

Regd. Office:

12.6 Km. Barabanki Road, Chinchhat,
Lucknow. - 227 105

| | | | | |
|-----|----|---|-----|----|
| MD | ✓ | | BKC | ✓ |
| CS | ✓ | | DPY | NA |
| RO | ✓ | | DIV | NA |
| TRA | NA | ✓ | AC | ✓ |
| AGM | ✓ | ✓ | SHI | ✓ |
| YE | ✓ | ✓ | | |

LINAKS MICROELECTRONICS LIMITED

BOARD OF DIRECTORS

Mr. Anil K. Singh - Managing Director
 Mr. Udayan Singh - Whole Time Director
 Mr. Rajesh Pd. Singh " " "
 Mr. R.K. Mehra " " "
 Mr. Ravindra Kacker - PICUP Nominee
 Mr. Pradeep Kumar
 Mr. Y.S. Kapadia
 Dr. Dhruva Chaudhury - IL & FS Venture Corp.
 Ltd. Nominee.
 Dr. Gautam Singh
 Mr. Atul K. Singh
 Mr. V.K. Jain

AUDITORS:

S.R. Gupta & Co.

BANKERS:

State Bank of India

Annual Report 1997-98

NOTICE

Notice is hereby given that the Twelveth Annual General Meeting of LINAKS MICROELECTRONICS LIMITED will be held at the Registered Office of the Company at 12.6 km, Barabanki Road, Chinhath, Lucknow on Wednesday the 30th September 1998 at 11 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 1998 and the Profit and Loss Account for the year ended on that date alongwith Cash Flow statement of the Company for the year ended on 31st March, 1998 and reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Udayan Singh, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. R. K. Mehra, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a director in place of Mr. Atul Kumar Singh, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED that Mr. V. K. Jain who was appointed by the Board of Directors as Director w.e.f. 05.08.97 in the casual vacancy caused by the resignation of Mr. H. P. Singh, who would have held office till the date of this Annual General Meeting be and is hereby appointed a director of the Company whose period of office will be liable to determination by retirement of Directors by rotation as Dr Gautam Singh also holds his office till this Annual General Meeting."

By order of the Board

PLACE : LUCKNOW

(ANIL KUMAR SINGH)

DATED : 31.08.1998

MANAGING 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. Such Proxy need not be member of the Company. Proxies in order to be effective must be received by the company not less than 48 hours before the time fixed for the meeting. A blank proxy form is enclosed.
2. The Register of Members and Share Transfer Books shall remain closed from 28.09.98 to 05.10.98 (both days inclusive).
3. Members are requested to bring along their copy of Annual Report for attending the meeting.

4. Members are requested to quote their Folio/Account No. in all correspondence with the Company and inform the Company about their change of address, if any.

5. For Convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided thereof and handover the attendance slip at the place of meeting. The Proxy of a member should mark on the attendance slip as 'Proxy'.

6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 regarding item nos. 6 of Special Business is annexed hereto.

ANNEXURE TO THE NOTICE

Explanatory statement as required under Section 173(2) of the Companies Act, 1956.

Item no. 6

Mr. V.K. Jain was appointed a director of the Company on 05.08.97 pursuant to Section 262 of the Companies Act 1956 in the casual vacancy arisen on the resignation of Mr. H.P. Singh. Since the term of office of Mr. H.P. Singh extended till the date of this Annual General Meeting, the term of office of directorship of Mr. V.K. Jain will also expire at the said annual general meeting in terms of the provisions of Section 262 of the Companies Act, 1956. The directors recommend the resolution for approval of the members.

Pursuant to Section 257 of the Companies Act, 1956, notice has been received from a member alongwith a deposit of five hundred rupees proposing that Mr. V.K. Jain be appointed as director of the Company at this Annual General Meeting. Hence the resolution.

Except Mr. V.K. Jain none of the other directors of the Company is concerned or interested in the resolution.

By order of the Board

PLACE : LUCKNOW

(ANIL KUMAR SINGH)

DATED : 31.08.1998

MANAGING DIRECTOR

LINAKS MICROELECTRONICS LTD.**DIRECTORS' REPORT**

To,
The Members,

Your Directors hereby present the Twelfth Annual Report of the Company for the year ended on 31st March, 1998.

SUMMARISED FINANCIAL RESULTS :

| | (Rs. in lacs) | |
|---|-----------------------|------------|
| | During the year ended | |
| | 31.03.1998 | 31.03.1997 |
| Sales and other income | 281.49 | 547.89 |
| Profit before interest and depreciation | (-)119.42 | 64.87 |
| Less : Interest | 277.92 | 223.32 |
| Depreciation | 56.23 | 56.23 |
| Profit/loss Before Tax | (-)453.57 | (-) 214.68 |

YEAR UNDER REVIEW AND PROSPECTS

The ECB proposal mentioned in last years report fell through because of the South East Asian currency crisis. Your company to salvage matters moved for a rehabilitation package with IDBI. A joint meeting held on April 15 '98. under the chairmanship of IDBI's CBM formulated an infusion plan for Rs 2.61 crores.

The implementation of plan rested on the consents of SBI, PICUP & UPFC to IDBI's proposal. We are happy to inform you that all consents have been obtained the last one coming from SBI in August fourth week.

Pending finalisation of some concrete rescue plan the factory operations were in a state of suspended animation with the bare minimum execution of export orders. This was being done more, so with the intepction of keeping the relationship with foreign buyers alive.

DIVIDEND

The year under review continued to be, for the reasons mentioned, a poor one and no dividend payout is being recommended by the Board.

OUTLOOK FOR THE CURRENT YEAR

Domestic market for PCBs has picked up with prices firming by 15-20%. The second half of the current year promises to be a bumper one just the time when we would be ready with funds. Export demand in Europe is steady. Our efforts in US market have started yielding results but we are awaiting to set our finances in order before taking the plunge.

DIRECTORS

During the year under review the nomination of Ms. Vimmi Singh was withdrawn by M/s IL & FS Venture Corp. Ltd. w.e.f. 28.11.97 and Mr. Dhruva Chaudhury was nominated as director of the company in place of Ms. Vimmi Singh with effect from that date.

Your Directors take this opportunity to place on record their deep appreciation for the valuable services rendered by Ms. Vimmi Singh during her tenure as Director of the Company.

Mr. V.K. Jain was appointed a director on 05/08/97 pursuant to Section 262 of the Company Act 1956 in the casual vacancy created consequent on resignation of Mr. H.P. Singh. Since the term of office of Mr. H.P. Singh was liable to determination by retirement of directors by rotation at this Annual General Meeting, the term of directorship of Mr. V. K. Jain will also expire at the said annual general meeting in terms of the provisions of Section 262 of the Companies Act, 1956. Pursuant to Section 257 of the Companies Act, 1956, notice alongwith necessary deposit of amount has been received from a member proposing that Mr. V.K. Jain be appointed as Director of the Company at this Annual General Meeting.

Mr. Udayan Singh, Mr. R.K. Mehra and Mr. Atul Kumar Singh are persons, who have been longest in the office since the last appointment of Directors, and in terms of the provisions of Section 255 of the Companies Act, 1956 the terms of their offices are liable to retire by rotation at the forthcoming annual general meeting, however, they are eligible for their reappointment.

AUDITORS

You are requested to appoint auditors for the current year and fix their remuneration. The retiring auditors M/s S.R. Gupta & Co., Chartered Accountants, Kanpur, are eligible for reappointment and have given their consent and also furnished certificate as required by Section 224 (1B) of the Companies Act, 1956.

ACCOUNTS AND COMMENTS IN THE AUDITORS' REPORT

The points referred to by the Auditors in their report are self explanatory and need no further clarification/ explanation. However, so far as point no. 20 of the Annexure to the Auditors' report is concerned regarding Company becoming sick industrial company within the meaning of Section 3(1)(c) of the Sick Industrial Companies (Special Provisions) Act, 1985, a reference to BIFR would be made by your directors within the stipulated time frame. This reference would be more post facto in nature as the package has already been firmed up as stated earlier in this report.

INFORMATION UNDER SECTION 217 OF THE COMPANIES ACT, 1956

A. Particulars of Employees

In compliance of the provisions under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, no employee of the company was in receipt of a remuneration of Rs. 25000/- or more p.m., if employed for a part of the year under review or Rs. 3,00,000/- or more p.a. if employed throughout the said year.

B. Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption and foreign exchange earning and outgo are as under :-

a) Conservation of Energy

Taking advantage of high power diversity factor in the PCB fabrication process your Company has opted for fully captive modular generation in units of 125 KVA each. This is providing flexibility of usage thereby keeping the power consumption low. Other ongoing measures like power factor improvement, use of new breed of low wattage high luminiscent fittings etc. have been carried out.

b) Technology absorption

i) Research and Development (R & D)

Since the company does not have any R & D department or have carried R & D activities, the information in this regard is NIL.

ii) Technology Absorption, Adaptation and Innovation

MLB technology is under absorption.

c) Foreign Exchange Earning and Outgo

Foreign exchange earnings during the year under review were equivalent to Rs. 105.87 Lacs (Previous year Rs. 277.30 lacs). The total outgo in foreign currency amount equivalent to Rs. 33.59 Lacs on Revenue A/c (previous year Rs. 105.80 Lacs).

ACKNOWLEDGEMENT

The year under review has tested the resilience of your management and its dedicated team of employees. Like true comrade in arms everyone closed ranks and stood shoulder to shoulder to weather the onslaught of adversity. Our most grateful thanks to everyone.

Your directors also wish to record their thanks to the Financial Institutions and Banks who have continued their support to the Company. The directors are also grateful to the dealers and customers who have reposed their confidence in and bearing with the Company in the crisis and are still with the Linaks family.

(Anil Kumar Singh)
Managing Director

(R.K. Mehra)
Director

Place : Lucknow
Date : August 31, 1998

S.R.GUPTA & CO.
CHARTERED ACCOUNTANTS

24/24C KARACHI KHANA
KANPUR

AUDITORS' REPORT

TO
The Members of
LINAKS MICROELECTRONICS LTD.

We have audited the attached Balance Sheet of Linaks Microelectronics Limited as at 31st March, 1998 and also the annexed Profit & loss Account for the year ending on 31st March, 1998.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and in terms of the information and explanation given to us and on the basis of such checks as we considered appropriate, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

2. Further to our comments referred to in paragraph (1) above :-

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;

In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of the books;

The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required.

(i) insofar as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 1998.

(ii) insofar as it relates to the Profit & Loss account of the loss of the company for the year ending on 31.03.98

For S. R. GUPTA & CO.
Chartered Accountants

Place : LUCKNOW
Dated : 31/08/98

V.K. GUPTA
(Partner)