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Annual

Report

Linaks Microelectronics Limited

LINAKS MICROELECTRONICS LTD.

Regd. Office:

12.6 Km. Barabanki Road, Chinhath,
Lucknow-227 105.

BOARD OF DIRECTORS

Mr. Anil K Singh	-Managing Director
Mr. Udayan Singh	- Whole Time Director
Mr. R.K. Mehra	- Whole Time Director
Mr. Siddharth Singh	- Whole Time Director
Mr. Pradeep Kumar	
Mr. Y.S. Kapadia	
Dr. Gautam Singh	
Mr. R.K. Ralhan	- IDBI Nominee

AUDITORS

S.R. Gupta & Co.

BANKERS

State Bank of India

SHARE HOLDERS' INFORMATION

SHARE TRANSFER ARRANGEMENT AND DEMATERIALISATION STATUS OF SHARES

The Company appointed M/s Beetal Financial & Computer Services Pvt. Ltd. as RTA for Physical and Dematerialised shares of the Company. The shares of the Company are compulsorily traded in Dematerialised form w.e.f. 28.09.2000 under ISIN-INE028C01019 with NSDL & CDSL. The addresses of NSDL, CDSL & Beetal are given below:

1. National Securities Depository Ltd.
Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel, Mumbai-400 013.
2. Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers, 28th Floor,
Dalal Street, Mumbai-400 023.
3. Beetal Financial & Computer Services (P) Ltd.
Beetal House, 3rd Floor, 99 Madangir,
Nr. Dada Harsukhadas Mandir,
New Delhi-110 062.

STOCK EXCHANGES (WHERE COMPANY'S SHARES ARE LISTED)

1. The U.P. Stock Exchange Association Ltd.
Padam Towers 14/113, Civil Lines,
Kanpur (U.P.)
2. The Delhi Stock Exchange Association Ltd.
DSE House, 3/1 Asaf Ali Road,
New Delhi-110 002.
3. The Stock Exchange Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai-400 023.

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of LINA KS MICROELECTRONICS LTD. will be held at the Registered office of the Company at 12.6 km. Barabanki Road, Chintahat, Lucknow on Tuesday the 30th September, 2008 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Accounts alongwith Cash Flow statement of the Company for the year ended on 31st March, 2008 and reports of the Directors and Auditors thereon.
2. To appoint a director in place Mr. Y.S. Kapadia, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Dr. Gautam Singh, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself. Such Proxy need not be a member of the Company. Proxy in order to be effective must be received by the Company at its registered office not less than 48 hours before the time fixed for the meeting. A blank proxy form is enclosed.
2. The Register of members and share transfer books shall remain closed from 22.09.2008 to 30.09.2008 (both days inclusive).
3. Members are requested to bring along their copy of Annual Report for attending the meeting.
4. Members are requested to quote their Folio/Account no. in all correspondence with the Company and inform the Company about their change of address, if any.
5. For convenience of members an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided therefor and handover the attendance slip at the place of meeting. The proxy of a member should mark on the attendance slip as proxy.

By Order of the Board.

Place: Lucknow
Date :30.07.2008

(Anil Kumar Singh)
Managing Director

LINA KS MICROELECTRONICS LIMITED**DIRECTORS' REPORT**

To,
The Members,

Your Directors hereby present the Twenty Second Annual Report of the Company for the year ended on 31st March 2008.

SUMMARISED FINANCIAL RESULTS

	(Rs. in Lacs)	
	During the year ended	
	31.03.2008	31.03.2007
Sales and other income	17.29	5.32
Profit/Loss before interest, amortisation and depreciation	(-) 2.37	(-) 56.39
Less: Interest	0.03	6.10
Amortisation	12.16	13.15
Depreciation	78.99	78.99
Profit/Loss before Tax	(-) 93.55	(-)154.63

YEAR UNDER REVIEW

Our unit is located at Lucknow, the capital of Uttar Pradesh and our OTS battle almost met its Waterloo in our backyard the seat of the State Government. After last years BIFR order of March 14, 2007, IDBI the OA got galvanized into action and the State Institutions were told to complete their in house procedures for settling the OTS. State Bank likewise became a willing and patient stake holder ready to wait for the whole process to run its course.

Come November 1, 2007 and IDBI called for a progress review meeting with UPFC & PICUP. PICUP never attended and UPFC reported "pending with the government status". IDBI were almost at the verge of calling off the whole settlement process but a timely FAX from the UP Govt., Industrial Development Commissioner to IDBI requesting for some more time saved the day.

The new state regime with new Chief Secretary and his team have finally initiated the process for nominations to the Settlement Advisory Committee. We are keeping our fingers and toes crossed but this time round it appears promising. Lets hope for the best.

OUTLOOK FOR THE CURRENT YEAR

World PCB Market continues to be buoyant and India is increasingly gaining acceptance as a PCB source. In recent times FDI worth over US\$ Fifty Million has come into the country in the PCB sector and there are many more on the way. We just need to get out of the present morass to reap the harvest of this new found love for India by the International PCB fabs. and buyers.

DIVIDEND

In view of continued losses, no dividend payout for the year under review is being recommended.

DIRECTORS

During the period after last report there was no change amongst the directorships of the Company. Mr. Y.S. Kapadia and Dr. Gautam Singh are persons, who have been longest in the office since the last appointment of Directors and in terms of the provision of Section 255 of the Companies Act, 1956 as determined by lot the terms of their offices are liable to retire by rotation at the forthcoming Annual General Meeting. However, they are eligible for their reappointment.

AUDITORS

You are requested to appoint auditors for the current year and fix their remuneration. The retiring auditors M/s S.R. Gupta & Co., Chartered Accountants, Kanpur are eligible for reappointment and have given their consent and also furnished certificate as required by Section 224(1B) of the Companies Act, 1956.

ACCOUNTS AND COMMENTS IN THE AUDITORS' REPORT

The points referred to by the Auditors in their report are self-explanatory and are covered in the Notes to Accounts. However, as regards point no. 2 of the Auditors' Report and point nos. (ix)(a) and (xi) of the Annexure to the Auditors' Report are concerned your Directors have to state as under:

- a. Reg. Point no. 2 of the Auditors' Report for non-providing of Interest on Term and Working Capital Loans from financial institutions and bank, it is hereby submitted that on the Company's Negotiated Settlement proposal, Hon'ble BIFR has issued Letter dated 16.01.2004 to this effect. Moreover, interest on unsecured loan from M/s Kala Holdings Pvt. Ltd. (an NBFC) has not been provided due to pending dispute.
- b. Reg. Point no. (ix)(a) of the Annexure to the Auditors' Report- It is submitted that during the year under review, due to paucity of funds, the Company could not make timely payments of the Provident Fund dues and Gratuity Premium.
- c. Reg. Point no. (xi) of the Annexure to the Auditors' Report- It is submitted that consequent upon the Company becoming a sick industrial undertaking within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985, your Directors made a reference under SICA to BIFR in Nov'98. A Negotiated Settlement proposal is under active consideration of Hon'ble BIFR and awaiting decision of State Government after the recommendations of Settlement Advisory Committee on concessions and waivers are as and when received.

CORPORATE GOVERNANCE

Your Company has already implemented the requirement of Clause 49 of the Listing Agreement i.e. Corporate Governance. As required a Management Discussion and Analysis Report and Directors' Report as well as Auditors' Certificate on Corporate Governance are given alongwith this report.

AUDIT COMMITTEE

The Audit Committee is Comprising of three independent directors, namely Mr. Pradeep Kumar, Mr. R.K. Ralhan and Dr. Gautam Singh.

The Committee performs such functions as are required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

DEMATERIALISATION OF THE SHARES OF THE COMPANY

Trading in shares of the Company has been made compulsory in dematerialised form w.e.f. 28.09.2000 by all investors as per directives given by SEBI. Accordingly the Equity Shares of the Company are available for dematerialisation under ISIN INE028C01019 with CDSL and NSDL.

INFORMATION UNDER SECTION 217 OF THE COMPANIES ACT, 1956:

A. Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo:

Information pursuant to 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 relating to conservation of energy, technology absorption and foreign exchange earning and outgo are as under:

a. Conservation of Energy:

Due to high power diversity factor in the PCB fabrication process your Company has opted for fully captive modular generation in units of 125 KVA each. This is providing flexibility of usage thereby keeping the power consumption low. Other ongoing measures like Power factor improvement, use of new breed of low wattage high luminescence fittings etc. have been carried out.

b. Technology Absorption:

i. Research and Development (R&D)

Since the Company does not have any R & D department or have carried R&D activities, the information in this regard is Nil. However, we do lot of reverse engineering to develop our own formulations and machine control circuits.

ii. Technology Absorption, Adaptation and Innovation

MLB technology has been absorbed.

c. Foreign Exchange Earning and Outgo:

Foreign exchange earning during the year under review were equivalent to Rs. NIL (previous year Rs. NIL). The total outgo in foreign currency was NIL (previous year equivalent to Rs. NIL on Revenue A/c).

B. Particulars of Employees

None of the employees of the Company was in receipt of a remuneration of Rs. 200000/- or more p.m. if employed for a part of the year under review or Rs.2400000/- or more p.a. if employed throughout the said year, the particulars of which are required to be given pursuant to the provisions of Section 217(2A) of the

Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

C. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2008 on a 'going concern' basis.

ACKNOWLEDGEMENT

Your Directors record their appreciation to its team of employees for their unstinted and single minded devotion to the task at hand. We are also grateful to the financial institutions for their constructive support and assistance.

For and on behalf of the Board of Directors

Place: Lucknow	(R.K. Mehra)	(Anil Kumar Singh)
Date: 30.07.2008	Director	Managing Director

LINAKS MICROELECTRONICS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure & Development:

PCB industry consists of a handful of medium sized units and a number of small-scale units which are mostly independent i.e. they are not part of any large conglomerate excepting a couple of units.

The units were historically promoted by technocrat entrepreneurs who in the old days received bank finance easily to promote industrial growth. Most of these units were set up in mid 80's and some of them have ceased to operate.

The survivors are those, which from time to time have been investing in technology and capacity. Initially the units were manufacturing simple single sided and double sided PCBs, but now there are units like AT&S who are making PCBs with 24 layers, buried vias, 4 mil

line and spaces, etc. In the area of single sided PCBs we have some units that are now manufacturing flexible circuits.

Still on the whole industry is small because the actual demand for PCBs for manufacturing various types of Electronic equipment is still not very large in India, largely due to screw-driver-kit-assembly nature of the Indian equipment industry.

Opportunities & Threats: The industry has a domestic market, which initially was driven by telecommunication, but thanks to the lopsided custom tariff structure telecom manufacturing has shallowed out resulting in steep decline in PCB demand. Although the telecom infrastructure has grown by leaps and bounds but the downstream electronic component demand has not seen any growth since all fresh demand for equipment has been met largely through imports. Thus, now the domestic requirement is dependent on diverse segments like automation, control, instrumentation, metering and automotive. Automotive electronics, though a massive growth engine, can be volatile as it is subject to global business swings in this connected world of automotive business with only a handful of players.

In fact India with a low cost technical manpower enjoys tremendous advantage as an export-manufacturing base and especially to the high cost developed countries of Europe and the US. The industry and moreover Linaks should leverage this advantage. The company is already working towards it as they have a clutch of regular and reliable customers in Europe and they are also in the process of developing new ones in Eastern Europe and Americas.

Risks and Concerns: The major risk the industry faces is of over dependence on one market segment and the industry in India, Linaks included has faced this prospect because many a times their fortunes have fluctuated with those of the telecommunication sector.

Then there is always the over riding concern of fast technological obsolescence, which entails constant drain on resources at times impeding ones capability to service one's customers.

Overview: On the whole the industry has a lot of promise provided one is able to keep up with the demands of the market place.

Financial performance: The financial performance is directly related to the company's ability to remain competitive.

Resource & Liquidity: Resource position would remain comfortable if the company is able to trade profitably and liquidity is the direct function of the above.

The company has not been able to meet its financial goals because due to extraneous circumstances it went into losses and the rehabilitation package drawn under BIFR has also been buffeted by the uncertainty of the market place.

Outlook: The outlook is positive provided the Negotiated Settlement proposal is implemented and with it fresh funds are infused into the company.

Internal Control System: Your Company's management continuously reviews the internal control system and procedures to ensure orderly and efficient conduct of business. Your Company

adheres to its written corporate policies with respect to all transactions, financial reporting and budgeting to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and that transactions are authorised, recorded and reported correctly.

The Company regularly conducts internal audits either through external or internal resources to monitor the effectiveness of internal control in the organisation.

Audits are finalised and conducted based on internal risk assessment. Significant findings are brought to the notice of the Audit Committee of the Board and corrective measures recommended for implementation. Reports of the internal auditor are also regularly reviewed by the Management and corrective action initiated to strengthen the controls and enhance the effectiveness of the existing systems.

Human Resources: The Company gives full and fair consideration to all employees with regard to their particular aptitudes and abilities. Training, career development and promotion are, as far as practicable, considered for all employees according to their skills and abilities. The Company consistently seeks to recruit, develop and employ throughout the organisation suitably qualified, capable and experienced people, irrespective of race, religion or sex. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

Our development, performance and rewards system is linked to organisation performance. The Company strives to provide excellent staff welfare measures to promote employee satisfaction and thereby attract and retain efficient manpower. Training needs are regularly identified and imparted with the help of both internal trainers and external professional faculties of repute. We have built team driven organisation where all employees work together to create our future.

Cautionary Statement: The statement made in this Report describing the Company's projections, expectations and estimations may be a forward looking statement within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results may differ from those expressed or implied in this Report due to the influence of external and internal factors, which are beyond the control of the Company.

For and on behalf of the Board of Directors

Place: Lucknow **(R.K. Mehra)** **(Anil Kumar Singh)**
Date: 30.07.2008 Director Managing Director

LINAKS MICROELECTRONICS LIMITED

DIRECTORS' REPORT ON CORPORATE GOVERNANCE

Philosophy:

Linaks upholds its standing at the forefront of Corporate Governance best practices. Linaks envisages the attainment of the highest levels of transparency, accountability and ethics, in all facets of its operations. It has been committed to the principles of transparency, integrity, accountability and responsibility. The Company takes feedback into account, on its periodic reviews of the guidelines, to

ensure their continuing relevance, effectiveness and responsiveness to the needs of its investors. Linaks considers that all its operations and actions must serve the underlying goal of increasing employee and customer satisfaction and enhancing overall Shareholder value.

Board of Directors:

The Company has an optimum combination of executive and non-executive Directors with non-executive Directors constituting 50 per cent of the Board. As per the Listing Agreement, 'Independent' or Non-Executive Directors have been defined as directors who apart from receiving Directors remuneration do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgement of the Board may affect independence of judgement of the Director. Independent Directors play an important role in deliberations at the Board Meetings and the Company benefits from their expertise in achieving its strategic direction. The Directors bring to the Board a wide range of experience and skills. The Board is constituted as under:

Name	Category	No. of outside Directorships Held	As Chairman / Member of Board Committees
Mr. Anil K Singh	Managing Director	Nil	Nil
Mr. Udayan Singh	Whole-time Director	Nil	1
Mr. Siddharth Singh	Whole-time Director	Nil	1
Mr. R.K. Mehra	Whole-time Director	Nil	1
Mr. Y.S. Kapadia	Independent & Non-Executive Director	1	Nil
Mr. Pradeep Kumar	Independent & Non-Executive Director	Nil	2
Dr. Gautam Singh	Independent & Non-Executive Director	Nil	2
Mr. R.K. Ralhan	Nominee IDBI	1	1

Note: (1) Private Limited Companies and Companies constituted under Section 25 of the Companies Act, 1956 are excluded for the above purpose. (2) Only Audit Committee, Investors' Grievance Committee and Remuneration Committee are considered for the purpose of Committee positions as per listing Agreement.

Responsibilities:

The Board of Directors represent the interests of the Company's shareholders in optimising long-term value by providing the management with guidance and strategic direction on the Shareholder's behalf. The Board's mandate is to oversee the Company's strategic decision, review corporate performance, authorise and monitor strategic investments, ensure regulatory compliance and safeguard interests of Shareholders. Board members ensure that their other responsibilities do not impinge on their responsibility as a Director of Linaks.

Board Meetings:

The Meetings of Directors are normally held in Lucknow. Meetings are generally scheduled well in advance and the Notice of each Board Meeting is given in writing to each Director. The Members of the Board have complete access to all information of the Company. Senior Management is invited to attend the Board Meetings so as to provide additional inputs to the items being discussed by the Board.

During the year under review, the Board of Linaks Microelectronics Ltd. met 4 times i.e. on 29.06.2007, 30.07.2007, 30.10.2007 and 30.01.2008. The gap between any two Meetings was generally around 3 calendar months.

Attendance of each Director at the Board Meetings & at last Annual General Meeting:

Name	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Mr. Anil K Singh	4	4	Yes
Mr. Udayan Singh	4	1	NO
Mr. Siddharth Singh	4	3	NO
Mr. R.K. Mehra	4	4	Yes
Mr. Y.S. Kapadia	4	NIL	NO
Mr. Pradeep Kumar	4	NIL	NO
Dr. Gautam Singh	4	NIL	NO
Mr. R.K. Ralhan	4	NIL	NO

Board Committees:

To enable better and more focussed attention on the affairs of the Company, the Board delegates' particular matters to Committees of the Board set up for the purpose. These Committees prepare the groundwork for decision-making and report at the subsequent Board Meeting.

Audit Committee:

The Audit Committee comprised solely of Non-executive, Independent Directors namely, Mr. Pradeep Kumar, Dr. Gautam Singh and Mr. R.K. Ralhan. All the Members have sound financial, accounting, audit and company law knowledge.

The Audit Committee reviews, acts and reports to the Board of Directors with respect to:

- various auditing and accounting matters,
- review of annual budgets,
- annual internal audit plan,
- compliance with legal and statutory requirements including accounting standards,
- review of investment guidelines,
- major accounting policies and practices.

The Audit Committee reviews the half yearly and yearly financial results with the Management before being submitted to the Board for its consideration and approval. Due to non-availability of valid quorum, the Audit committee could not meet during the year under review.

Remuneration Committee:

The Company's Remuneration Committee consists of non-executive Directors namely, Mr. Pradeep Kumar, Dr. Gautam Singh. The salary of the Managing/Whole-time Directors is recommended by the Remuneration Committee and approved by the Board. No remuneration is paid to the Non-Executive Directors. No meeting of the Remuneration Committee was held during the financial year ended 31.03.2008.

The terms of reference of the Remuneration Committee include review and recommendation to the Board of Directors on compensation payable to the Executive Directors. The committee also ensures that the compensation policy of the Company provides for performance-oriented incentives to senior management and staff.

Remuneration Policy:

The Company has adopted a remuneration policy that attracts and maintains talented and motivated executives so as to encourage enhanced performance of the Company. The remuneration policy envisages a clear relationship between performance and remuneration, including the remuneration paid and overall corporate performance.

Remuneration paid to Directors:

Managing/Whole-time Directors of the Company have been appointed on a contractual basis on the approval of the Shareholders. Remuneration package of Executive Directors is determined by the Remuneration Committee of Directors within the permissible limits under the applicable provisions of law and is approved by Shareholders. It comprise salary and other allowances, perquisites as approved by Shareholders. Non-Executive Directors have so far not been paid any remuneration/commission apart from sitting fees. Details of remuneration to Directors is as follows:

Director	Relation with Linaks	Sitting fees	Remuneration paid during 2007-2008		
			Salary & Perquisites	Commission	Total
Mr. Anil K Singh	Managing Director	NIL	1,09,200	NIL	1,09,200
Mr. Udayan Singh	Whole-time Director	NIL	0	NIL	0
Mr. Siddharth Singh	Whole-time Director	NIL	1,09,200	NIL	1,09,200
Mr. R.K. Mehra	Whole-time Director	NIL	72,000	NIL	72,000

Share Transfer & Investor's Grievances Committee:

The Members of the Share Transfer & Investors' Grievance Committee of the Company are Mr. Udayan Singh, Mr. R.K. Mehra and Mr. Siddharth Singh. The Committee is authorised to approve transfer of shares and also monitors other investor grievances. The details of the transfers are reported to the Board of Directors. The Meetings were held on monthly basis or as and when required, to consider matters placed before it.

Name	Nos. of Share Transfer committee Meetings	
	Held	Attended
Udayan Singh	16	5
R.K. Mehra	16	16
Siddharth Singh	16	11

Details on Annual General Meetings

Location, date and time, where last three AGMs held:

Year	Location	Date	Time
2006-07	12.6 km Barabanki Road, Chinhat, Lucknow	29.09.2007	11.00 A.M.
2005-06	12.6 km Barabanki Road, Chinhat, Lucknow	22.09.2006	11.00 A.M.
2004-05	12.6 km Barabanki Road, Chinhat, Lucknow	30.09.2005	11.00 A.M.

Generally, all the resolutions in the AGM are passed through show of hands. None of the Special Resolutions passed at the above Annual General Meetings were required to be put to vote through Postal Ballot.

Disclosure:

The Company entered into no transaction of material nature with the promoters, Directors, the management or their relatives that could have had a potential conflict with the interest of the Company. The Register of contracts containing the transactions in which the Directors are interested is regularly placed before the Board. There were no pecuniary transactions with the independent/non-executive Directors, other than payment for expenses/fee for attending Board Meetings.

Means of Communication:

The financial results were published in the Pioneer in English and Hindustan in Hindi, the vernacular newspaper. All material information about the Company is promptly sent through facsimile to the Stock Exchanges where the Company's Shares are listed and released for dissemination to the public at large. The Company also discloses its financial results through EDIFAR.

General Shareholders' Information:

Annual General Meeting: Date and Time Venue	September 30, 2008 at 11.00 a.m. 12.6 km. Barabanki Road, Chinhath, Lucknow-227 105.
Financial Calendar: Results for the quarter ended on 30.06.08 Results for half year ending 30.09.08 Results for the quarter ending 31.12.08 Results for the Quarter ending 31.03.09	30.07.2008 (Actual) Last week of October, 2008 (Tentative) Last week of January, 2009 (Tentative) Last week of April, 2009 (Tentative)
Book closure Date	22.09.2008 to 30.09.2008 (both days inclusive)
Dividend payment Date	N.A.
Stock Exchange where the Company's shares are listed	Kanpur, Delhi and Mumbai
Stock Code at BSE	517463
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE-028C01019

Nomination Facility:

Individual Shareholders of physical shares can nominate any person for the shares held by them. This will save the nominee from going through the lengthy process of getting the shares later on transmitted to his name. Members are requested to write to the Registrar & Share Transfer Agents to avail the facility.

Depository Services:

For guidance on Depository services, Shareholders may write to the Registrar and Share Transfer Agent or National Securities Depository Limited, Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400013, email: info@nsdl.co.in, website: www.nsdl.com or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai-400 023, email: investors@cdslindia.com, website: www.cdslindia.com.

Unclaimed Dividends:

The Company has no unclaimed dividend.

Market price data:

Month	Linaks at BSE		BSE SENSEX	
	Low	High	Low	High
Apr'07	2.44	2.94	12425	14383
May'07	1.77	2.61	13554	14576
Jun'07	1.56	1.94	13947	14683
Jul'07	1.44	1.91	14639	15869
Aug'07	1.80	4.31	13780	15542
Sep'07	4.17	5.92	15323	17361
Oct'07	2.88	4.71	17145	20238
Nov'07	2.88	3.79	18182	20204
Dec'07	3.28	5.00	18886	20498
Jan'08	5.40	6.66	15332	21207
Feb'08	4.60	5.35	16458	17579
Mar'08	3.93	4.81	14677	15644

Share Transfer System:

As per the directions of SEBI, the Company has appointed M/s Beetal Financial & Computer Services (P) Ltd. as Common Agency for Share transfer, both in physical and demat form w.e.f. 01.04.2003.

The Registrar and Share Transfer Agents register share transfers in physical form within 15-20 days of the receipt of the completed documents. Invalid share transfers were returned within 15 days of receipt. All requests for dematerialisation of Shares were processed and confirmations were given to the respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Ltd. The company also offers transfer cum Demat facility, simultaneously.

Registrar & Share Transfer Agent

M/s Beetal Financial & Computer Services (P) Ltd.

Beetal House, 3rd Floor, 99, Madangir,

Behind Local Shopping Centre,

Nr. Dada Harsukhdas Mandir,

New Delhi-110 062.

Ph: 011-29961281

E-mail: beetal@beetalfinancial.com

Distribution Schedule as on March 31, 2008

Nos. of Equity Shares held	Shareholders		Total Shares	% to Total Shares
	Number	% of Total		
1-500	4645	90.23	629770	14.5315
501-1000	257	4.99	215554	4.9738
1001-5000	186	3.61	407575	9.4045
5001-10000	22	0.43	156415	3.6092
10001 & above	38	0.74	2924511	67.4811
Total	5148	100.00	4333825	100.0000

Shareholding Pattern as on March 31, 2008

Category	Nos. of Shares	% of Holding
Promoters	2242345	51.74
Mutual Funds & UTI	50800	1.17
Banks, Financial Institutions,	170000	3.92
Insurance Companies, Govt. Cos.		
FIs	109700	2.53
Private Corporate Bodies	220937	5.10
OCBs & NRIs	2236	0.05
Venture Capital		
Indian Public	1537807	35.49
Total	4333825	100.00

Dematerialisation of Shares & Liquidity:

The Company has entered into agreements with National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL). As at March 31, 2008, 32.22 percent (1396315 Shares) of the Company's total shares were held in dematerialised form while 67.78 per cent (2937510 shares) were held in physical form.

Outstanding GDJRs/ADRs/Warrants or any Convertible instruments,
conversion date impact on Equity: N.A.

Address for Correspondence and Plant Location:

Linaks Microelectronics Ltd. Phone : 0522-6549493/09335915664
12.6 km. Barabanki Road, Tele-fax : 0522-2622061
Chinhhat, Lucknow-227 105.
Email: linakspcb@yahoo.com

For and on behalf of the Board of Directors

Place: Lucknow	(R.K. Mehra)	(Anil Kumar Singh)
Date: 30.07.2008	Director	Managing Director

S.R. GUPTA & CO.	24/24 C, Karachi Khana,
Chartered Accountants	Kanpur
	Ph: (0512) 2353032

AUDITORS' CERTIFICATE

To,

The Members of

Linaks Microelectronics Ltd.

We have examined the compliance of conditions of Corporate Governance by Linaks Microelectronics Ltd. for the year ended on 31st March 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s) of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanation given to us and the representations made by the Directors and the Management

'The Chairman of the Investors Grievance Committee is not a non-executive Director.'

Subject to the above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Share Registrars and reviewed by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. Gupta & Co.
Chartered Accountants

Place: Lucknow	(V.K. Gupta)
Date: 30.07.2008	Partner

S.R. GUPTA & CO.
Chartered Accountants

24/24 C, Karachi Khana,
Kanpur
Ph: (0512) 2353032

AUDITOR'S REPORT

We have audited the attached Balance Sheet of LINAKS MICROELECTRONICS LTD., as at 31st March, 2008 and the Profit and Loss Account of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standard in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as, evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2004, we give in the Annexure, a statement on the matters specified in the paragraphs 4 & 5 of the said Order, to the extent applicable to the company.

2. Further, to our comments referred to in paragraph (1) above and subject to followings :-

"That in computing profit/loss no interest has been charged as per letter dt.16.01.2004 of case no. 354/98 from Board for Industrial and Financial Reconstruction, New Delhi, on Term Loans and Working Capital Loans. In the event of applying simple rate of Interest Loss would be increased by Rs.336.83 Lac (Previous year Rs. 336.83 Lac).

That no Interest on Unsecured Loan from M/S. Kala Holding Pvt. Ltd. is provided during the year due to dispute. In case of applying rate @ 18% simple rate of Interest, Loss would be increased by Rs.11.47 Lac (app.)."

We report that:

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, the company has kept proper books of account as required by law as far as it appears from our examination of the books.

The Balance Sheet and Profit and Loss account annexed with this report are in agreement with the books of account.

In our opinion, the Profit and Loss account and the Balance Sheet comply with the accounting standards referred to in sub section (3 C) of section 211 of the Companies Act, 1956.

On the basis of the written representations from the Directors, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2008, from being appointed as a director under section 274 (1)(g) of the Companies Act 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required :-

- I. In so far as it relates to the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2008 .
- II. In so far as it relates to the Profit and Loss accounts of the Loss of the Company for the year ending on 31st March, 2008.

For S.R. Gupta & Co.
Chartered Accountants

Place: Lucknow

(V.K. Gupta)

Date: 30.07.2008

Partner

S.R. GUPTA & CO. 24/24C KARACHI KHANA
CHARTERED ACCOUNTANTS KANPUR

ANNEXURE TO THE AUDITORS' REPORT (Referred to in Paragraph 1 of our report of even date)

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification;
- (c) No substantial part of fixed assets have been disposed off during the year,
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) The procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business;
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification;
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. However company has taken interest free unsecured loan from its managing director. The terms and conditions are not prejudicial to the interest of the company.
- (iv) There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
- (v) There is no transaction that needs to be entered into a register in pursuance of Section 301 of the Act.
- (vi) The company has not accepted any deposits from the public,
- (vii) The company has an internal audit system commensurate with its size and nature of its business.

- (viii) The company is not maintaining cost audit records.
- (ix) (a) The company is not regular in depositing Provident Fund payable Rs. 9,38,856/- and Gratuity payable Rs.2,35,000/- outstanding as on 31.03.2008.
- (b) Sales Tax under disputes is Rs 63.35 Lacs (Previous year Rs.70.16Lacs) a list is enclosed in Notes on Account under the head contingent liabilities.
- (x) The company has incurred cash losses in the year for Rs.2.40 Lacs and in the Preceding financial year for Rs.30.24 Lacs.
- (xi) In our opinion and as per the explanation given to us, the company is a sick unit and Modified Draft Rehabilitation Scheme is under consideration with the Bench of BIFR and as per letter dated 16.01.2004 of Case No. 354/98 from Board for Industrial & Financial Reconstruction, New Delhi, no payment is due during the current year to any financial institutions.
- (xii) The company has not granted any loans and advances on the basis of security.
- (xiii) The company is not a chit fund company.
- (xiv) The company is not trading or dealing in shares, securities, debenture and other investments.
- (xv) The company has not given any guarantee for loans taken by others.
- (xvi) The company has not applied for any term loan during the year.
- (xvii) The fund raised on short-term basis has not been used for long-term investments and vice versa.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) The company has issued no debentures.
- (xx) The company has not raised any money by public issues during the year.
- (xx) No fraud on or by the company has been noticed or reported during the year.

For: S.R. Gupta & Co.
Chartered Accountants

Place : Lucknow
Date : 30.07.2008

V.K.Gupta
Partner

LINA KS MICROELECTRONICS LIMITED
12.6KM. Stone, Barabanki Road, Chinhat, Lucknow

Balance Sheet as on 31ST March 2008.

ITEM	SCHEDULE	CURRENT YEAR 31.03.08	PREVIOUS YEAR 31.03.07
LIABILITIES			
SHARE CAPITAL	I	75538250.00	75538250.00
RESERVES & SURPLUS	II	19277077.32	19277077.32
SECURED LOANS	III	280691964.72	280691964.72
UNSECURED LOAN	IV	9250062.34	8889047.34
CURRENT LIABILITIES	V	22189621.45	23709776.18
OTHER LIABILITIES	VI	13150167.03	12276193.05
		420097142.86	420382308.61
ASSETS			
FIXED ASSETS	VII	72871990.35	80770702.35
CURRENT ASSETS			
CLOSING STOCK	VIII	9388395.00	9956398.00
STORES & SPARES		1496267.00	1496267.00
SUNDRY DEBTORS	IX	4227847.94	4139785.10
DUTY DRAW RECEIVABLES		15460.44	15460.44
LOANS AND ADVANCES		112.60	4712.60
ADV. FOR CAPITAL GOODS			306582.76
CASH & BANK BALANCE		275580.34	15491.50
SECURITY DEPOSIT		748528.00	743528.00
T.D.S.		206245.00	206245.00
PROFIT & LOSS A/C		329453132.39	320097717.98
MISCELLANEOUS EXPENDITURE	X	1413583.80	2629417.88
		420097142.86	420382308.61

Schedules referred to above & Notes on Account form an integral part of the Accounts

As per our report of even date

For S.R. Gupta & Co.

Chartered Accountants

V.K. Gupta
(Partner)

Place: Lucknow

Date: 30.07.2008

R.K. MEHRA
(Director)

ANIL K. SINGH
(Managing Director)

LINA KS MICROELECTRONICS LIMITED
12.6KM. Stone, Barabanki Road, Chinhath, Lucknow

SCHEDULES

I TO X attached to and forming part of the Balance Sheet as on 31TH MARCH '2008.

SCHEDULE I**SHARE CAPITAL**

5000000 EQUITY SHARES OF RS 10/- EACH

CURRENT YEAR**PREVIOUS YEAR**

50000000.00

50000000.00

(Previous year 50,00,000 equity shares of
Rs.10/-each)

**11% Cumulative Optionally convertible
Preference Share Capital**

4000000 Preference Shares of Rs 10/- each

(pre. Year 4000000 Preference shares of Rs10/- each)

40000000.00

40000000.00

90000000.00

90000000.00

ISSUED SUBSCRIBED & PAID-UP3518500 EQUITY SHARES OF Rs.10/-
EACH FULLY PAID-UP

35185000.00

35185000.00

(Previous year 3518500 equity shares of
Rs.10/-each)

84150 EQUITY SHARES OF Rs.10/-
EACH ISSUED AS FULLY PAID UP
PURSUANT TO A CONTRACT WITHOUT
PAYMENT BEING RECEIVED IN CASH

841500.00

841500.00

(Previous year 84150 Equity Shares)

731175 EQUITY SHARES OF Rs.10/- EACH
FULLY PAID-UP ISSUED AS BONUS SHARES
BY CAPITALISATION OF UNDISTRIBUTED
PROFIT(Previous year 731175 Shares)

7311750.00

7311750.00

43338250.00

43338250.00

3220000 11% COC Pref.
shares of Rs 10/- each

(Previous year 32,20,000

11% of COC Pref. Shares)

32200000.00

32200000.00

75538250.00

75538250.00

SCHEDULE II**RESERVES & SURPLUS**

SHARE PREMIUM A/C

19277077.32

19277077.32

19277077.32

19277077.32

LINAKS MICROELECTRONICS LIMITED
12.6KM. Stone, Barabanki Road, Chinhut, Lucknow

SCHEDULE III**1.STATE BANK OF INDIA**

Working Capital Loan

a.C/c 2001 A/C	14122779.73	14122779.73
b. C/c 2000 A/c	14727863.34	14727863.34
c.SBI FTL	13486550.20	13486550.20
d.SBI WCTL	12733654.20	12733654.20

2.I.D.B.I. Term Loan

Term Loan (In Foreign Currency)	20600000.00	20600000.00
Rupee Term Loan	9965037.00	9965037.00
New Loan	24400000.00	24400000.00
Funded Interest Term Loan	46709851.76	46709851.76

3.PICUP TERM LOAN

a.Term Loan 1	2025000.00	2025000.00
b.Term Loan 2	9375000.00	9375000.00
c.Term loan 3	6625000.00	6625000.00
d. Term loan 4	1500000.00	1500000.00
d.Funded Interest Term Loan	40482363.06	40482363.06
e.Funded Lease Rentals	21442141.11	21442141.11

4.U.P.F.C.TERM LOAN

a.Term Loan	15321146.18	15321146.18
b.Funded Interest Term Loan	27175578.14	27175578.14

280691964.72

280691964.72

SECURITIES**STATE BANK OF INDIA**

Hypothecation of stocks of Raw Material, Stocks in process, Finished Goods, Stores & Spares and all other current Assets of the Company. First joint equitable mortgage on immovable properties of the Company together with IDBI and PICUP for following:-

Bank Gaurantee of	Rs. : 150.84 lacs
FITL Loans	Rs. : 160.12 lacs
WCTL Loan	Rs. : 147.29 lacs

and second charge on immovable properties subject to first charge of IDBI & PICUP as well as of aforesaid charge of SBI on Working Capital Limits of Rs. 600 lacs.

IDBI TERM LOANS

First joint equitable mortgage on immovable properties of the Company alongwith PICUP & as aforesaid of SBI and all fixed assets of the company (except assets financed by UPFC).

UPFC TERM LOANS

Hypothecation of the Fixed Assets financed by the Corporation.

PICUP TERM LOANS

First joint equitable mortgage on immovable properties of the Company alongwith IDBI & as aforesaid of SBI and all fixed assets of the company (except assets Financed by UPFC).

SCHEDULE IV**UNSECUREDLOAN**

KALA HOLDINGS PVT. LTD.

A.K.SINGH, MANAGING DIRECTOR

6371310.00

2878752.34

9250062.34

6371310.00

2517737.34

8889047.34

LINAKS MICROELECTRONICS LIMITED
12.6KM. Stone, Barabanki Road, Chinhaat, Lucknow

SCHEDULE V**CURRENT LIABILITIES**

Sundry Creditors for Suppliers	9301748.67	6023831.39
Sundry Creditors for Expenses	956071.59	5951976.55
ESI Payable	67063.10	34440.00
Provision for Expenses	2090002.16	1863010.00
T D S	806.00	132069.00
Lease Rentals Payable	3866615.61	3866615.61
Funded UPTT	1853448.27	1813454.20
Funded CST	4002206.29	4002206.29
Development Tax	29955.39	22173.14
Security deposit	5000.00	5000.00
VAT	16704.37	
	22189621.45	23714776.18

SCHEDULE VI**OTHER LIABILITIES**

Retentions & New Project Payables	13150167.03	12276193.05
	13150167.03	12276193.05

SCHEDULE VIII**CLOSING STOCK**

Raw Material	1226290	1446298.00
Finished Goods	2620000	2620000.00
WIP	4382000	4710000.00
Consumable Stores	1160105	1180100.00
Power & fuel		
	9388395.00	9956398.00

SCHEDULE IX

Sundry Debtors, Not over 6 months old considered Good		
Sundry Debtors Over 6 months old considered Good	19269434.36	19181371.52
LESS: Prov for BAD & Doubtful DEBTs	15041586.42	15041586.42
	4227847.94	4139785.10

SCHEDULE X**MISCELLANEOUS EXPENDITURE**

Deferred Expenditure	1413583.80	2629417.88
	1413583.80	2629417.88

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST.March.2008

ITEM	SCHEDULE	CURRENT YEAR 31.03.08	PREVIOUS YEAR 31..03.07
INCOME			
BY SALES		1728826.44	532197.66
BY CLOSING STOCK	XI	7002000.00	7330000.00
BY NET LOSS		9355414.41	15462791.74
		18086240.85	23324989.40
EXPENDITURE			
TO OPENING STOCK		7330000.00	7330000.00
TO RAW MATERIAL CONSUMED	XII	233999.00	348831.14
TO MANUFACTURING EXPENSES	XIII	695959.78	1318759.12
TO DIRECTORS REMUNERATION	XIV	290400.00	290400.00
TO ADMINISTRATIVE & SELLING EXPENSES	XV	1507699.68	5509420.13
TO INTEREST		2937.00	610155.01
TO EXCISE DUTY		126533.39	18712.00
TO DEPRECIATION		7898712.00	7898712.00
		18086240.85	23324989.40
APPROPRIATIONS			
PROFIT/LOSS B/F		320097718	304634926.24
LOSS FOR THE YEAR		9355414.41	15462791.74
		329453132.39	320097717.98

Schedules referred to above & Notes to Account form an internal part of the Accounts

As per our report of even date

For S.R. Gupta & Co.

Chartered Accountants

V.K. Gupta
(Partner)
Place: Lucknow
Date:30.07.2008

R.K. Mehra
Director

ANIL K SINGH
Managing Director

LINAKS MICROELECTRONICS LIMITED
12.6KM. Stone, Barabanki Road, Chinhat, Lucknow

Schedule VII of Fixed assets forming parts of the Balance Sheet as on 31. March. 2008

Sl.	Assets	GROSS VALUE			DEPRECIATION			Written Down Value	
		As at 1st April'2007	Cost Addition	LESS Adjustment	Total as at 31st Mar'08	As at 31st Mar'07	Depr. for the year	Total as at 31st March 08	Book Value AS AT 31st March'07
1	LAND	2221112.58			2221112.58	0.00		0.00	2221112.58
2	BUILDING	17467250.85			17467250.85	5950847.81	583408.00	6534255.81	12099811.04
3	PLANT & MACHINERY	138535470.51			138535470.51	79567727.37	6584752.00	86152479.37	65552495.00
4	AIR CONDITIONING	4947941.23			4947941.23	1914259.43	235008.00	2149267.43	3268689.80
5	FURNITURE & FIXTURE	1470579.76			1470579.76	1054007.68	93380.00	1147387.68	509952.08
6	OFFICE EQUIPMENT	249544.98			249544.98	120680.92	11852.00	132532.92	140716.06
7	POWER INSTALLATION	2536096.45			2536096.45	1175158.32	120464.00	1295622.32	1481402.13
8	D.G. SET	3023572.73			3023572.73	1366906.96	143620.00	1510526.96	1800285.77
9	COMPUTER	1953634.14			1953634.14	1915408.74	15208.00	1930616.74	53433.40
10	MEASURING INSTRUMEN	275096.81			275096.81	170490.46	13068.00	183558.46	117674.35
11	ETP PLANT	975938.95			975938.95	388867.80	46356.00	435223.80	633427.15
12	FAX	67500.00			67500.00	41168.75	3208.00	44376.75	29539.25
13	WATER COOLER	20835.00			20835.00	14390.50	1092.00	15482.50	7536.50
14	FRANKING MACHINE	14501.50			14501.50	14120.10	0.00	14120.10	381.40
15	COMPUTER SOFTWARE	1189500.00			1189500.00	1156901.95	0.00	1156901.95	32598.05
16	PUMPING SET	172556.72			172556.72	58738.07	8196.00	66934.07	122014.65
17	AIR DRIER	68470.00			68470.00	21951.00	3252.00	25203.00	49771.00
18	CLEAN ROOM	224100.00			224100.00	71847.00	10644.00	82491.00	162897.00
19	DIES	530600.00			530600.00	170127.00	25204.00	195331.00	385677.00
	SUB TOTAL-A	175944302.21			175944302.21	95173599.86	7898712.00	103072311.86	72871990.35
	88669414.21								
	PREVIOUS YEAR	175944302.21			175944302.21	79376175.86	7898712.00	87274887.86	88669414.35
	96568126.35								

Note: Depreciation has been calculated on straight line method at the rates prescribed in Schedule XIV of the Companies Act 1956

LINA KS MICROELECTRONICS LIMITED
 12.6KM STONE, BARABANKI ROAD, CHINHUT, LUCKNOW
 SCHEDULE XI TO XVI ATTACHED TO & FORMING AN INTEGRAL PART OF
 PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDING 31.03.2008

SCHEDULES	CURRENT YEAR 31.03.08	PREVIOUS YEAR 31.03.07
<u>SCHEDULE XI</u>		
CLOSING STOCK		
FINISHED GOODS	2620000.00	2620000.00
WORK IN PROGRESS	4382000.00	4710000.00
	7002000.00	7330000.00
<u>SCHEDULE XII</u>		
RAW MATERIAL CONSUMED		
OPENING STOCK	1446298.00	1455984.00
RAW MATERIAL PURCHASED INCLU- DING FREIGHT & CARTAGE	13991.00	
IND.RAW MATERIAL	-	339145.14
IMP.RAW MATERIAL	-	-
LESS:		
CLOSING STOCK OF RAW MATERIAL	1226290.00	1446298.00
	233999.00	348831.14
<u>SCHEDULE XIII</u>		
MANUFACTURING EXPENSES		
CONSUMABLE STORES	19995.00	30686.00
POWER & FUEL	102355.00	402500.82
GRATUITY	15000.00	20000.00
REPAIR & MAINTENANCE(D.G.SET)	1216.00	74761.00
REPAIR & MAINTENANCE(AC PLANT)		26223.00
REPAIR & MAINTENANCE(ELECTRICAL)		3444.00
REPAIR & MAINTENANCE(PLANT&MACH.)		81382.30
TESTING & INSPECTION CHARGES		11897.00
DIRECT WAGES	465612.76	574648.00
ESI	21178.02	18203.00
BONUS	17100.00	20000.00
PROVIDENT FUND EXPENSES		
P.F.EMPLOYER'S CONTRIBUTION	53503.00	34943.00
F.P.F.EMPLOYER CONTRIBUTION	-	15413.00
ADMINISTRATIVE CHARGES	-	4658.00
	695959.78	1318759.12

LINA KS MICROELECTRONICS LIMITED
12.6KM STONE, BARABANKI ROAD, CHINHUT, LUCKNOW

SCHEDULE XV**ADMINISTRATIVE, SELLING & GENERAL EXPENSES**

ADVERTISEMENT	3818.85	6909.00
SALARY OF ADMNISTRATIVE STAFF	-	383098.00
BUSINESS PROMOTION	-	6000.00
CONVEYANCE EXPENSES	7196.00	4817.60
INSURANCE CHARGES	-	-
JOURNAL & PERIODICALS	1628.00	1125.00
LEGAL & PROFESSIONAL EXP	43912.00	164899.76
PRINTING & STATIONARY EXP	6863.00	39803.65
LD DEDUCTION	2156.00	18126.52
POSTAGE & TELEGRAM EXP	687.00	5839.00
BANK CHARGES	48177.00	-
DIRECTORS BOARD MEETING EXP	-	-
REPAIR & MAINTENANCE OF:		
BUILDING	4032.00	12765.00
COMPUTER	-	3705.00
OFFICE EQUIPMENT	8887.00	720.00
LOAN PROCESSING CHARGES	-	-
SHARE POSTAGE EXPENSES	-	20976.00
STAFF WELFARE EXP.	478.00	4281.50
EXCHANGE FLUCTUATION	-	-
TRAVELLING EXP.	9100.00	-
COURIER CHARGES	5014.00	4160.00
TELEPHONE CHARGES	39800.62	8425.00
FAX CHARGES	585.00	1335.50
WATCH & WARD	66883.00	217011.50
AUDIT FEE	19101.20	28060.00
REIMBURSEMENT OF OUT OF		
POCKET EXPENSES TO AUDITORS	9000.00	6000.00
FREIGHT & CARTAGE (OUTWARD)	-	8934.00
MISC. EXPENSES	4549.53	12921.00
SUBSCRIPTION FEE	-	6000.00
DISCOUNT A/C	-	3655.07
EXPENSES WRITTEN OFF	1215834.00	1314712.00
INTERNET CHARGES	2000.00	-
RATE & TAXES	-	-
PUJAN EXPENSES	4603.00	-
PROVISION FOR BAD & DOUBTFUL DEBTS.	-	3224573.03
FBT	3394.48	567.00
	1507699.68	5509420.13

NOTES ON ACCOUNTS**Significant Accounting Policies****a. BASIS OF ACCOUNTING:**

The Financial Statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956.

b. FIXED ASSETS:

Fixed Assets are stated at cost of acquisition less accumulated depreciation. In Cases of Assets borrowed against foreign currency loan, any change, due to Exchange rate has been correspondingly adjusted in the cost of assets.

c. DEPRECIATION:

Depreciation on Fixed Assets is provided as per the Straight Line Method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

d. RETIREMENT BENEFITS:

The Company's contribution in respect of Provident Fund is charged against revenue every year. In respect of Gratuity, contribution is made to Life Insurance Corporation of India in the form of premium under the Group Gratuity Scheme. Such contribution is charged to Profit & Loss Account as they become due.

e. INVENTORIES:

- i. Raw Material is valued at landed cost.
- ii. Work in progress is valued at the cost of inputs plus part of conversion charges as applicable.
- iii. Finished Goods are valued at lower of cost or net realisable value. Excise duty on finished goods at factory is accounted for as and when the materials are cleared.

f. EXCISE DUTY:

Excise duty deposited in PLA and excise duty payable are shown in the Books of Account. No adjustment of Modvat on raw material purchase is shown in the books. However, Modvat on Capital Goods is taken in the books.

g. FOREIGN EXCHANGE TRANSACTIONS:

Monetary Assets and Liabilities related to Foreign Currency Transactions remaining unsettled at the end of the year are translated at the year-end rate from current year. Previous transactions in foreign exchange are accounted at exchange rates prevailing on the date of the transaction or on the date of remittance/realisation of the account during the year. Gains/losses arising out of fluctuations in the rates subsequent to the Balance Sheet date are accounted for on realisation.

h. SALES:

- i. Sales include Excise Duty.
- ii. Debit note received from parties for rejection of goods are accounted for after these rejected goods are declared to be beyond rectification.

i. TAXATION:

The Company is a 'Sick Industrial Company' within the meaning of clause (o) of section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, hence no provision for Deferred Tax Liability is made.

j. EARNING PER SHARE

	2007-08	2006-07
(a) Calculation of Weighted Average:		
Number of Shares at the beginning of the year	4333825	4333825
Number of shares outstanding at the end of year	4333825	4333825
(b) Weighted Average no. of equity shares outstanding during the year	4333825	4333825
Net Loss during the year (Rs. in lacs)	(-) 93.55	(-) 154.63
(c) Basic & Diluted earning (in Rs. Per Share)	0.00	0.00

k. Segment Information:

The Company is manufacturing Printed Circuit Boards, presently Multilayer (upto 8 layers) and Double Sided Printed Through Holes (DSPTH) making sales within India and in the international market. It has plan for manufacturing Multi Layer Boards (MLB's) upto 24 layers and also flexi-rigid Multilayer.

l. Related Party Disclosure

1. Party where control exists:
Linaks Pressings, Raebareli.
No transaction during the year.
- Other related Parties with whom transactions have taken place.
Nil
- Directors.
Shri Anil Kumar Singh Managing Director
Shri Udayan Singh, Whole time Director
Shri R.K. Mehra "
Shri Siddharth Singh "

Managerial Remuneration paid for Rs.290400/-

2. LIQUIDATED DAMAGES:

Liquidated Damages on late deliveries are accounted for only when they are finally not recoverable inspite of Company's best efforts.

3. CONTINGENT LIABILITIES:

- i. Estimated amount of contracts remaining to be executed on Capital Account NIL. (Previous year NIL)
- ii. Outstanding Letters of Credit Rs. NIL Lacs (Previous year Rs. NIL)
- iii. Outstation Cheques purchased by bank but not cleared till the date of Balance Sheet Rs. Nil (Previous Year Rs. Nil Lacs).
- iv. No demand for Income Tax is pending.
- v. Disputed demand for Rs.63.35lacs (Previous Year Rs. 70.16 lacs) excluding Interest, for Sales Tax, is in appeal and pending before different authorities.

DETAILS OF DISPUTED AMOUNT OF SALES TAX

S.L.	Year	Provincial Disputed Amt.	Central Disputed Amt.
1	93-94		152559.00
2	94-95	141955.45	
3	94-95		75369.00
4	95-96		1222323.00
5	95-96	610018.00	
6	96-97	382600.00	
7	96-97		101628.90
8	97-98	457577.00	
9	97-98		494262.00
10	99-00	92025.00	
11	99-00		87611.00
12	2000-01	481957.00	
13	2000-01		781350.55
14	2001-02	92204.29	
15	2001-02		877018.00
16	2002-03		284919.40
		<u>2258336.74</u>	<u>4077040.80</u>

4. In computing Profit/Loss no interest had been charged as per letter dated 16.01.04 of Case No. 354/98 from Board for Industrial & Financial Reconstructions, New Delhi, on term loans and working capital loan (previous year simple rate of interest had been charged on term Loans from financial institutions) in the event of applying simple rate rate of interest loss would have been increased by Rs. 336.83 lacs (previous year Rs. 336.83 lacs)
5. Dues towards small-scale industries for Rs. 100000/- or more and outstanding for more than 30 days, are not ascertainable since party has not given any proof for their SSI registration.

6. EXPENSES AND EARNING

(In foreign Exchange)

a) Values of Direct Imports (CIF)

Raw Material

Stores & Spare Parts

b) Expenditure in Foreign Currency

Travelling Expenses

Other matters

c) Earnings in Foreign exchanges (FOB)

Export

	2007-2008	2006-2007
	(Rs. in Lacs)	(Rs. in Lacs)
Raw Material	Nil	Nil
Stores & Spare Parts		
Expenditure in Foreign Currency	Nil	Nil
Travelling Expenses		
Other matters		
Earnings in Foreign exchanges (FOB)	Nil	Nil
Export		

7.(a) CONSUMPTION OF RAW MATERIAL

	2007-2008		2006-2007	
	Qty	Rs.in lacs	Qty	Rs.in lacs
(i) Copper clad Laminates	113.03 smt	161500	190.70sqmt	272480.00
(ii) Dry Film Photo Resist & Dry Film Solder Mask	219.17 smt	21700	618.12 sqmt	61200.00
(iii) Exit Entry Sheet	77.28 smt	4200	269.56 sqmt	14650.00
(iv) Liquid Chemicals	229.63 smt	8600	803.68 lts	30100.00
(v) Solid Chemicals	176.64 smt	38400	373.98 lts	81300.00
(vi) Others				

(b) RAW MATERIALS IMPORTED & INDIGENOUS

	2007-2008	2006-2007
	Rs.in lacs	(Rs.in lacs)
Imported	0	0
Indigenous	2.34	3.49

8.(a) OPENING & CLOSING STOCK OF FINISHED GOODS

	2007-2008	2006-2007
	Qty. (Rs. in Lacs)	Qty. (Rs. in Lacs)
Opening Stock	574.75 sqmt 26.20	674.11 sqmt 30.72
Closing Stock	574.75 sqmt 26.20	574.75 sqmt 26.20

(b) SALES

Printed Circuit Boards	116 sqmt	17.29	805.91 sqmt	5.32
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9. DETAILS OF LICENSED & INSTALLED CAPACITIES AND PRODUCTION

	Installed Capacities		Licensed Capacities	
	2007-2008	2006-2007	2007-2008	2006-2007
(I) Installed Capacity				
Single Sided Glass Epoxy PCB	5000 sqmt	5000 sqmt	5000 sqmt	5000 sqmt
Single Sided paper Phenolic (pierced and blanked)	10000 sqmt	10000 sqmt	10000 sqmt	10000 sqmt
Double Sided non-PTH PCB	500 sqmt	500 sqmt	500 sqmt	500 sqmt
Double Sided PTH PCB	48000 sqmt	48000 sqmt	48000 sqmt	48000 sqmt
MLB 4 Layer	5000 sqmt	5000 sqmt	5000 sqmt	5000 sqmt
MLB 6 Layer	3000 sqmt	3000 sqmt	3000 sqmt	3000 sqmt

(ii) Actual Production

	2007-2008	2006-2007
Printed Circuit Boards	116 sqmt	706.55 sqmt

10. PARTICULARS OF REMUNERATION OF DIRECTORS

	2007-2008	2006-2007
Salary	226800.00	226800.00
House Rent Allowance	63600.00	63600.00

Vehicle Maintenance

No other prequisites given to Directors

11. EXPENDITURE INCURRED ON EMPLOYEES

(a) Employed through out the year and drawing Rs.24,00,000 or more	nil	nil
(b) Employed for the part of year and drawing Rs.2,00,000 or more	nil	nil

12. PAYMENTS MADE TO AUDITORS

Audit fee	17000.00	25000.00
Service tax @ 12.36%	2101.20	2550.00
Reimbursement out of pocket exp.	9000.00	6000.00

13. Previous year's figures have been regrouped and rearranged where ever required to make it comparable with current year's figures.

For S.R. Gupta & Co.
Chartered Accountants

V.K. Gupta
(Partner)
Place: Lucknow
Date: 30.7.2008

R.K. Mehra
Director

ANIL K SINGH
Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I REGISTRATION DETAILS**

Registration no:	7841	State Code :	20
Balance Sheet date	31.03.08		

II CAPITAL RAISED DURING THE YEAR

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**(Amt in Rs. Lacs)**

Total Liabilities	3847.57	Total Assets	3847.57
Sources of Funds			
Paid up capital	433.38	Reserve & surplus	192.77
COCPS	322.00		
Secured Loans	2806.92	Unsecured loans	92.50
Application of funds			
Net Fixed Assets	728.72	Investments	-
Net Current Assets	-189.82	Misc. Expenditure	14.14
Accumulated losses	3294.53		

IV PERFORMANCE OF COMPANY

Sales	17.29	Total Expenditure	110.84
Othe Income	-	Loss	93.55
Earning per Share in Rs.	NIL	Dividend Rate %	-

V GENERIC NAME OF PRINCIPAL**PRODUCT OF THE COMPANY**

ITEM CODE NO.	8534000-90
Product Description	Printed Circuit Boards

As per report of even date

As per our report of even date

For S.R. Gupta & Co.
Chartered Accountants

V.K. Gupta
(Partner)

R. K. MEHRA
(Director)

ANIL K. SINGH
(Managing Director)

Place: Lucknow
Date: 30.07.2008

CASH FLOW STATEMENT FOR 2007-2008

A. CASH FLOW OPERATING ACTIVITIES:	2007-2008	2006-2007
	(Rs. In lacs)	(Rs. In lacs)
Net profit before tax and extraordinary Items	-93.55	-154.63
Items Adjustment for:		
1. Depreciation	78.99	78.99
2. Foreign Exchange		0
3. Investments		0
4. Interest/Dividend	0.03	6.10
Operating profit before working capital	-14.53	-69.54
Change adjustment for:		
1. Trade and other receivables	2.18	37.17
2. Inventories	5.68	0.05
3. Trade payables	-6.47	5.69
Cash generated from operation	-13.14	42.91
Interest paid	-0.03	-6.10
Direct taxes paid	-13.17	36.81
CASH FLOW BEFORE EXTRAORDINARY ITEM:		-32.73
1. Extra ordinary items (Pre. Exp. Written Off)	12.16	13.15
2. Expenses pertaining to previous year		
3. Net Cash from operating activities	-1.01	-19.58
B. CASH FROM INVESTMENT ACTIVITIES		
Purchase of fixed assets	-	Nil
Net Cash used in investing activities	-	Nil
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	3.61	-
Repayment of finance/lease liabilities	-	-
Increase in Cash credit borrowings	-	19.26
NET CASH USED IN FINANCING ACTIVITIES	3.61	-
Net increase in cash and cash equivalent		-0.32
Cash and cash Equivalents as at 31.03.2007	2.60	
(Opening Balance)	0.16	0.48
Cash and cash Equivalents as at 31.03.08		
Closing Balance	2.76	0.16

Place: Lucknow
Date: 30.07.2008

R. K. MEHRA
(Director)

ANIL K. SINGH
(Managing Director)

AUDITORS' REPORT

We have checked the attached cash flow statement of Linaks Microelectronics Ltd. for the year ended March 31, 2008 from the books & records maintained by the company in ordinary course of business and have found in accordance therewith.

For S.R. Gupta & Co.
Chartered Accountants

V.K. Gupta
(Partner)

Place: Lucknow
Date: 30.07.2008

LINA KS MICROELECTRONICS LIMITED

Regd. Office: 12.6 km. Barabanki Road, Chinhat, Lucknow-227 105.

PROXY FORM

Name of Proxy (in BLOCK LETTERS).....

Signature of Proxy, (if the shareholders wish to attend, all of them must sign this slip on the box provided below)

A/c No.(Please quote your Account No.)

I/We..... of or failing

him of as my/our Proxy

to attend and vote for me/us and/or on my/our behalf at the **22nd** Annual General Meeting of the Company to be held on 30th September, 2008 and at any adjournment thereof.

As witness my hand/our hands this day of2008

Signed by the said

Revenue
Stamp

One Rupee

Note: The proxy must be deposited fortyeight hours before the meeting at the registered office.

.....

LINA KS MICROELECTRONICS LIMITED

Regd. Office: 12.6 km. Barabanki Road, Chinhat, Lucknow-227 105.

Attendance - Slip

(Please complete this Attendance Slip and hand it over at the entrance of the Hall)

I/We hereby record my/our presence at the 22nd Annual General Meeting held at the Regd. Office of the Company

at Lucknow on Tuesday, the 30th September, 2008 at 11:00 A.M.

Folio A/c No. Name and Address of the Shareholder

Signature

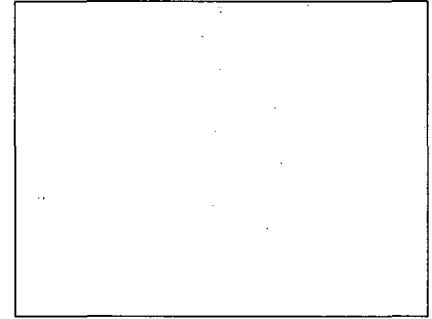
1.....

2.....

3.....

BOOK-POST

To,



if undelivered, please return to :

Linaks Microelectronics Limited.

12.6 K.M., Barabanki Road,

Chinhat, Lucknow- 227 105