

LINEAR INDUSTRIES LIMITED

18th Annual Report
and accounts 2004-2005

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and accounts 2005

Board of Directors:

Shri Ashok Shah	Chairman and Managing Director
Shri Shashank Shah	Director
Shri Aditya Shah	Director

Auditors:

Jain Bafna & Co.
5, Ganesh Wadi, 4th Floor,
Mumbai - 400 002.

Regd. Office:

213, Tulsiani Chambers,
Nariman Point,
Mumbai 400 021.

Bankers:

HDFC Bank Ltd.
Canara Bank

Solicitor

Little & Co.

LINEAR INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of **M/S LINEAR INDUSTRIES LIMITED** will be held at Green Room, Garware Club House, Wankhede Stadium, Churchgate, D Road, Mumbai 400 020 on Thursday the 29th September, 2005 at 10.00 A.M. to transact the following business:

AS ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Audited Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
- 2) To appoint director in place of Shri Aditya Shah who retires by rotation, and being eligible offers himself for re-appointment.
- 3) To re-appoint auditors M/s Jain Bafna & Co to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and fix their remuneration.

AS SPECIAL BUSINESS:

- 4) To consider and, if thought fit, to pass the following resolution with or without modifications as **SPECIAL RESOLUTION:-**

RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and the Listing Agreement with Stock Exchange where the shares of the Company are listed, and subject to the guidelines of Securities and Exchange Board of India, (SEBI Guidelines) and other authorities as may be required, and subject to such other rules and regulations, as may be applicable and subject to such conditions and modifications as may be imposed by such regulatory authorities, the consents, permissions and sanctions of the Company be and is hereby accorded to the Board of Directors of the Company to issue and allot 51,000 fully paid up equity shares of Company of Rs. 10/- each at a premium of Rs. 5/- per share aggregating to Rs.7,65,000/- calculated in accordance with the relevant guidelines issued by SEBI/Stock Exchange to Shri Ashok Shah director/promoter of the Company.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required and that the said equity shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank parri-passu with the existing equity shares of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to accept the terms and conditions and stipulations made by the regulatory authorities while granting approval to the Company for the issue of the securities as aforesaid."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director or to any committee of directors or any other officers of the Company and to do all such acts, matters, things and deeds and to take all such steps and do all such things and give all such directions, as the board may consider necessary, expedient or desirable and also to settle any question, difficulties or doubts that may arise in regard to the offer/issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise and to execute all documents and writings of the Stock Exchanges as may be necessary,

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proper, desirable or expedient and the Board in its absolute discretion may deem fit and take all such steps which are incidental and ancillary in this regard."

5) To consider and, if thought fit, to pass the following resolution with or without modifications as **ORDINARY RESOLUTION:-**

RESOLVED THAT pursuant to the provisions of section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and subject to the other permissions and approvals as may be required, consent is hereby accorded to the Board of Directors of the Company to transfer, sell and/or dispose of the substantial plant and machineries/undertaking of the Company situated at Block No. 5 Rajlaxmi Commercial Complex, village Kalhar, Agra Road, Bhiwandi, Thane 421 302 or otherwise at such price and on such terms and conditions as may be decided by the Board of directors or a committee of the directors to be appointed for the purpose with power to the Board of directors or to the committee of the directors to finalise and execute necessary documents including agreements, deeds of assignment, conveyance and other documents and to do all such other acts deeds, matters and things as may be deemed necessary and expedient in their discretion for completion of transfer/ sale of the said plant and machineries/undertaking.

BY ORDER OF THE BOARD

(Shashank Shah)
DIRECTOR

REGD. OFFICE

213, Tulsiani Chambers,
Nariman Point, Mumbai 400 021.

Dated : 23/08/2005

NOTE:

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. **THE SHARE TRANSFER REGISTER AND MEMBER'S REGISTER SHALL REMAIN CLOSED FROM 22/09/2005 TO 29/09/2005 (BOTH DAYS INCLUSIVE).**
4. **MEMBERS ARE REQUESTED TO NOTIFY CHANGES IN ADDRESS IF ANY, IMMEDIATELY TO THE COMPANY AT THE REGISTERED OFFICE QUOTING THEIR FOLIO NUMBERS.**
5. **THE COMPANY'S SHARE ARE NOW TRADED IN DEMATERIALISED FORM. MEMBERS ARE THEREFORE REQUESTED TO GET THEIR SHARES CONVERTED INTO D-MET FORM.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1965.

ITEM NO. 4

Your Company needs the working capital funds to increase the business and also for the reconditioning the existing plant and machineries which has washed away in recent flooding and

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water logging at Bhiwandi. The Company has therefore initiated steps to augment resources required for the aforesaid activities through allotment of equity shares on preferential basis. To partly meet the requirement of the funds above activity the Company has envisaged to mobilize additional resources through preferential issue of 51000 equity shares of Rs. 10/- each at a premium of Rs. 5/- per share aggregating to Rs. 7.65 Lacs calculated in accordance with the relevant guidelines issued by SEBI/Stock Exchanges to Shri Ashok Shah, director/promoter.

In terms of section 81 (1A) of the Companies Act, 1956, the approval of the shareholders of the Company is being sought to issue and allot further shares in the share capital of the Company to investors/promoters whether or not the allottees are the existing shareholders of the Company. Thus, consent of the members of the Company, by way of a special resolution is required for item No.4

The disclosures required to be given in the explanatory statement to the notice of the General Meeting in terms of clause 13.1A of SEBI guidelines for preferential allotment, as amended upto the date of this notice are given below:

OBJECT OF THE ISSUE THROUGH PREFERENTIAL OFFER:

The object of the proposed issue of equity shares is to augment of the working capital requirement and for meeting the expenditure likely to be incurred on re-conditioning of the plant and machineries.

INTENTION OF PROMOTERS/DIRECTORS/KEY MANAGEMENT PERSONNEL TO SUBSCRIBE TO THE OFFER:

This offer is exclusively meant for directors/promoters and 51000 equity shares are proposed to be allotted to the directors/promoters of the Company.

The allotment would not result in any change in the control of management of the affairs of the Company or in the Board of directors of the Company. However, there will be consequential change in the voting rights/ shareholding pattern of the Company subsequent to the allotment of 51000 equity shares.

SHAREHOLDING PATTERS BEFORE AND AFTER THE OFFER:

S. No. of Category	Shares	% of paid up equity capital before allotment	% of paid up equity capital after allotment (if allotted)
1. Promoters	442500	39.90%	42.54%
2. NRI's/OCB's	600	00.05%	00.05%
3. FII's	NIL	NIL	NIL
4. FI's/MF's/Banks	500	00.05%	00.05%
5. Bodies Corporates	6025	00.54%	00.52%
6. Indian Public	659375	59.46%	56.84%
TOTAL	1109000	100.00%	100.00%

PROPOSED TIME WITHIN WHICH THE ALLOTMENT SHALL BE COMPLETED:

The Board proposes to allot 51000 equity shares within a period of 15 days or such extended period from the date of holding of ensuing Annual General Meeting.

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THE IDENTITY OF THE PROPOSED ALLOTTEES AND THE PERCENTAGE OF POST PREFERENTIAL ISSUE CAPITAL THAT MAY BE HELD BY THEM.

51000 equity shares are proposed to be allotted to Shri Ashok Shah. The pre issue holding of Shri Ashok Shah is 14.92% and post issue holding would be 18.66%

LOCK IN PERIOD:

These shares are being issued on preferential basis and will be subject to lock in as per the requirement of the SEBI (DIP) guidelines.

PRICING OF THE ISSUE:

The issue price has been determined in accordance with the relevant guidelines issued by SEBI/ Stock Exchanges. The price has been calculated on average basis of the relevant date which is the date, 30 days prior to the date on which ensuing General Meeting is being convened to be held, for seeking for approval of shareholders, in terms of section 81(1A) of the Companies Act, 1956, to consider the proposed issue and is determined in accordance with the explanation (a) of para 13.1.1 of SEBI (DIP) GUIDELINES, 2000 as amended upto date.

As required, by the SEBI (DIP) GUIDELINES, 2000, on preferential issues, a certificate from the statutory auditors to the effect that the proposed allotment will be made in accordance with the said guidelines shall be placed at the meeting.

The members are therefore, requested to accord their approval to the proposed resolution set out at item No. 4 by way of special resolution

The directors of your company may be deemed to be concerned or interested to the extent of the securities that may be subscribed by him.

ITEM NO: 5

The Company established the factory at Block No 5 Rajlaxmi Commercial Complex, village Kathar Agra Road, Bhiwandi, Thane 421 302 for the manufacture of grey fabric two years ago. However the entire factory has been completely damaged and washed away in the recent water logging and flooding which took place 27/07/2005 and 28/07/2005 in Maharashtra. The Company has thus sustained substantial loss on account of damage of the entire plant and machinery. Though the Company has lodged the claim on the insurance Company for the damage and loss sustained by the Company, however even after that it is not very certain and evident from the present condition of the entire plant and machinery that the machineries can be put to re-use. It is therefore not certain that whether the plant can be re-started or not even after incurring heavy expenditure. In view of the same, the Board of directors has decided to sell off the present plant and machinery entirely at the best possible price and then re-start the manufacturing activity by a new set of entire plant and machinery, if any, and that too some other place, so that the re-occurrence does not happen.

Any sale or disposal of any undertaking of the Company requires the approval of the shareholders under section 293(1)(a) of the Companies Act, 1956 hence the said resolution is placed before the shareholders for their approval.

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In the opinion of the directors it is in the interest of the Company that plant and machinery located at 5 Rajlaxmi Commercial Complex, village Kalhar, Agra Road, Bhiwandi, Thane 421 302 as disposed off as stated above.

As per section 192(A) of the Companies Act, 1956 read with the Companies (Passing of resolution by postal ballot) Rules, 2001 the consent of the shareholders for the above purpose is required to be obtained by means of a postal ballot. Accordingly the proposed ordinary resolution and the explanatory statement thereto are sent to you along with the postal ballot for your consideration.

None of the Directors of the Company is in any way interested or concerned in passing the aforesaid resolution.

BY ORDER OF THE BOARD

(Shashank Shah)
DIRECTOR

REGD. OFFICE
213 Tulsiani Chambers,
Nariman Point,
Mumbai 400 021

Dated : 23/08/2005



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To,
The Members,

Your directors have pleasure in presenting their Eighteenth Annual Report with the Audited Accounts for the year ended on 31st March, 2005.

FINANCIAL RESULTS:

	Current Year ended on 31.03.2005 (Rs. In Lacs)	Previous Year ended on 31.03.2004 (Rs. In Lacs)
Sale & Other Income	802.98	288.22
Operating profit before depreciation	52.14	7.10
Less : Depreciation	23.85	21.74
Profit before Tax	28.29	(14.64)
Less: Provision for Tax	2.25	0.00
Profit after tax	26.04	(14.64)
Balance B/F from Previous year	21.43	36.07
Balance carried to Balance Sheet	47.47	21.43

OPERATIONS: The working of the Company for the year was satisfactory. However in the recent water logging and flooding in the state of Manarashtra, the entire plant and machinery of the Company located at its Bhiwandi Plant, has been washed away and heavy damages has been caused to that. Thought the Company has lodged insurance claim on the insurance company but looking to the present state of entire plant it is not certain whether the said plant can be re-started again ever after incurring heavy expenditure. It has been therefore decided by the Board that the entire plant be sold off on as is where is basis at the best possible price and re-start the plant at some other place as may be decided.

DIVIDEND : In view of in-adequacy of distributable profit and present requirement for the working capital funds, the directors do not recommend any dividend for the year.

DIRECTORS:

In accordance with the provisions of Articles of Association of the company Mr. Aditya Shah retire by rotation, and being eligible, for re-appointment have offered himself for re-appointment.

AUDITORS:

The Company's Auditors **M/S Jain Bafna & Co.**, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Members are requested to appoint Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration. The observations made in the Auditor's Report are self-explanatory.

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DIRECTOR'S RESPONSIBILITY STATEMENT:

Your directors confirm that:

1. In the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures,
2. The accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year,
3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
4. That the directors have prepared the accounts on a going concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE:

Your directors confirm that the Company has complied with all the applicable provisions of the Companies Act, 1956 and has obtained the requisite certificate pursuant to Companies (Compliance Certificate) Rules 2002.

PARTICULARS OF EMPLOYEES

There were no employees who were in receipt of remuneration which is in aggregate not less than Rs.24,00,000/- per annum, if employed throughout the year or Rs.2,00,000/- per month, if employed for part of the year.

OTHER INFORMATION:

As required under section 217(1)(e) of the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, the particulars relating to the conservation to energy, technology absorption, Foreign Exchange earnings & outgo is Nil.

ACKNOWLEDGEMENT:

The Directors would like to express their gratitude to the financial institutions, and the Company's bankers for their continued Co-operation. Finally the directors would like to acknowledge their appreciation, to all the employees of the Company for their sincere and dedicated services.

For and on behalf of the Board.

(Ashok Shah)
Chairman

Mumbai: Dated: June 30, 2005.

SECRETARIAL COMPLIANCE CERTIFICATE

COMPANY NO. 11-42352.
AUTHORISED SHARE CAPITAL : RS. 500,00,000/-.
PAID UP SHARE CAPITAL : RS. 109,75,500/-

The Members,
M/s. LINEAR INDUSTRIES LIMITED
213, Tulsiani Chambers, Nariman Point,
Mumbai - 400 021.

I have examined the registers, records, books and papers of **M/s. LINEAR INDUSTRIES LIMITED** [the Company] as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on **MARCH 31, 2005**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company and its officers, I certify that in respect of the aforesaid financial year

1. The Company has kept and maintained all registers as stated in **ANNEXURE - 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as required with the Registrar of Companies or other authorities as prescribed under the Act and the rules made hereunder wherever applicable as per - **ANNEXURE - 'B'**.
3. The Company being a Limited Company. Comments not required
4. The Board of Directors duly met 5 [FIVE] times during the aforesaid Financial Year i.e. on 30/06/2004, 31/07/2004, 31/10/2004, 31/01/2005 AND 31/03/2005 and in respect of each meeting proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members during the financial year.
6. The Company held its Annual General Meeting during the year in time i.e. on September 29, 2004 and in respect of which proper notice was given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has complied with the provisions of Section 295 of the Companies Act, 1956
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Companies Act, 1956.
10. The Company has complied with the provisions of Section 301 of the Companies Act, 1956
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members or Central Government
12. The Company has not issued any duplicate share certificates during the financial year
13. The Company has:
 - i. delivered all the certificates on allotment of Shares in accordance with the provisions of the Companies Act, 1956.
 - ii. duly complied with the requirements of Section 217 of the Act.