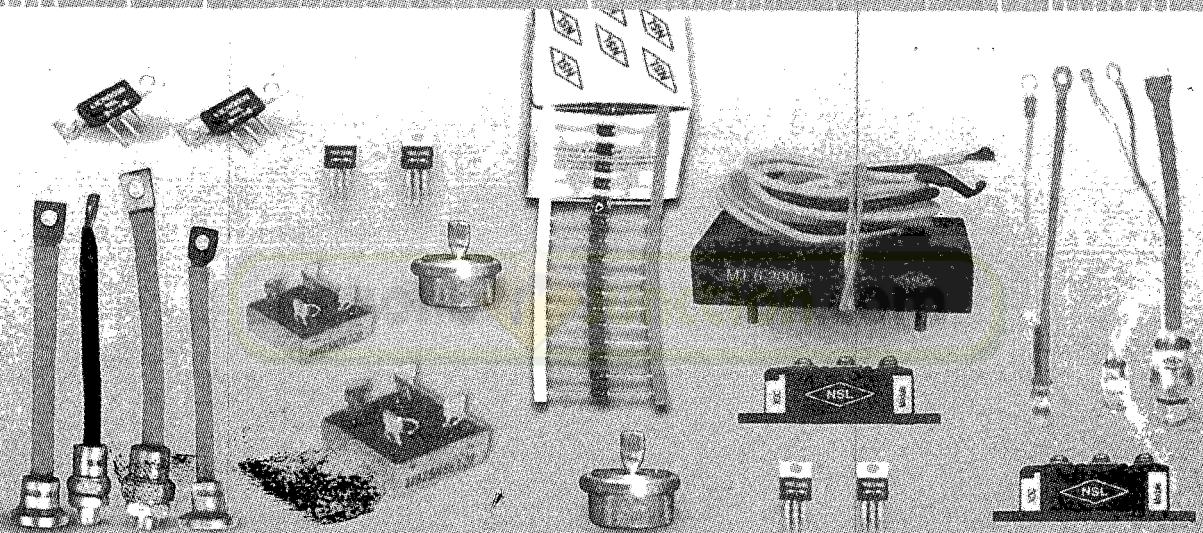




NAINA SEMICONDUCTOR LTD.



***TWENTY FIRST ANNUAL REPORT
2008-2009***

NSL

NAINA SEMICONDUCTOR LIMITED

BOARD OF DIRECTORS

KAPIL MOHAN MEHTA	MANAGING DIRECTOR	
S. L. GANDHI	DIRECTOR	
Dr.ANIL KUMAR	DIRECTOR	
ANIL KHANNA	DIRECTOR	
R. VARSHENY	DIRECTOR	HILTRON NOMINEE
VISHAL SINGH	DIRECTOR	HILTRON NOMINEE
SMT. JAYANTI CHANDRA	DIRECTOR	HILTRON NOMINEE

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,
LAJPAT NAGAR, NEW DELHI

REGISTERED OFFICE

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

CORPORATE OFFICE /

D-95, Sector 63, Noida, UP

SALES OFFICE

SECRETARIAL DEPARTMENT & WORKS

TWENTY FIRST ANNUAL REPORT 2008-09

NOTICE

Notice is hereby given that the TWENTY FIRST Annual General Meeting of the Members of Naina Semiconductor Limited will be held at Royal Hotel, Nainital, Distt. Nainital (Uttanchal) on 23rd June' 2009 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, 2009 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. Anil Khanna, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Dr. Anil Kumar 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)

By Order of Board of Directors

Kapil Mohan Mehta
Managing Director

Place : Noida (UP)

Date : 30th May 2009

NSL

NAINA SEMICONDUCTOR LIMITED

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 D-95, Sector 63, Noida, UP 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 and change in their addresses at the Secretarial Deptt. at D-95, Sector 63, Noida, UP 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, D-95, Sector 63, Noida, UP at least 10 days before the meeting so that the information be made available by the management at the date of meeting.
5. Members are requested to address all correspondence relating to transfer of shares directly to the Company's Secretarial Deptt., D-95, Sector 63, Noida, UP.

Report Junction

By Order of Board of Directors

Place : Noida (UP)
Dated : 30th May 2009

Kapil Mohan Mehta
Managing Director

TWENTY FIRST ANNUAL REPORT 2008-09**DIRECTORS' REPORT**

To

The Members

Yours Directors present their Twenty First Annual Report together with the Audited Accounts for the year ended on 31st March, 2009.

1. FINANCIAL RESULTS**(Rs. in lacs)**

Description	Year Ended	Year Ended
	31st March, 2009	31st March, 2008
Sales & Other Income	525.03	647.30
Profit before interest, depreciation & tax	52.81	82.15
Less: Interest & Financial charges	36.54	43.92
Profit before depreciation	16.27	38.23
Less: Depreciation	13.45	13.45
Profit after interest & depreciation	2.82	24.78
Provision for FBT	.50	—
Balance carried forward to	2.32	24.78
Balance sheet		

DIVIDEND

Due to insufficient of profit, the Board of Directors express their inability to recommend any dividend for the year under review.

REVIEW OF OPERATIONS:

During this year the sale has been of Rs. 521.19 lacs which was lower by Rs. 122.17 lacs compared to last year. The reduction in sale was that in this year the company had shifted the Production facility and corporate office from Delhi to Noida, that due to this there was no Sale & Production in the month of April & May 2009. The sale also decreased due to reduction of selling price and recessionary trend during IInd half of this year. In this year company achieved the profit of Rs. 2.32 Lakhs as compared to 24.78 Lakh than last year. Increase in Dollar price also adversely affected on the cost price of the products.

The Haldiwani Factory is still closed.

FUTURE PLANS :

The company planning to increase the capacity and sale and has applied to the SBI to fund for modification and expansion of plant and machinery.

INDUSTRIAL RELATIONS :

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

DIRECTORS

Shri Anil Khanna and Dr. Anil Kumar, 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.

AUDITED COMMITTEE REPORT FOR THE YEAR ENDED 2009

To the Share holders of Naina Semiconductor Limited each member of audited committee each director according to the definition laid down in the clause 49 of the list Agreement with relevant stock exchanges. The Management is responsible for the Company internal controls and financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's financial statement in accordance with the Indian GAAP (generally accepted accounting principles) and for issuing a report thereon. The Committee is also responsible for overseeing the processes related to the financial reporting and information dissemination.

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.

TWENTY FIRST ANNUAL REPORT 2008-09**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 2009 and of the profit or loss 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.

STATUTORY STATEMENTS

Statements pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988; and pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are annexed hereto and form an integral part of this Report.

CORPORATE GOVERNANCE

Your Company belives in transparency and accountability to Shareholders. As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance and Management Discussion and Analysis together with a Certificate from the Company's Auditors, M/s. Vinod Sharma & Associates confirming compliance for the Financial Year 2008-09, is annexed hereto and forms part of the Annual Report.

for and on behalf of
Board of Directors

Place : Noida (UP)

Date : 30th May, 2009

Chairman


NAINA SEMICONDUCTOR LIMITED
ANNEXURE 'A' TO THE DIRECTORS'S 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.

(A) CONSERVATION OF ENERGY

- a) The Company continued to make efforts to conserve and optimise the use of energy through implementation of improved operational methods and other energy saving schemes.
- b) The results of the studies made for conservation of energy were found very encouraging and resulted in saving in energy, fuel consumption and power cost.
- c) Details as per Form A not required since the Company is not covered under the list of specified industries.

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 31st March, 2009 is as follows :

	(Rs. in lacs)
Foreign Exchange Earnings	99.56
Foreign Exchange Outgo	205.15

TWENTY FIRST ANNUAL REPORT 2008-09**COMPLIANCE****Mandatory requirements**

Naina Semiconductors Ltd. is fully compliant with the applicable mandatory requirements of the revised Clause 49.

PARTICULARS	CLAUSE	COMPLIANCE STATUS
1. Board of Directors	49I	Yes
2. Audit Committee	49II	Yes
3. Subsidiary Company	49III	Yes
4. Disclosure	49IV	Yes
5. Report of Corporate governance	49VI	Yes
6. Compliance	49VII	Yes

INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information with the company inter-alia. The following information with the company inter-alia. The following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meeting or its tabled in the course of the Board meeting.

Quarterly results for the company and operating divisions and business segments. Minutes of the meeting of the audit committee and other committee of the Board. Fatal or serious accidents, dangerous, occurrences, any material effluent or pollution problems. Any material default in financial obligations to and by the company or substantial non-payment for goods sold by the company.

Any issue, which involves possible public or product liability claims of substantial nature, including any judgement of order which, may have passed strictures on the conduct of Company or taken an advance view regarding another enterprises that can have negative implications on the Company.

Non-compliance of any regulatory, statutory nature of listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The company has no subsidiary company.

CORPORATE GOVERNANCE REPORT

Your Company has been managed with the principles of Good Corporate Governance with the highest standards of integrity, business ethics, professionalism, transparency and accountability. During the financial year ended March'2009 the Company has duly adhered to the requirements of guidelines pertaining to the Corporate Governance, as stipulated in the Listing Agreements with Stock Exchanges.

BOARD OF DIRECTORS**A. Board Procedure**

In the financial year 2008-09, Four Meeting of Board of Directors were held. All requisite information as per clause 49 of the Listing Agreement are placed before the Board during meetings. In addition to its primary role of monitoring corporate performance, the function of the Board include:-

Direct the focus and guide the activities towards the corporate philosophy and mission;

Participating in the formulation of strategic and business plans and continual review of the same;

Reviewing/adopting the un-audited quarterly/half yearly results and the audited annual accounts of the Company;

Monitoring corporate performance against strategic and business plans, including overseeing operations;

Ensuring ethical behaviour at all times and compliance with laws and regulations;

Delegation of powers to the Management;

Appraise the shareholders regarding the Company's performance, strategies and future plans etc.

To enable the Board to discharge its responsibilities effectively, the executive management places detailed reports on the Company's performance. The Agenda and all relevant papers are sent in advance separately to each Directors.

None of the Directors is a member of more than ten committees or act as the Chairman of more than five committees across all companies in which they are Directors.

B. Board of Directors as on 31st March' 2009.

The Board of Directors of your Company comprises of Eight Directors Mr. Kapil Mohan Mehta is the Managing Director of the Company. Out of the Eight Directors two are Executive, Three are nominee Director from Hiltron the state government organisation.

C. Attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various Companies as at 31 March'2009.

Four Board Meetings were held during the Financial Year 2008-09, as against the minimum requirement of Four Meetings. The dates on which the meetings were held are as follows:

28th May 2008, 31st July'2008, 31st Oct. 2008, 31st Jan' 2009