



NAINA SEMICONDUCTOR



FOURTEENTH ANNUAL REPORT 2001-02

**NAINA SEMICONDUCTOR LIMITED****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 HILTRON NOMINEE
DIRECTOR HILTRON NOMINEE
DIRECTOR
DIRECTOR
DIRECTOR

AUDITORS

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

BANKERS

STATE BANK OF INDIA,
 RUDRAPUR (UTTRANCHAL)

REGISTERED OFFICE AND WORKS

Village Padampur Devalia
 P. O. Mota Haldu, (Haldwani)
 Distt. Nainital (Uttranchal)

SECRETARIAL DEPARTMENT

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

Report Junction

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of **Naina Semiconductor Limited** will be held at Royal Hotel, Nainital, Distt. Nainital (Uttanchal) on 24th September 2002 at 9.30 A.M. on Tuesday to transact the following business :-

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 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 Sh. S. L. Gandhi, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Lt. Gen. D. Swaroop 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 Haldu (Haldwani)
Distt. Nainital (Uttanchal)
New Delhi : 31st July, 2002

By order of Board of Directors

Kapil Mohan Mehta
Managing Director

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 the meeting.
2. Members/Proxies should bring the attendance slip and the annual report sent herewith duly filled-in while attending the meeting.
3. Members are requested to intimate any 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-110020 of the company alongwith interest @ 18% per annum from the date of allotment money becoming due till 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

Place : New Delhi
Dated : 31st July, 2002

By order of Board of Directors

Kapil Mohan Mehta
Managing Director



DIRECTORS' REPORT

To
The Members

Your Directors present their Fourteenth Annual Report together with the Audited Accounts for the year ended on 31st March, 2002.

1. **FINANCIAL RESULTS**

(Rs. in Lacs)

Description	Year Ended 31st March, 2002	Year Ended 31st March, 2001
Sales & other Income	489.01	651.39
Profit before interest & depreciation	13.19	(-)8.56
Less : Interest & Financial Charges	26.83	26.32
Profit before depreciation	(-)13.64	(-)34.88
Less : Depreciation	13.45	55.10
Profit after interest & depreciation	(-)27.09	(-)89.98
Balance carried to Profit & Loss		
Appropriation Account	(-)27.09	(-)89.98

DIVIDEND

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

REVIEW OF OPERATIONS :

In this year the performance of your company in term of production volume improved to 74.77 Million devices from 70.1 Million devices last year. But the sales value dropped to Rs. 488 lacs mainly due to reduction in selling prices. The margin reduced further. The closure of loss making production facility in Haldwani helped reduce the losses, Every effort is being made to increase the production in Delhi factory and plans are being made to shift the Plant and Equipment to nearby Delhi to use the remaining production facility and process.

The product range is being increased and many new items for C-Dot exchanges and the other user segments such as Generators, Power Supply, Control Circuit are under development. This would allow the company increase range of products and enter new segments of market.

Your Company successfully negotiated a rehabilitation scheme with FIs to get over the prevailing heavy burden of debt. AAIFR sanctioned the RHS on 6 June, 2001 and accordingly steps are being taken to complete the capital and financial restructuring of the company. SBI, our bankers have not sanctioned enhanced working capital facilities and interest at PLR as per the AAIFR order and the management is trying to sort out this problem. Once the working capital funds are available it would be easier and faster to improve the performance of the company.

INDUSTRIAL RELATIONS

Harmonious industrial relations climate continued to prevail during the year under review.

DIRECTORS

Shri S. L. Gandhi and Lt. Gen. D. Swaroop, 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.

AUDIT CUM REMUNERATION COMMITTEE :

The Audit-cum-Remuneration Committee has been constituted by the Company and consists of Mr. Anil Khanna & Dr. Anil Kumar. The Committee is chaired by Mr. Anil Khanna.

The terms of reference of the Committee are in accordance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges and in terms of the provisions of the Companies Act, 1956, and *inter-alia* includes the following :

- a) Overseeing the Company's financial reporting process so that there is correct, adequate and credible disclosure of financial information.
- b) Recommending appointment and removal of Statutory Auditors and Internal Auditors and fixing of their fees.
- c) Reviewing with management the annual financial statements with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements;
- d) Reviewing the adequacy of the Audit function including their policies, procedures, techniques and other regulatory requirements; and
- e) Decide and approve the remuneration payable to Managing Director, Whole Time Director(s), Manager etc, from time to time, including any revisions thereof.

AUDITORS REPORT

The comments in Auditors Report read together with the Annexure A to the Accounts is self explanatory and do not require any further explanation.

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-I).

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 (a) (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.

DIRECTORS' RESPONSIBILITY STATEMENT

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii) That the directors had 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 :
- iv) That the directors had prepared the annual accounts on a going concern basis.

For and on behalf of
Board of Directors

Place : New Delhi
Dated : 31st July, 2002

Chairman

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ANNEXURE 'A' TO THE DIRECTORS REPORT

Information under section 217(1) (e) of the Companies Act, 1956 read with the 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

There is no change as compared to last year.

III. Foreign exchange earning and outgo

The foreign exchange earnings & outgo during the year ended 31st March, 2002 is as follows :

(Rs. in lacs)

Foreign Exchange Earnings	NIL
Foreign Exchange outgo	203.25

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. 3,00,000 per annum.