

NOTICE

Notice is hereby given that the Twenty SIX Annual General Meeting of the Members of Naina Semiconductor Limited will be held at Regency Inn, Haldwani, Distt. Nainital (Uttarakhand) on 25 SEP.' 2014 at 12.00 A.M. on Tuesday to transact the following business:-

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 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 Sh. S.L. Gandhi 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 authorized the Board to fix their remuneration.

Regd. Office :
Village Padampur Devalia
P.O. Mota Haldu (Haldwani)
Distt. Nainital (Uttanchal)
New Delhi : 31st May 2014

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 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)

By Order of Board of Directors

Place : Noida
Dated : 31st May 2014

Kapil Mohan Mehta
Managing Director

Kind Atten : Share Holders

Some of the Share Holders have not sent their old share certificate so, those members are requested to send their old share certificate so, that the company can issue new share certificate.

TWENTY SIX ANNUAL REPORT 2013-2014**DIRECTORS' REPORT**

To

The Members

Yours Directors present their Twenty SIX Annual Report together with the Audited Accounts for the year ended on 31st March 2014.

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

| Description | Year Ended 31st March, 2014 | Year Ended 31st March, 2013 |
|---|--------------------------------|--------------------------------|
| Sales & Other Income | 593.41 | 564.49 |
| Profit before interest & depreciation | 61.18 | 54.03 |
| Less: Interest & Financial charge | 50.17 | 45.80 |
| Profit before depreciation | 11.01 | 8.23 |
| Less: Depreciation | 4.12 | 2.86 |
| Profit after interest & depreciation | 6.89 | 5.37 |
| Provision for Tax | 1.25 | 1.25 |
| Balance carried forward to Balance sheet | 5.64 | 4.12 |

DIVIDEND

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

REVIEW OF OPERATIONS:

During this year the sales of the company increased by Rs. 28.92lakh. The reason for this was due to the increase in international market. Further during this year the company had set back in profit due to the rising price of the dollar which impacted the cost of raw materials, copper & financial costs. The rise in overall costs was more than 20% when compared to last year and the company was unable to pass higher cost to customers in full although the company was able to maintain the margin.

FUTURE PLANS

The company's future plan is to expand and diversify in to other products and increase the overall product range.

INDUSTRIAL RELATIONS :

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

DIRECTORS

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

AUDITORS

The Auditors, M/s. D. Vehl & Co. 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 & Sh. S.L. Gandhi. 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 2014

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 listing Agreement with the 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

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

There is no employee of the company whose information is required to be disclosed pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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. 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 along with proper explanation relating to material departures:
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments 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 ended 31st March 2014 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 companies Act 1956 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 believes 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. Singh & Vehl confirming compliance for the Financial Year 2013-13, is annexed hereto and forms part of the Annual Report.

for and on behalf of
Board of Directors

Place : Noida

Date : 31st May, 2014

Chairman

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 optimize 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, and 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 Up gradation
2. Benefits derived as a result of the above
 - (i) New Product Introduction (ii) Quality Up gradation (iii) Cost Reduction
3. Further plan of Action:

To continue R&D work in up gradation 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, 2014 is as follows :

| | (Rs. in lacs) |
|---------------------------|---------------|
| Foreign Exchange Earnings | 149.60 |
| Foreign Exchange Out go | 253.29 |

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

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'2014 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 2013-14, 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 behavior 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' 2014.

The Board of Directors of your Company comprises of Three Directors Mr. Kapil Mohan Mehta is the Managing Director of the Company.

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'2014.

Four Board Meetings were held during the Financial Year 2013-14, as against the minimum requirement of Four Meetings. The dates on which the meetings were held are as follows:

31st May'2013, 31st July'2013, 31st Oct. 2013, 31st Jan' 2014

**NAINA SEMICONDUCTOR LIMITED**

| S.No. | Name of Director | Attendance Particulars | No. of the Directorship and Committee Membership/ Chairmanship |
|-------|-----------------------|---------------------------|--|
| | | Board Meeting | Last AGM Yes/No |
| 1. | Mr. Kapil Mohan Mehta | 04 | N |
| 2. | Mr. Anil Khanna | 04 | Y |
| 3. | Mr. S.L. Gandhi | 04 | N |

1. The Directorships held by the Directors, as mentioned above, do not include the Directorships held in foreign companies and in private Limited Companies.
None of the Non-Executive independent Directors have any pecuniary relationship or transactions with the Company in their personal capacity.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

In compliance with the provisions of Clause 49(VI) of the Listing Agreement with the stock Exchanges, a Committee in the name and style of 'Shareholders/ Investors Grievance.

Mr. Anil Khanna is its Chairman with Sh. S.L. Gandhi as other Members.

Functions and powers of the Committee is to look into and solved the Shareholders and Investors complaints pertaining to:

- a) Transfer of Shares,
- b) Non-Receipt of Balance Sheet, etc.

Mr. Anil Khanna, Director of the Company is the Compliance Officer.

Number of Shareholders complaints received

The total number of complaints received and replied to the satisfaction of Shareholders during the year under review were 01. The complaints were resolved to the satisfaction of Shareholders.

There is no case pending for solution and transfer of the satisfaction of the Shareholders.

Subsidiary Companies

The company has no subsidiary company.

COMPLIANCE

Mandatory requirements

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

| PARTICULARS | CLAUSE OF COMPLIANCE LISTING | AGREEMENT 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 judgment 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.

GENERAL BODY MEETINGS

The location and time of the last three Annual General Meetings held by the Company are as under:-

| <i>Year</i> | <i>Date of AGM</i> | <i>Venue</i> | <i>Time</i> |
|--------------------|---------------------------|-----------------------|--------------------|
| 2011 | 28.06.11 | Regency INN, Haldwani | 10.00A.M |
| 2012 | 26.06.2012 | Regency INN, Haldwani | 10.00 A.M. |
| 2013 | 28.06.2013 | Regency INN, Haldwani | 9:30 A.M. |

No resolutions were required to be put through Postal Ballot till the last year.

**DISCLOSURES**

During the year, there were no transactions of Material nature of the Company with the Promoters, Directors, Management, their relatives or Subsidiaries of the Company etc., that had potential conflict with the interest of the Company at large.

There were no instances of non-compliances by the Company. Penalties. Strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authority on any matter related to the Capital Markets.

MEANS OF COMMUNICATION

Half-yearly financial reports of the Company are not sent to the individual shareholders of the Company. The unaudited quarterly and audited annual financial results were published in "Local News Papers in Hindi & English on the next day of the Board Meeting of the Company.

GENERAL SHAREHOLDERS INFORMATION

1. The Annual General Meeting of the Company will be held on 28h June'2014.
2. Tentative schedule for the year 2013-2014.
Tentative Schedule

| | |
|------------------------|---|
| Accounting Year | 1 Apr'2014 to 31st March 2015 |
| First Quarter Result | July' 2014 |
| Second Quarter Result | October' 2014 |
| Third Quarter Result | January' 2015 |
| SIX Quarter Result | May' 2015 |
| Annual General Meeting | In accordance with Section 166 of the Companies Act, 1956 |
3. Date of Book Closure : From 20th June' 2014 to 28th June' 2014 (both day inclusive) for the purpose of Annual General Meeting.
4. Listing: Earlier the shares were listed in Delhi, Mumbai, Kanpur and Ahmadabad Stock Exchange. At present trading at Mumbai Stock exchange is suspended due to some reasons.