

LINEAR INDUSTRIES LIMITED

19th Annual Report
and accounts 2005-2006

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and accounts 2006

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 Nineteenth 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 Friday the 29th September, 2006 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, 2006 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 Shashank 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 re-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

19TH ANNUAL REPORT

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, 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."

BY ORDER OF THE BOARD

(Shashank Shah)
DIRECTOR

REGD. OFFICE

213 Tulsiani Chambers,
Nariman Point,
Mumbai 400 021

Dated : 30th June, 2006

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 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 22/09/2006 TO 29/09/2006 (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, 1956.

ITEM NO: 4

Your Company needed the funds for the re-conditioning the existing plant and machineries which had washed away in flooding and water logging at Bhiwandi in the last year. The Company had accordingly issued 51000 equity shares of Rs.10/- each at a premium of Rs. 5/- per share aggregating to Rs. 7,65,000/- and had also complied with all the procedure for the listing of these additional shares. However since the existing shares of the promoter director to whom the 51000 equity shares were issued were not held at the relevant time in de-mat form and hence the stock exchange has not granted the permission for the listing of these additional shares. Thus to comply with the guidelines for the issue of preferential shares to promoters, these 51000 equity shares are re-issued to Shri Ashok Shah at a price of Rs. 15/- each to comply with the guidelines issued by SEBI/Stock Exchanges.

In terms of section 81 (1A) of the Companies Act, 1956, the approval of the shareholders of the Company is being sought to re-issue and re-allot these shares to promoters whether or not

LINEAR INDUSTRIES LIMITED

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 was 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	494658	39.90%	43.50%
2. NRI's/OCB's	700	00.05%	00.06%
3. Flls	NIL	NIL	NIL
4. FI's/MF's/Banks	500	00.05%	00.04%
5.Bodi Corporates	36306	00.54%	03.19%
6. Indian Public	604936	59.46%	53.20%
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.

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 19.04%

19TH ANNUAL REPORT

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.

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 : 30th June, 2006

LINEAR INDUSTRIES LIMITED**DIRECTORS REPORT**

To,
The Members,

Your directors have pleasure in presenting their Nineteenth Annual Report with the Audited Accounts for the year ended on 31st March, 2006.

FINANCIAL RESULTS:

	Current Year Ended on 31.03.2006 (Rs. In Lacs)	Previous Year ended on 31.03.2005 (Rs. In Lacs)
Sales & Other Income	487.64	802.98
Operating profit before depreciation	(14.11)	52.14
Less : Depreciation	16.03	23.85
Profit before Tax	(30.14)	28.29
Less: Provision for Tax	0.60	2.25
Profit after tax	(30.74)	26.04
Balance B/F from Previous year	47.47	21.43
Balance carried to Balance Sheet	16.73	47.47

OPERATIONS: The working of the Company for the year was satisfactory. However during the year the entire plant and machinery got damaged and could not be fully reconditioned. As a result entire plant was required to be sold on as is where is basis. Due to this the company had to suffer loss of Rs. 30.74 Lacs during the year under consideration.

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. Shashank 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.

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.

19TH ANNUAL REPORT

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 and 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: 30th June, 2006

LINEAR INDUSTRIES LIMITED

SECRETARIAL COMPLIANCE CERTIFICATE

COMPANY NO. 11-42352.
AUTHORISED SHARE CAPITAL : RS. 500,00,000/-.
PAID UP SHARE CAPITAL: RS. 116,00,000/-.

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, 2006. 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 10 [TEN] times during the aforesaid Financial Year i.e. on 02/05/2005, 04/06/2005, 30/06/2005, 31/07/2005, 23/08/2005, 31/10/2005, 30/11/2005, 14/12/2005, 31/01/2006 and 31/03/2006 and in respect of each meeting proper notices were given and 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, 2005 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 not given or advanced any amount as defined in 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 Act.

19TH ANNUAL REPORT

10. The Company has entered necessary particulars in the register maintained under 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.
 - iii. other clauses are not applicable.
 14. The Board of Directors of the Company is duly constituted.
 15. There was no appointment of Managing Director / Whole Time Director / Manager during the financial year.
 16. The company has not appointed any Sole Selling Agents during the financial year.
 17. The company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has issued 51000 Equity Shares during the financial year under review and necessary compliances of the Act were made.
 20. The Company has not bought back any shares during the financial year.
 21. The Company has not issued any preference shares/debentures and hence the question of redemption of preference shares/debentures does not arise during the financial year under review.
 22. There were no transactions necessitating the Company to keep in abeyance the rights of dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
 24. The Company has complied with the provisions of Section 293 (1) (d) of the Act.
 25. The Company has complied with the provisions of Section 372A of the Act.
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