



NAINA SEMICONDUCTOR LIMITED

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ELEVENTH ANNUAL REPORT 1998-1999

NAINA SEMICONDUCTOR LTD.**BOARD OF DIRECTORS**

KAPIL MOHAN MEHTA
SMT. JAYATI CHANDRA
BHARAT SINHA
S.C. TEWARI
ANIL KHANNA
S.L. GANDHI
LT. GEN. D. SWAROOP

MANAGING DIRECTOR

DIRECTOR HILTRON NOMINEE
DIRECTOR —DO—
DIRECTOR —DO—
DIRECTOR
DIRECTOR
DIRECTOR

AUDIOTS

M/S VINOD SHARMA & ASSOCIATES
Chartered Accountants
101, Bhanot Apartments
5, Local Shopping Centre,
Madangir, New Delhi-110 062

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE AND WORKS

Village Padampur Devalia
P.O. Mota Haidu, (Haldwani)
Distt. Nainital (U.P.)

SECRETARIAL DEPARTMENT

C-33, Okhla Industrial Area,
Phase-I, New Delhi-110 020

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ELEVENTH ANNUAL REPORT 1998-99**NOTICE**

Notice is hereby given that the Eleventh Annual General Meeting of the Members of Naina Semiconductor Limited will be held at Hotel Sourabh, Nainital Road, Haldwani, Distt. Nainital (U.P.) on 18th August, 1999 at 9.30 A.M. to transact the following business.

1. To receive, consider and adopt the Audited Balance Sheet as 31st March, 99 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S.L. Gandhi, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri Bharat Sinha who retires by rotation and is eligible for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to authorise the Board to fix their remuneration.

Regd. Office
Village Padampur Devalia
P.O. Mota Haidu (Haldwani)
Distt. Nainital (U.P.)

By Order of Board of Directors

Kapil Mohan Mehta
Managing Director

New Delhi : 9th July, 99

NOTES

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such a proxy need not be a member in order to be effective proxy. Forms duly completed should be deposited at the Registered Office or Corporate Office at C-33, Okhla Industrial Area, Phase-I, New Delhi-110 020 of the Company not less than 48 hours before the time fixed for a meeting.
2. Members/Proxies should bring the Attendance Slip & the Annual Report sent herewith duly filled in while attending the meeting.
3. Members are requested to verify and change in their addresses at the Secretarial Deptt. at C-33, Okhla Industrial Area, Phase-I, New Delhi-110 020 by quoting their Folio No.
4. Shareholders seeking any information with regard to the Accounts are requested to write to the Company at its Corporate Office, C-33, Okhla Industrial Area, Phase-I, New Delhi-110 020 atleast 10 days before the meeting so that the information be made available by the management at the date of meeting.
5. The shareholders who have not paid the allotment money due on the shares allotted to them are requested to remit it by way of DD/Pay Order in favour of "NAINA SEMICONDUCTOR LIMITED" at the Secretarial Deptt., C-33, Okhla Industrial Area, Phase-I, New Delhi 110 020 of the Company alongwith interest @ 18% per annum from the date of allotment money becoming due till the date of payment.
6. Members are requested to address all correspondence relating to transfer of shares directly to the Company's Secretarial deptt., C-33, Okhla Industrial Area, Phase-I, New Delhi-110 020.

By Order of Board of Directors

Place : New Delhi
Dated : 9th July, 1999

Kapil Mohan Mehta
Managing Director

NAINA SEMICONDUCTOR LTD.**DIRECTORS' REPORT**

To

The Members

Yours Directors present their Eleventh Annual Report together with the Audited Accounts for the year ended on 31st March, 99.

1. FINANCIAL RESULTS

(Rs. in lacs)

Description	Year Ended 31st March, 1999	Year Ended 31st March, 1998
Sales & other Income	707.48	467.68
Profit before Interest & Depreciation	(-)10.64	(-)50.51
Less : Interest & Financial Charges	264.96	255.43
Profit before Depreciation	(-)274.96	(-)305.94
Less : Depreciation	50.09	55.06
Profit after interest & Depreciation	(-)325.05	(-)361.00
Add : Previous Year Expenses	—	(-)147.95
Balance brought forward	(-)866.97	(-)358.02
Balance Carried to Balance Sheet	(-)1192.02	(-)866.97

DIVIDEND

In view of absence of profits, the Board of Directors express their inability to recommend any dividend for the year under review.

OPERATIONS

The production of your company increased during the year under review. Although there was an improvement in value of goods sold, the production of 45.73 million PCS in 1997-98 to 61.74 million pcs. During the year 1998-99 the Company registered the sales of Rs 7.01 crores in the year 1998-99 as compared to Rs. 4.63 crores in 1997-98. This was due to change in product mix.

During the year 1998-99 the company had faced many problems in Bank operations, change in Government's Policies, existence of active grey market and unfavourable excise and customs duty structure besides slow down in market. All these factors alongwith very high financial cost effected the working results badly.

REVIVAL PROGRAMME

As per Financial Statement, the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 are applicable and necessary action will be taken as per requirements of the Act.

INDUSTRIAL RELATIONS

Harmonious industrial relations climate continued to prevail during the year under review. However, on some occasions, the company's managerial staff has been threatened by local bad elements which affected the production of the company.

ELEVENTH ANNUAL REPORT 1998-99**DIRECTORS**

Sh. S.L. Gandhi and Shri Bharat Sinha, retire by rotation and, being eligible, offer themselves for re-appointment.

AUDITORS

The Auditors, M/s. Vinod Sharma & Associates, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

FIXED DEPOSITS

Your Company has not invited or accepted any deposits during the year under review within the meaning of Section 58A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

A statement containing the information required to be disclosed pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules, 1975 is appended (Annexure 1).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information relating to conservation of energy, technology absorption and foreign exchange earnings & outgo required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Directors) Rules, 1988 is given in the Annexure-A which forms part of the Directors' Report.

ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks for continued co-operation and valuable assistance extended to the company by HILTRON, Financial Institutions, its Bankers, various agencies of Central Government and our valued customers. The Directors also thank the shareholders for their support and confidence reposed in the company.

PERSONNEL

The Board wishes to place on record its appreciation to all the employees for their continued contribution to the performance of the company.

for and on behalf of
Board of Directors

Place: New Delhi

Date : 9th July, 1999

Chairman

NAINA SEMICONDUCTOR LTD.**ANNEXURE 'A' TO THE DIRECTORS' REPORT**

Information under section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

I. Research & Development (R&D)

1. Specific areas in which R&D carried out by the Company
(i) Import Substitution (ii) Quality Improvement (iii) Technology Upgradation
2. Benefits derived as a result of the above
(i) New Product Introduction (ii) Quality Upgradation (iii) Cost Reduction
3. Further plan of Action : To continue R&D work in upgradation of technology, in continuing with efforts of import substitution and in developing new products helping the company to expand its range of products.
4. Expenditure on R & D : NIL

II. Technology absorption, adaptation and innovation

- 1) Efforts in brief, made towards technology absorption & innovation The Company received technology and technical knowhow from M/s. Symbol Electronics Co. Ltd., Taiwan and successfully absorbed the same.
- 2) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. Improvement in quality of products, improvement in manufacturing process resulting in cost reduction, acceptability of products in International Market and development of Import Substitution Products.

III. Foreign exchange earnings and outgo

The foreign exchange earnings & outgo during the year ended 31 st March, 1999 is as follows :

	(Rs. in lacs)
Foreign Exchange Earnings	Nil
Foreign Exchange Outgo	310.05

The Company manufactures 100% import substitution items and as such all the sales save foreign exchange outflow of the country.

Information under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975

Particulars of Employees who are employed throughout the year and are in receipt of remuneration exceeding Rs. 3,000,000 per annum.

Name	Designation	Remuneration	Age	Qualifications	Experience	Date of appointment	Previous Employment
Kapil Mohan Mehta	Managing Director	364,000	47 Yrs	B.Sc. Engg.	24 Yrs.	1.1.1989	Naina Electronics (P) Ltd. Managing Director

NOTES:

1. Mr. Kapil Mohan Mehta, Managing Director looks after the day to day affairs of the Company under the supervision of Board of Directors and assisted by qualified personnel.
2. The above remuneration includes salary, HRA & reimbursement of medical expenses.
3. The appointment is contractual in nature.