

BOARD OF DIRECTORS

| | |
|---------------------|--------------------------------|
| Mr. Surinder Singh | Chairman cum Managing Director |
| Mr. Devender Singh | Director |
| Ms. Parminder Kaur | Director |
| Ms. Paramjit Kaur | Director |
| Mr. Inderjit Singh | Director |
| Mr. Balvinder Singh | Director |
| Mr. Rajiv Kishore | Director |
| Ms. Reeta Devi | 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 Friday, 30th September, 2011 at 9.00 A.M. at regd. office Plot No. 58-59, Industrial Area, Phase VIII-B, SAS Nagar, Mohali to transact the following special business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March 2011 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. Rita Sharma 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 himself for reappointment.
4. To appoint a Director in place of Mr Devender Singh who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.
5. 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:

6. To consider and , if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

RESOLVED THAT pursuant to the provisions of Section 81, 81 (1A) of the Companies Act, 1956, the Securities and Exchange Board of India (Disclosure and

Investor Protection) Guidelines, 2000 , the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Listing Agreement with the Stock Exchanges, the Memorandum and Articles of Association of the Company and other applicable provisions, if any, and subject to the necessary approvals of financial institutions, banks and other concerned persons and authorities, if any, the consent of the Members of the Company be and is hereby accorded to offer, issue and allot up to 80,00,000 convertible warrants of face value of Rs. 1/- each with an entitlement to convert into equity shares at the option of the warrant holder i.e. Mr. Surinder Singh, Managing Director cum promoter , by way of private placement on preferential allotment basis as per the terms and conditions given in the Explanatory Statement annexed to this notice which , inter alia , includes the following :-

- a. Issue of up to 80,00,000 warrants of face value of Rs. 1/-each with an entitlement to convert into / exchange with the equal number of equity shares of the Company on or before 31st March 2013.
- b. Entitlement of warrant holder i.e. Mr. Surinder Singh to the extent not exercised shall be lapsed and the amount paid on such warrants shall be forfeited.
- c. The relevant date for the purpose of determination of issue price of resultant equity shares is 30th August 2011. The issue price of the resultant equity shares is fixed at Rs. 1 (Rupees One only), which is higher than the price calculated in terms of SEBI Guidelines.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to reduce, change or modify the number of warrants to be issued , to finalize and modify the terms and conditions, quantum, timings and all other matters relating to the issue and allotment of the aforesaid preferential issue of warrants and the resultant equity shares, to agree to such conditions or modifications that may be imposed, required or suggested by the Securities and Exchange Board of India (the SEBI), Stock Exchange(s) or other authorities, or that may otherwise be deemed fit or proper by the Board and to settle all questions or difficulties that may arise with regard to the aforesaid in such manner as it may determine in its absolute discretion and to take such steps and to do all such acts, deeds, matters and things as may be required, necessary, proper or expedient , to give effect to this resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate all or any of the previously mentioned powers/ authorities to any committee of directors and/or officers or to any one or more directors and officers of the Company.

For Board of Directors
M/S SGN TELECOMS LTD.

DATE : 05/09/2011
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 instead of himself/herself 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. Members who holds shares in physical form are requested to notify any change in their registered address to Registrar and share transfer agent i.e. Beetal Financial & Computer Services Private Limited, New Delhi.
4. Members are requested to bring the copy of annual report and attendance slip duly filled in the meeting. Members who are holding shares in demat form are requested bring their Client Id and DP Id for easing identification of attendance.
5. Register of members and register of transfer will remain closed from 28th September 2011 to 30th September 2011 both days inclusive.
6. Relevant explanatory statement pursuant to section 173 of the Companies Act 1956 is attached and forms part of the notice.
7. Nomination forms for availing the nomination facility are available at registered office.

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

ITEM NO. 6

Your Company proposes to issue warrants on preferential allotment basis with an option/ entitlement of conversion into / exchange with the equity shares of the company within a period of about 18 months from the date of allotment of warrants. The Company is taking permission of members as per requirements of Clause No. 13.4.3 of the SEBI (DIP) Guidelines, 2000.

Instrument

The Company is proposing to issue a maximum of 80,00,000 convertible warrants of face value of Rs. 1/-each on preferential allotment basis. The holder of these warrants shall be entitled to convert the warrants into equity shares of the company in the ratio of 1 : 1 , i.e., one equity shares for every one warrant held. The holder of 80,00,000 warrants shall be entitled to convert into / exchange with the equal number of equity shares of the company on or before 31st March 2013.

The warrant holder shall make the written request to the Company to exercise the entitlement and send the same along with complete balance payment payable on the shares at least 15 days before exercise of the entitlement. Entitlement of warrant holder (s) to the extent not exercised shall be lapsed and the amount paid on such warrants shall be forfeited.

Relevant Date and Issue Price

The relevant date for the purpose of determination of issue price of resultant equity shares is 30th August 2011. Accordingly, the conversion/ exchange price of Rs. 1 (Rupees One only), of the resultant equity shares has been determined as per the pricing formula prescribed in the SEBI Guidelines which is given below :

- (i) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date : or
- (ii) The average of weekly high and low of the closing prices of the related shares quoted on stock exchange during the two weeks preceding the relevant date

The issue price of the resultant equity shares is fixed at Rs. 1 (Rupees One only), i.e. Nominal Value of the share, which is higher than the price calculated in terms of the aforesaid SEBI Guidelines.

Lock – in- period

- (i) Warrants shall be subject to lock in of 3 years from the date of their allotment.
- (ii) The resultant equity shares shall also be subject to lock in of 3 years from the respective dates of allotment of such equity shares.
- (iii) The pre preferential allotment shareholding of Mr. Surinder Singh, promoter, warrant holder (s) shall be under lock in from the relevant date up to a period of six months from the date of preferential allotment .
- (iv) Subject to the SEBI Guidelines, warrants and resultant equity shares may be transferred within the promoters group during the lock in period, subject to continuation of lock in the hands of transferee(s) of the remaining period .

Up – front payment

In terms of SEBI Guidelines, an amount equivalent to 25 % of the Issue price shall become payable for the warrants on the date of their allotment and the same shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option to get the warrants converted into the equity shares. The upfront fee paid shall be forfeited , if the option to acquire shares is not exercised.

Particulars of Allottee

The warrants are proposed to be allotted to Mr. Surinder Singh , Chairman cum Managing Director of the company.

Pre – issue & Post – issue holding of the proposed allottee

- 1. As on the date of this notice, the proposed allottee Mr. Surinder Singh did not sell any shares of the company during the six months period prior to the relevant date.
- 2. Mr. Surinder Singh, the proposed allottee is holding 2734100 equity shares of the face value of Rs. 1/- each constituting 3.75% of the total paid up capital.
- 3. The pre and post issue holding of the proposed allottee is as follows:-

| Name | Number of Shares Present Holding with % | Number of Shares Holding after conversion of Warrants with % |
|--------------------|--|---|
| Mr. Surinder Singh | 2734100 (3.75 %) | 10734100 (13.28%) |
| Total | 2734100 (3.75 %) | 10734100 (13.28%) |

Objects and purpose of the Preferential Issue

Your Company is embarking upon various expansion plans. The company is in the process of replacing the old plant and machinery with new , modernize plant & machinery. The company requires to raise the financial resources for achieving these expansion plans and modernization of machineries. Some money has already been infused by Mr. Surinder Singh Managing Director in the company in the form of unsecured loans. The rest of the money will also being brought by Mr. Surinder Singh. The money already brought in and to be brought in by Mr. Surinder Singh is being utilized for the purpose of the company. The board has decided to allot shares on preferential basis out of the unsecured loans received and other money to be infused by Mr. Surinder Singh.

Intention of promoters/ directors/ key management persons to subscribe :

| Proposed allottee | Designation | Number of Shares To be allotted |
|--------------------|--------------------------------|---------------------------------|
| Mr. Surinder Singh | Chairman cum Managing Director | 8000000 |

Proposed time of Allotment

The proposed allotment of warrants in the present preferential issue will be made within a period of 15 days from the date of passing of the aforesaid special resolution in the Extra General Ordinary excluding the time taken in obtaining the necessary approvals, if any, or within such time as may be prescribed or allowed by the SEBI, stock exchange(s) or concerned authorities.

The Statutory Auditors of the Company has certified that the present preferential issue of warrants, on the above terms and conditions, is in accordance with the requirements contained in the SEBI Guidelines as in force. The Auditors Certificate shall be laid before the EGM.

Pre – issue & Post – issue Shareholding pattern of the Issuer Company :

Presuming 100% conversion/ exchange, post issue / post conversion shareholding pattern of the Issuer Company, after the last conversion, will be as under :

| Category | Pre No. of Shares held | Issue % of share holding | Post No. of Shares held | Issue % of share holding |
|---|------------------------|--------------------------|-------------------------|--------------------------|
| A. Promoters' holding 1. Indian Promoters (including proposed Allottee) | 10900000 | 14.97 | 18900000 | 23.39 |

| | | | | |
|-------------------------------|----------|-------|----------|-------|
| 2. Foreign Promoters | | | | |
| 3. Persons acting in concert | | | | |
| Sub- Total | 10900000 | 14.97 | 18900000 | 23.39 |
| B. Public Shareholding | | | | |
| Institutional | | | | |
| Bodies corporate | 3725728 | 5.12 | 3725728 | 4.61 |
| Mutual Funds/UTI | | | | |
| Banks/Financial inst. | 10000 | 0.01 | 10000 | 0.01 |
| Insurance Co's | | | | |
| Foreign Inst. Investors | | | | |
| Sub- Total | 3735728 | 5.13 | 3735728 | 4.62 |
| C. Non Institutions | | | | |
| Individuals | 55081415 | 75.65 | 55081415 | 68.16 |
| NRIs/OCB | 2126169 | 2.92 | 2126169 | 2.63 |
| Clearing House | | | | |
| Any Other | 966588 | 1.33 | 966588 | 1.20 |
| (Please specify) | | | | |
| Sub- Total | 58174172 | 79.90 | 58174172 | 71.99 |
| Grand Total | 72809900 | 100 | 80809900 | 100 |

In terms of provisions of the Companies Act, 1956, the consent of the members by way of a special resolution is required.

Your Director's recommend the resolution for adoption by the members.

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

DIRECTORS REPORT

Your Directors are pleased to present their Annual Report for the financial year ended on 31st March 2011.

FINANCIAL RESULTS:

| PARTICULARS | 31st March 2011 (Rs. In Lacs) | 31st March 2010 (Rs. In Lacs) |
|----------------------------|---|---|
| Income | 134.04 | 278.71 |
| Profit Before Depreciation | 2.96 | 1.46 |
| Depreciation | 8.26 | 11.90 |
| Net Profit/(loss) | (5.30) | (10.43) |
| Transfer to Balance sheet | 45.95 | 40.64 |

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. Devender Singh, Mrs. Parminder Kaur and Mrs. Reeta Devi, Directors of the company who retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

LISTING:

The company is listed with Bombay Stock Exchange Limited. It is regular in payment of listing fees and complying with other listing requirements. The company has filed applications with Delhi Stock Exchange and Ludhiana Stock Exchange for voluntary delisting of securities as shares are not being traded in these exchanges and listing with them 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