advertisement	20868.00	13843.00
Legal & Professional Charges	50000.00	15000.00
Misc. Expenses	0.00	39214.00
Postage and Courier Charges	218373.00	148670.00
Printing & Stationery	298543.00	235317.00
Telephone/Mobile Expenses	90168.00	90655.00
Travelling and Conveyance Expenses	352567.00	268317.00
Repair Plant & Machinery	80575.04	75221.00
Salary	2131969.00	345105.00
Public Issue Expenses Written off	441772.00	0.00
Preliminary Expenses Written off	51382.00	0.00
Preoperative Expenses Written off	147745.00	0.00
	<u>3903962.04</u>	<u>1251342.00</u>

M/S SGN TELECOMS LIMITED, MOHALI  
FINANCE EXPENSES

SCHEDULE - 15

<u>PARTICULARS</u>	<u>AS ON 31.03.2008</u>	<u>AS ON 31.03.2007</u>
Bank Charges	36567.00	111998.41
Interest on Clean OD Limit	17323.00	17216.00
Finance Exp. Written off	600704.60	1093658.60
	<u>654594.60</u>	<u>1222873.01</u>



NOTES FORMING PART OF ACCOUNTS  
SIGNIFICANT ACCOUNTING POLICIES

- I. Method of Accounting  
 The company follows the mercantile system of accounting and recognize income and expenditure of accrual basis except gratuity, leave encashment, interest on securities, earnest money and claims which are accounted for on receipt basis on account of uncertainties.
- II. Fixed Assets  
 Fixed assets are stated at historical cost (including expensed incurred an putting them to use)
- III. Depreciation  
 Depreciation is provided on straight Line Method pro-rata Pr. month end balances, at the rates specified in Schedule XIV of Companies Act, 1956.
- IV. Valuation of Inventories  
 Valuation of inventories is on the following basis:
  - a) Raw Material at cost
  - b) Goods in Process at estimated cost
  - c) Finished Goods at cost or market price, whichever is lower.
 Valuation of finished goods lying in excise go – down is valued at the rates net of excise duty
- V. Retirement Benefits  
 No provision has been made for accrued gratuity and other retirement benefits. The same are being provided on cash basis.
- VI. Public Issue Expenses  
 Public issue expenses is being written off a period five years beginning with the year if commencement of the commercial products.

2. CONTINGENT LIABILITIES

(not provide in the banks of account)	2006-07	2005-06
a) Estimated amount of contracts (Remaining to be executed)	NIL	NIL
b) Claims against the company not acknowledge as debits	NIL	NIL
c) Letter of credit outstanding	NIL	NIL
d) Bank guarantees	NIL	NIL

3. In the opinion of the Board of directors, the current assets loans & advances have a value, which on realization in the ordinary course of business would be at least equal to that which has been states in the Balance sheet.
4. Balance of banks, Sundry Debtors, Loans & Advances, Sundry Creditors. Other Liabilities are subject to confirmation and verification.
5. Assessments of sales tax, Excise, ESI & Provident Fund cases of the company have not yet been completed. Any liability which may accure on completion thereof will be provided in the year of assessment.



**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 30.09.2008 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.  
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

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

Name of the attending Member  
(IN BLOCK LETTERS)

Folio/Client I.D. No. ....

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 handling over this slip )

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

**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)

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For Office Use :

# U.P.C.

*If undelivered, please return to :-*

 **S G N TELECOMS LTD.** 

Regd. Office : E-58, 59, 64, 65 Phase-VIII, S.A.S. Nagar, Mohali (PUNJAB), PIN - 160 055.  
E-mail : [sgntelecom@rediffmail.com](mailto:sgntelecom@rediffmail.com) & [sgntelecoms@yahoo.co.in](mailto:sgntelecoms@yahoo.co.in)  
Phone : 0172-5063378, Fax : 0172-5063902