

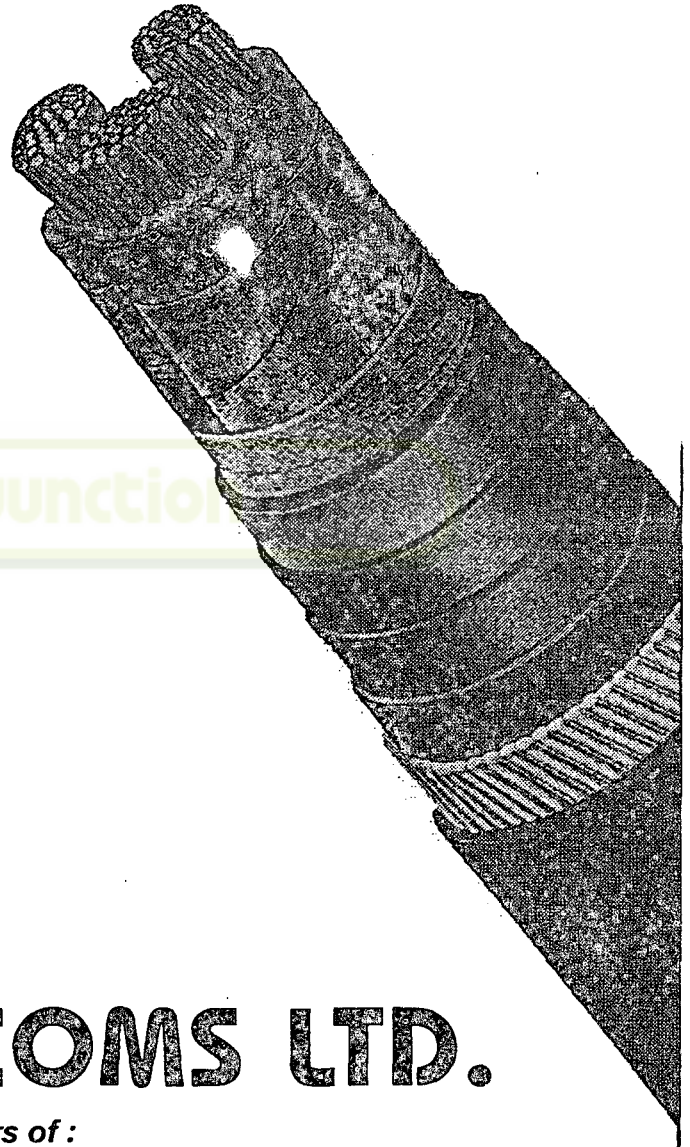
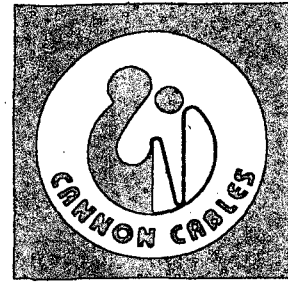
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# ANNUAL REPORT

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## 2006-2007

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Report Junction

# 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, ELTOP, S.A.S. Nagar, Mohali (PUNJAB), PIN - 160 055.  
Phone : 0172-5063378, Fax : 0172-5063378, Mobile : 99157-44651, 94170-04651  
E-mail : [sgntelecom@rediffmail.com](mailto:sgntelecom@rediffmail.com)

## BOARD OF DIRECTORS

Mr. Srinder 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

## 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 Saturday, 29<sup>th</sup> September, 2007 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 2007 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 Mr. Balwinder Singh who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.
3. 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:**

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

“RESOLVED THAT pursuant to provisions of, Section 269, 309, Schedule XIII and other applicable provision if any of the Companies Act, 1956, consent of the Board be and is hereby given for appointment of Mr. Surinder Singh as Chairman cum Joint Managing Director of the company w.e.f 01/09/2007 for a period of five years at a consolidated remuneration of Rs. 30,000 – 5000- 50,000 p.m. under the superintendence and control of Board.

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

“RESOLVED THAT the Authorized Capital of the company be and is hereby increased from Rs. 10,00,00,000/- ( Rupees Ten crores ) divided into 10,00,00,000 ( Ten Crores) Equity Shares of Rs. 1/- ( Rupee One ) each to Rs. 30,00,00,000 ( Rupees Thirty Crores only ) divided into 30,00,00,000 (Thirty 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. 30,00,00,000/- ( Rupees Thirty Crores only ) divided into 30,00,00,000 ( Thirty 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. 30,00,00,000/- ( Rupees Thirty Crores only ) divided into 30,00,00,000 ( Thirty Crores ) Equity Shares of Rs. 1/- ( Rupee One ) each."**

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

**"RESOLVED THAT** in accordance with the provisions of Section 81, 81(1A) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactments thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered/ to be entered into by the Company with the Stock Exchanges where the Company's equity shares listed/ are to be listed and subject to the provisions contained in the relevant Reserve Bank of India ("RBI") guidelines, SEBI (Disclosure and Investor Protection) Guidelines, 2000 (the "Guidelines") and subsequent amendments thereof, approval of the Foreign Investment Promotion Board ("FIPB") and/or such other approvals, permissions and sanctions of all concerned authorities and departments, if and to the extent necessary and subject to such conditions and modifications as may be prescribed in granting such permissions, approvals and sanctions which may be agreed to by the Board of Directors or a Committee thereof, the company hereby authorises to offer, issue and allot three equity shares for every one equity share held on Rights Basis under an offer document/ prospectus on such terms of issue or other conditions as the Board or a Committee thereof may, in its absolute discretion consider fit, including the premium charged on such equity shares and all related or incidental matters in consultation with SEBI or such other authorities as may be prescribed and in accordance with the Guidelines or other provisions of law as may be prevailing at that time and in such manner as may be determined by the Board or a Committee thereof, in one or more tranches, of equity shares of face value of Rs. 1/- each (including the issue and allotment of equity shares pursuant to a Green Shoe Option, if any, in terms of the Guidelines) out of the authorised share capital of the Company to such category of persons or persons who may or may not be the shareholders of the Company, as the Board or a Committee thereof may in its absolute discretion decide, including one or more of the members, promoters, employees of the Company, Indian Nationals, Non-resident Indians ("NRIs"), Companies, private or public, Investment Institutions, Societies, Trusts, Research Organisations, Qualified Institutional Buyers ("QIBs") like Foreign Institutional Investors ("FIIs"), Banks, Financial Institutions, Indian Mutual Funds, Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions or other entities, authorities or any other category of investors which are authorized to invest in equity shares of the Company as per extant regulations/guidelines, and to such other persons in one or more combinations thereof."

**RESOLVED FURTHER THAT** the equity shares so issued and allotted will rank *pari passu* in all respects with the then existing fully paid up ordinary equity shares of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of equity shares, the Board or a Committee thereof be and is hereby authorized to determine the terms of the Right Issue, including the class of investors to whom the securities are to be allotted, the number of securities to be allotted in each tranche, issue price, premium amount on issue, listing on one or more stock exchanges in India or abroad as the Board or a Committee thereof in its absolute discretion deems fit and do all such acts, deeds, matters and things and execute such deeds, documents and agreements, as it may, in its absolute discretion, deem necessary, proper or desirable, and to settle or give instructions or directions for settling any questions, difficulties or doubts that may arise in regard to the Right Issue, issue, allotment and utilization of the issue proceeds, and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, as it may, in its absolute discretion, deem fit and proper in the best interest of the Company, without requiring any further approval of the members and that all or any of the powers conferred on the Company and the Board or a Committee thereof vide this resolution may be exercised by the Board or such Committee thereof as the Board may constitute in this behalf."

For Board of Directors  
M/S SGN TELECOMS LTD.

DATE : 06/09/2007  
PLACE : Mohali

MANAGING 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 27th September 2007 to 29th September 2007 both days inclusive.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Mr. Surinder Singh, Director is involved in managing the day to day affairs of the company. He virtually looks after all the areas like production, administration, finance, marketing etc. Considering his contribution the Board of your company has decided to appoint him as Joint Managing Director at a remuneration of Rs. 30,000 p.m. with an increment of Rs. 5000 p.a. The matter is placed before members for their confirmation.

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

**ITEM NO. 5**

Your company is proposing to offer and issue equity shares on right basis. Since the present authorized capital is not sufficient to accommodate the right issue, it is proposed to increase the authorized share capital from the present level of Rs. 10 Crores to Rs. 30 Crores. Clause V of the Memorandum of Association of the company is proposed to be amended to that extent.

Present Article of the Articles of Association of the company contain the exact amount of the authorized capital. Any increase or modification in the authorized capital necessitate corresponding alteration in the Articles of Association. Since the Articles of the company are not legally required to contain the exact amount of the authorized capital, it is proposed to modify article suitably.

Your Directors recommend the resolution for adoption.

None of the directors is deemed interested or concerned in the resolution.

**ITEM NO. 6**

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 three 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.

No director is interested or concerned in this resolution.



**DIRECTORS REPORT**

Your Directors are pleased to present their Annual Report and Audited Annual Accounts for the financial year ended on 31st March 2007.

**FINANCIAL RESULTS:**

	2007 (In lacs)	2006
Income	642.44	1258.17
Profit Before dep	33.32	151.54
Depreciation	13.15	13.15
Net Profit	20.17	138.39

The turnover of the company for the financial year is Rs. 6.42 crores which is almost half as compare to last financial year. This has resulted into reducing the profits to Rs. 20 lacs. Your directors are making efforts to enhance the production of the company. Considering the demand of cable wires in the current market scenario, efforts are being made to enlarge the customers base in the domestic as well as international market.

**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. Balvinder Singh, Director of the company who retire at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

**LISTING:**

The company is listed with The Stock Exchange, Mumbai and is regular in payment of listing fees and complying with listing requirements.

**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 being self explanatory, need no further clarification.

#### **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. 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 judgements 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:06/09/2007

C H A I R M A N

**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 Seven 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 directorships other	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	Yes	Nil	3
Nirmaljit Singh	Director	1	Yes	Nil	2

During the financial year ended 31.03.2007 , 6 Board Meetings were held, one AGM held on 30.09.2006 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 :