

**NOTICE**

Notice is hereby given that the Twenty Fourth Annual General Meeting of LINA KS MICROELECTRONICS LTD. will be held at the Registered office of the Company at 12.6 km. Barabanki Road, Chihat, Lucknow on Friday the 24th September, 2010 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, 2010 and reports of the Directors and Auditors thereon.
2. To appoint a director in place Mr. Siddharth Singh, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Mr. Pradeep Kumar, 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 17.09.2010 to 24.09.2010 (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 : 29.07.2010

(Anil Kumar Singh)
Managing Director

LINA KS MICROELECTRONICS LIMITED**DIRECTORS' REPORT**

To,

The Members,

Your Directors hereby present the Twenty Fourth Annual Report of the Company for the year ended on 31st March 2010.

SUMMARISED FINANCIAL RESULTS

	(Rs. in Lacs)	
	31.03.2010	31.03.2009
Sales and other income	9.75	15.48
Profit/Loss before amortisation, and depreciation	(-) 7.96	(-) 7.71
Less: Amortisation	0.00	14.14
Depreciation	78.84	78.99
Profit/Loss before Tax	(-) 86.80	(-)100.84

YEAR UNDER REVIEW

This year held out the hope for successful conclusion of the extremely long drawn out SAC formation by the Government of U.P. thereby removing the last bottleneck. Little did we realise what was in store for us. First quarter of the current year saw the resignation of the designated SAC chairman a major setback. The exercise for substitute nominations to SAC got further complicated by the decision of the CM's secretariat to wait for suitable candidates to become available rather than identifying them from the panel. We again knocked at the doors of the CM for intervention through a request letter from CII, Northern Region Chairman in September 2009. Action still pending .

The above non-progress came-up for discussion before the Hon'ble BIFR bench and our OA conveyed the reasons for tardiness. The Board took a dim view of the state of affairs and has directed the State Government Agencies to accelerate matters without delay.

In view of the endless wait and procedural stalemate we have decided to proactively seek independent settlement with each of the Institutions separately beginning with those who were in principle agreeable in the first place. The hitherto pursued option of simultaneous back-to-back OTS ensured that the Investor's exposure was covered by the simultaneous release of security in their favour. In the proposed alternative we would have to look for ways to overcome the lack of recourse to the OTS funding entities and the same is being worked out by us.

OUTLOOK FOR THE CURRENT YEAR

PCB industry worldwide entered a negative cycle post Sub Prime Recession early 2009 and it is only now that signs of recovery have started to sprout. India, was never really affected because of its robust domestic demand and low export dependence. Our post revival business plan is focused more on quick-turn-around pilot production niche . The past trend of pre-recession 'Globalization' giving way to post-recession emphasis on 'reverse innovation' puts

the onus of initiative on countries like India. Hence a good opportunity for the prepared PCB shops in India.

DIVIDEND

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

DIRECTORS

Mr. Siddharth Singh and Mr. Pradeep Kumar 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. Further, interest and funded CST and UPTT and statutory dues of PF & ESI has also not been provided as the company has sought extension of relief in pending DRS before Hon'ble BIFR.
- b. Reg. Point no. (ix)(a) of the Annexure to the Auditors' Report- It is submitted that the Company's Negotiated proposal has not yet been finalized by BIFR and it could not arrange funds. Hence, 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 still awaiting decision of State Government after the recommendations of Settlement Advisory Committee on concessions and waivers are 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. Mehra 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 and outgo during the year under review were equivalent to Rs. NIL (previous year Rs. NIL).

**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, 2010, 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, 2010 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: 29, July 2010 Director Managing Director

LINA KS 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 AI&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. The gradual easing of custom duties is happening on account of India being a signatory to ITA and these duties for InfoTech items would become ZERO by 2006. But this threat is also an opportunity because it applies to the developed countries too who are still levying duty on Indian imports.

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: 29, July '2010 Director Managing Director

LINA KS 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 combination of executive and non-executive Directors with non-executive Directors constituting for the time being less than 50 per cent of the Board due to resignation of Mr. Y.S. Kapadia. The Company would meet the requirement at the earliest. 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	2
Mr. Pradeep Kumar	Independent & Non-Executive Director	Nil	2
Dr. Gautam Singh	Independent & Non-Executive Director	Nil	2

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 30.06.2009, 30.07.2009, 30.10.2009 and 28.01.2010. 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	2	NO
Mr. Siddharth Singh	4	2	NO
Mr. R.K. Mehra	4	4	Yes
Mr. Pradeep Kumar	4	NIL	NO
Dr. Gautam Singh	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, Mr. R. K. Mehra and Dr. Gautam Singh. 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 31.03.2010.

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 2009-2010		
			Salary & Perquisites	Commission	Total
Mr. Anil K Singh	Managing Director	NIL	1,09,200	NIL	1,09,200
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	7	4
R.K. Mehra	7	7
Siddharth Singh	7	3

Details on Annual General Meetings

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

Year	Location	Date	Time
2008-09	12.6 km Barabanki Road, Chinhati, Lucknow	30.09.2009	11.00 A.M.
2007-08	12.6 km Barabanki Road, Chinhati, Lucknow	30.09.2008	11.00 A.M.
2006-07	12.6 km Barabanki Road, Chinhati, Lucknow	29.09.2007	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 Hindustan Times 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	September 24, 2010 at 11.00 a.m.
Venue	12.6 km, Bazarbani Road, Cherhat, Lucknow - 227 103.
Financial Calendar:	
Results for the quarter ended on 30.06.10	29.07.2010 (Actual)
Results for half year ending 30.09.10	Last week of October, 2010 (Tentative)
Results for the quarter ending 31.12.10	Last week of January, 2011 (Tentative)
Results for the Quarter ending 31.03.11	Last week of April, 2011 (Tentative)

Book closure Date	17.09.2010 to 24.09.2010 (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	
	High	Low
Apr'09	5.36	5.36
May'09	5.10	4.38
Jun'09	4.17	2.95
Jul'09	3.37	2.11
Aug'09	3.94	2.33
Sep'09	4.29	3.81
Oct'09	4.40	4.40
Nov'09	4.62	3.78
Dec'09	4.36	4.14
Jan'10	4.42	3.09
Feb'10	4.76	4.04
Mar'10	5.08	3.84

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, 2010

Nos. of Equity Shares held	Shareholders		Total Shares	% to Total Shares
	Number	% of Total		
1-500	4607	90.40	624169	14.4023
501-1000	252	4.95	210773	4.8634
1001-5000	177	3.48	391057	9.0232
5001-10000	17	0.33	117696	2.7158
10001 & above	41	0.81	2990136	68.9953
Total	5096	100.00	4333825	100.0000



Shareholding Pattern as on March 31, 2010

Category	Nos. of Shares	% of Holding
Promoters	2246845	51.84
Mutual Funds & UTI	50800	1.17
Banks, Financial Institutions,	170000	3.92
Insurance Companies, Govt. Cos.		
FII's	109400	2.52
Private Corporate Bodies	232280	5.37
OCBs & NRIs		
Venture Capital		
Indian Public	1524500	35.18
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, 2010, 32.55 percent (1410715 Shares) of the Company's total shares were held in dematerialised form while 67.45 percent (2923110) were held in physical form.

Outstanding GDRs/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
12.6 km. Barabanki Road, Tele-fax : 0522-2622061
Chinhat, 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: 29, July '2010 Director Managing Director

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

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 2010, 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 Accountant

Place: Lucknow
Date: 29.07.2010

(V.K. Gupta)
Partner

AUDITORS' REPORT

To,
The Members of
LINA KS MICROELECTRONICS LTD,

We have audited the attached Balance Sheet of LINA KS MICROELECTRONICS LTD., as at 31st March, 2010 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.

- 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.
- 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 Terms Loan and Working Capital Loans. In the event of applying simple rate of Interest Loss would be increased by Rs.336.83 Lac(Previous year 336.83 Lac).

That no Interest on Unsecured Loan from M/S. Kala Holding 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.)”.

That no interest is provided on Funded CST & UPTT and Statutory Dues of PF & ESI as the Company has sought extension of relief in view of the pending approval the Revised DRS.

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, 2010, 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, 2010.
- 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, 2010.

For S.R. Gupta & Co.
Chartered Accountants

Place: Lucknow
Date: 29.07.2010

(V.K. Gupta)
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. 10.02 lacs and Gratuity payable Rs.2.5 lacs(approx.) outstanding as on 31.03.2010.
(b) Sales Tax under disputes is Rs 63.0011.lac (Previous year Rs. 63.35 Lac) 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 7.96 lac and in the Preceding financial year for Rs. 7.71 Lac.
- (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.
- (xii) The company is not a chit fund company.
- (xiii) The company is not trading or dealing in shares, securities, debenture and other investments.
- (xiv) The company has not given any guarantee for loans taken by others.
- (xv) The company has not applied for any term loan during the year.
- (xvi) The fund raised on short-term basis has not been used for long-term investments and vice versa.
- (xvii) 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.
- (xviii) The company has issued no debentures.
- (xix) 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 Accountant

Place: Lucknow
Date: 29.07.2010

(V.K. Gupta)
Partner



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LINA KS MICROELECTRONICS LIMITED

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

SOURCES OF FUNDS	Sch.	BALANCE SHEET AS AT 31st MARCH, 2010		PREVIOUS YEAR	
		Amount Rs.	Amount Rs.	Amount Rs.	Amount Rs.
SHARE CAPITAL	I		75538250.00		75538250.00
RESERVES & SURPLUS	II		19277077.32		19277077.32
SECURED LOAN	III		280691964.72		280691964.72
UNSECURED LOAN	IV		9274380.34		9047562.34
TOTAL			384781672.38		384554854.38
APPLICATION OF FUNDS					
FIXED ASSETS	V		57096374.35		64973378.35
CURRENT ASSETS, LOAN & ADVANCES	VI	14986294.70		15320964.18	
LESS: CURRENT LIABILITIES, ADVANCES & PROVISIONS	VII	35484941.46		35276158.78	
NET CURRENT ASSETS (VI-VII)			-20498646.76		-19955194.60
PROFIT & LOSS A/C			348183944.79		339536670.63
TOTAL			384781672.38		384554854.38

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: 29.07.2010

R.K. Mehra
Director

ANIL K SINGH
Managing Director

SCHEDULE I	CURRENT YEAR	PREVIOUS YEAR
SHARE CAPITAL 5000000 EQUITY SHARES OF RS 10/- EACH (Previous year 50,00,000 equity shares of Rs.10/-each)	50000000.00	50000000.00
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
ISSUED & PAID-UP 3518500 EQUITY SHARES OF Rs.10/- EACH FULLY PAID-UP (Previous year 3518500 equity shares of Rs.10/-each)	35185000.00	35185000.00
84150 EQUITY SHARES OF Rs.10/- EACH ISSUED AS FULLY PAID UP PURSUANT TO A CONTRACT WITHOUT PAYMENT BEING RECEIVED IN CASH (Previous year 84150)	841500.00	841500.00
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	43338250.00
ISSUED AND PAID UP 3220000 11% COC Pref. shares of Rs 10/- each (Previous year 32,20,000 11% of COC Pref.)	32200000.00	32200000.00
	75538250.00	75538250.00



LINAES MICROELECTRONICS LIMITED
12.6KM. Stone, Barabanki Road, Chihat, Lucknow

SCHEDULE IIRESERVES & SURPLUS
SHARE PREMIUM A/C

	19277077.32	19277077.32
	19277077.32	19277077.32

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
e. SBI LC A/C	0.00	0.00

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

Term Loan (In Foreign Currency)	20600000.00	20600000.00
Rupee Tied 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
FTL 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 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 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

UNSECURED LOAN

KALA HOLDING	6371310.00	6371310.00
A.K.SINGH	2517620.34	2585752.34
Linaks Pressing	392450.00	97500.00
MEENA SINGH		-7000.00
	9274380.34	9047562.34
Cash & Bank Balance	685133.42	423922.20
Duty Draw Receivables	15460.44	15460.44
PLA A/c	66.00	66.00
Stores Spares Parts	1496267.00	1496267.00
TDS Adj. A/c	206245.00	206245.00
	12070002.20	11280022.98



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LINAKS MICROELECTRONIC LIMITED
12.6 Km. Stone, Barabanki Road, Chinhat, Lucknow

LINAKS MICROELECTRONICS LIMITED

SCHEDULE VI
CURRENT ASSET, LOAN & ADVANCES

		CURRENT YEAR	PREVIOUS YEAR
		Rs.	Rs.
Closing Stock	VIA	7507290.00	8297640.00
Deposits		748528.00	748528.00
Loans & Advances (asset)		149786.60	149786.60
Sundry Debtors	VI B	4184518.24	3983048.94
Cash & Bank Balance		678133.42	423922.20
Duty Draw Receivables		15460.44	15460.44
PLA A/c		66.00	66.00
Stores Spares Parts		1496267.00	1496267.00
TDS Adj. A/c		206245.00	206245.00
		14986294.70	15320964.18

SCHEDULE VIA
CLOSING STOCK

Raw Material	1141540.00	1164540.00
Finished Goods	2097000.00	2142000.00
WIP	3266000.00	3893000.00
Consumable Stores	1002750.00	1098100.00
Power & Fuel	7507290.00	8297640.00

SCHEDULE VI B

Sundry Debtors, Not over 6 months old			
Considered Good		759915.07	570121.07
Sundry Debtors Over 6 months old			
Considered Doubtful		18466189.59	18451814.29
	Total	19226104.66	19021935.36
LESS: Prov for Bad & Doubtful Debt's		15041586.42	15041586.42
		4184518.24	3980348.94

SCHEDULE VII
CURRENT LIABILITIES, ADVANCES & PROVISIONS

CURRENT LIABILITIES

Sundry Creditors	22723694.93	23288237.29
Advances		
Rohtas Projects Ltd	800000.00	
Provisions		
Duties & Taxes	35635.97	36488.37
Provisions	15000.00	
Development Taxes	29955.39	29955.39
Employees ESI Payable	2141.00	2141
Employees PF Payable	33351.00	38946
Employers ESI Payable	5811.00	5811
Employers FPF Payable	23147.00	23147
Employers PF Payable	10204.00	
ESI Fund A/c	76869.10	67063.1
Expenses Payable A/c	1010441.00	1010441
Family Pension Fund	4213.00	
FBT Payable	2698.48	7898.48
Funded CST	4002206.29	4002206.29
Funded UPTT	1845039.69	1845039.69
Lease Rent Payable	3866615.61	3866615.61
PF Payable A/c	958404.95	982411.95
Excise Duty Payable		32887.39
Salary & Wages Payable	15285.08	22654.64
Security Deposited recd	5000.00	5000
TDS	806.00	806.00
UPTT	-6641.42	
UP VAT @ 4.5%	16315.34	
UP VAT @ 5%	8748.05	8408.58
	35484941.46	35276158.78



LINA KS MICROELECTRONICS LIMITED
12.6 KM, STONE, BARABANKI ROAD, CHINHAT, LUCKNOW
PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDING 31st March 2010

ITEM	SCHEDULE	CURRENT YEAR 31.03.10	PREVIOUS YEAR 31.03.09
INCOME			
BY SALES		974833.61	1547980.64
BY CLOSING STOCK	VIII	5363000.00	6035000.00
By Round off		0	3.86
BY NET LOSS		8680161.93	10083538.24
		15017995.54	17666522.74
EXPENDITURE			
TO OPENING STOCK		6035000.00	7002000.00
TO RAW MATERIAL CONSUMED	IX	23000.00	61750.00
TO MANUFACTURING EXPENSES	X	449880.13	581094.00
TO DIRECTORS REMUNERATION	XI	290400.00	290400.00
TO ADMINISTRATIVE & SELLING EXPENSES	XII	335999.41	1832566.74
TO INTEREST		212.00	
TO EXCISE DUTY		7883504.00	7898712.00
TO DEPRECIATION	*	15017995.54	17666522.74
APPROPRIATIONS			
PROFIT/LOSS B/F		339536670.63	329453132.39
LOSS FOR THE YEAR		8680161.93	10083538.24
Excise Duty Payable		-32887.77	
		348183944.79	339536670.63

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: 29.07.2010

R.K. Mehra
Director

ANIL K SINGH
Managing Director

LINA KS MICROELECTRONIC LIMITED
12.6KM. Stone, Barabanki Road, Chihat, Lucknow

Schedule V of Fixed assets forming parts of the balance sheet as on 31. march. 2010

Sl.	Assets	GROSS VALUE			DEPRECIATION			Written Down Value		
		As at 1st April'2009	Cost Addition	LESS Adjustment	Total as at 31st Mar'10	As at 31st Mar'09	Depr. for the year 31st march'10	Total as 31st march'10	Book Value 31st march 10	AS AT 31st March'09
1	LAND	222112.58			222112.58		0.00		222112.58	222112.58
2	BUILDING	17467250.85			17467250.85	7117663.81	583408.00	7701071.81	9766179.04	10349587.04
3	PLANT & MACHINERY	138535470.51			138535470.51	92737231.37	6584752.00	99321983.37	39213487.14	45798239.14
4	AIR CONDITIONING	4947941.23			4947941.23	2384275.43	235008.00	2619283.43	2328657.80	2563665.80
5	FURNITURE & FIXTURE	1470579.76			1470579.76	1240767.68	93380.00	1334147.68	136432.08	229812.08
6	OFFICE EQUIPMENT	249544.98	6500.00		256044.98	144384.92	11852.00	156236.92	99808.06	105160.08
7	POWER INSTALLATION	2536096.45			2536096.45	1416086.32	120464.00	1536550.32	999546.13	1120010.13
8	D.G. SET	3023572.73			3023572.73	1654146.96	143620.00	1797766.96	1225805.77	1369425.77
9	COMPUTER	1953634.14			1953634.14	1945824.74	0.00	1945824.74	7809.40	7809.40
10	MEASURING INSTRUMENT	275096.81			275096.81	196626.46	13068.00	209694.46	64302.35	77370.35
11	ETP PLANT	975938.95			975938.95	481579.80	46356.00	527935.80	448003.15	494359.15
12	FAX	67500.00			67500.00	47584.75	3208.00	50792.75	16707.25	19915.25
13	WATER COOLER	20835.00			20835.00	16574.50	1092.00	17666.50	3168.50	4260.50
14	FRANKING MACHINE	14501.50			14501.50	14120.10	0.00	14120.10	381.40	381.40
15	COMPUTER SOFTWARE	1189500.00			1189500.00	1156901.95	0.00	1156901.95	32598.05	32598.05
16	PUMPING SET	172556.72			172556.72	75130.07	8196.00	83326.07	89230.65	97426.65
17	AIR DRIER	68470.00			68470.00	28455.00	3252.00	31707.00	37963.00	41215.00
18	CLEAN ROOM	224100.00			224100.00	93135.00	10644.00	103779.00	120321.00	130965.00
19	DIES	530600.00			530600.00	220535.00	25204.00	245739.00	284861.00	310065.00
	SUB TOTAL-A	175944302.21	6500.00		175950802.21	110971023.86	7883504.00	118854527.86	57096374.35	64973378.35
	PREVIOUS YEAR	175944302.21	0.00		175944302.21	103072311.86	7898712.00	110971023.86	64973378.35	72872090.35

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 31st March 2010

SCHEDULES	CURRENT YEAR 31.03.10	PREVIOUS YEAR 31.03.09
SCHEDULE VIII		
CLOSING STOCK		
FINISHED GOODS	2097000	2142000
WORK IN PROGRESS	3266000	3893000
	5363000	6035000
SCHEDULE IX		
RAW MATERIAL CONSUMED		
OPENING STOCK	1164540	1226290
RAW MATERIAL PURCHASED INCLUDING FREIGHT & CARTAGE		
IND. RAW MATERIAL		
IMP. RAW MATERIAL		
LESS:		
CLOSING STOCK OF RAW MATERIAL	1141540	1164540
	23000	61750
SCHEDULE X		
MANUFACTURING EXPENSES		
CONSUMABLE STORES	95910	62005
POWER & FUEL	101200	107040
GRA TUIT Y		
REPAIR & MAINTENANCE(D.G.SET)	2440	19624
REPAIR & MAINTENANCE(AC PLANT)		10847
9817		
REPAIR & MAINTENANCE(ELECTRICAL)		
REPAIR & MAINTENANCE(PLANT&MACH.)		
TESTING & INSPECTION CHARGES		
DIRECT WAGES	217334.13	312284
ESI	9964	12727
BONUS		24246
PROVIDENT FUND EXPENSES		
P.F.EMPLOYER'S CONTRIBUTION	7972	10204
E.P.F.EMPLOYER CONTRIBUTION	4213	23147
	449880.13	581094
SCHEDULE XI		
DIRECTORS REMUNERATION & BENEFITS		
RENUMERATION OF DIRECTORS	226800	226800
HOUSE RENT ALLOWANCE	63600	63600
	290400	290400



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

SCHEDULE XII

ADMINISTRATIVE, SELLING & GENERAL EXPENSES

ADVERTISEMENT		
CONVEYANCE EXPENSES	11637	13080
INSURANCE CHARGES JOURNAL & PERIODICALS	1555	1340
LEGAL & PROFESSIONAL EXP	56815	154920
PRINTING & STATIONARY EXP	10282.6	7852
LD DEDUCTION	34911	
POSTAGE & TELEGRAM EXP	882	2112
BANK CHARGES	1960	12839
INTE. TO ESL, PF & VAT	105	8699
REPAIR & MAINTENANCE OF:		
BUILDING		4493
COMPUTER		2390
OFFICE EQUIPMENT		
LISTING EXPENSES	12500	10300
SHARE POSTAGE EXPENSES		21000
STAFF WELFARE EXP.	1224	9367
TRAVELLING EXP.	20573	2762
COURIER CHARGES	3538	4668
TELEPHONE CHARGES	36156.2	47052.44
FAX CHARGES	502	826
WATCH & WARD	68240.71	72000
AUDIT FEE	18751	18751
REIMBURSEMENT OF OUT OF POCKET EXPENSES	6000	
EDUCATION CESS		1222
FREIGHT & CARTAGE (OUTWARD)		1625
MISC. EXPENSES	30557	11524.5
EXPENSES WRITTEN OFF		1413583.8
INTERNET CHARGES	6542	
RATE & TAXES		
PUJAN EXPENSES	12158	6223
FBT		3937
DISCOUNT	1108.25	
Round OFF	1.65	
	335999.41	1832566.74

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. However, during the year no payment is made to LIC 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 is 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**(a) **Calculation of Weighted Average:**

	2009-10	2008-09
Number of Shares at the beginning of the year	75538250	75538250
Number of shares outstanding at the end of year	75538250	75538250
(b) Weighted Average no. of equity shares Outstanding during the year	75538250	75538250
Net Loss during the year (Rs. in lacs)	(-) 86.80	(-) 100.84
(c) Basic & Diluted earning (in Rs. Per Shares)	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 Layers 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.

2. Other related Parties with whom transactions have taken place. Nil

3. 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. Lac (Previous Year 63.35lacs) 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	56924.29	
15	2001-02		877018.00
16	2002-03		284919.40
		2223056.74	4077040.80

- 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 (C.I.)

Raw Material
Stones & Spare Parts

(b) Expenditure in Foreign Currency

Travelling Expenses
Other matters

(c) Earnings in Foreign exchanges (FOB)
Export

	2009-2010	2008-2009
	(Rs. in Lacs)	(Rs. in Lacs)
(a) Values of Direct Imports (C.I.)		
Raw Material	Nil	Nil
Stones & Spare Parts	Nil	Nil
(b) Expenditure in Foreign Currency		
Travelling Expenses	Nil	Nil
Other matters	Nil	Nil
(c) Earnings in Foreign exchanges (FOB)		
Export	Nil	Nil

7.(a) CONSUMPTION OF RAW MATERIAL

	2009-2010		2008-2009	
	Qty	Rs. in Lacs	Qty	Rs. in Lacs
(i) Copper clad Laminates	10.9sqm	0.17	19 sqm	0.285
(ii) Dry Film Photo Resist & Dry Film Solder Mask	14sqm	0.02	42 sqm	0.036
(iii) Exit Entry Sheet	5sqm	0.004	8	0.005
(iv) Liquid Chemicals	30	0.016	56	0.028
(v) Solid Chemicals	82	0.02	124	0.2635
(vi) Others				

(b) RAW MATERIALS IMPORTED & INDIGENOUS

	2009-2010	2008-2009
	Rs. in Lacs	(Rs. in Lacs)
Imported	0	0
Indigenous	0.23	0.62

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

	2009-2010		2008-2009	
	Qty	(Rs. in Lacs)	Qty	(Rs. in Lacs)
Opening Stock	160.25	21.42	574.75	26.20
Closing Stock	450.45	20.97	160.25	21.42

(b) SALES

	2009-2010	2008-2009
	Qty	(Rs. in Lacs)
Printed Circuit Boards	64.4sqm	9.75
		106 sqm
		15.48



9. DETAILS OF LICENSED & INSTALLED CAPACITIES AND PRODUCTION

	Installed Capacities		Licensed Capacities	
	2009-2010	2008-2009	2009-2010	2008-2009
(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
Printed Circuit Boards

2009-2010	2008-2009
64.4sqm	106 sqmt

10. PARTICULARS OF RENUMERATION OF DIRECTORS

	2009-2010	2008-2009
Salary	226800.00	226800.00
House Rent Allowance	63600.00	63600.00

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	17000
Service tax @ 10.30% (12.36%)	1751	1751
Rrembursement out of pocket exp.	0	0

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)

R.K. Mehra
(Director)

ANIL K. SINGH
(Managing Director)

Place: Lucknow
Date : 29.07.2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration no:	7841	State Code :	20
Balance Sheet date	31.03.10		

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	3847.82	Total Assets	3847.82
Sources of Funds			
Paid up capital	433.38	Reserve & surplus	192.77
COCPs	322.00		
Secured Loans	2806.92	Unsecured loans	92.75
Application of funds			
Net Fixed Assets	570.97	Investments	0
Net Current Assets	-204.99	Misc. Expenditure	0.00
Accumulated losses	3481.84		

IV PERFORMANCE OF COMPANY

Sales	9.75	Total Expenditure	96.55
Other Income	0	Loss	86.8
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	

For S.R. Gupta & CO.
Chartered Accountants

V.K. Gupta
(Partner)

R.K. Mehra
(Director)

Anil K. Singh
(Managing Director)

Place: Lucknow

Date : 29.07.2010

**CASH FLOW STATEMENT FOR 2009-2010****A. CASH FLOW OPERATING ACTIVITIES:**

	2009-2010	2008-2009
	(Rs. In lacs)	(Rs. In lacs)
Net profit before tax and extraordinary Items	-86.80	-100.84
Items Adjustment for:		
1. Depreciation	78.84	78.99
2. Foreign Exchange		
3. Investments		
4. Interest/Dividend		
Operating profit before working capital	-7.96	-21.85
Change adjustment for:		
1. Trade and other receivables	-2.02	0.95
2. Inventories	7.91	10.9
3. Trade payables	2.09	-0.64
Cash generated from operations		-10.64
Interest paid		
Direct taxes paid		
CASH FLOW BEFORE EXTRAORDINARY ITEM:	0.02	-10.64
1. Extra ordinary items (Pre. Exp. Written Off)		14.14
2. Expenses pertaining to previous year	0.33	
2. Net Cash from operating activities	0.35	3.50

B. CASH FROM INVESTMENT ACTIVITIES

Purchase of fixed assets	-0.07
Net Cash used in investing activities	-0.07

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from long term borrowings
 Repayment of finance/lease liabilities
 Increase in Cash credit borrowings

Issue of COCPS		
payment of unsecured Loans	2.26	-2.02

NET CASH USED IN FINANCING ACTIVITIES

Net increase in cash and cash equivalent	2.54	1.48
Cash and cash Equivalents as at 31.03.2009 (Opening Balance)	4.24	2.76
Cash and cash Equivalents as at 31.03.2010 Closing Balance	6.78	4.24

Place: Lucknow

Date: 29.07.2010

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, 2010 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: 29.07.2010



LINAKS 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

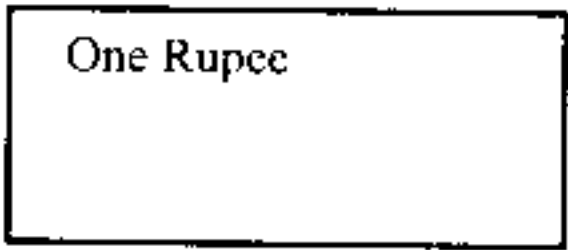
him of as my/our Proxy

to attend and vote for me/us and/or on my/our behalf at the **24th** Annual General Meeting of the Company to be held on 24th September, 2010 and at any adjournment thereof.

As witness my hand/our hands this day of2010

Signed by the said

Revenue Stamp



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

.....

LINAKS 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 24th Annual General Meeting held at the Regd. Office of the Company at Lucknow on Friday, the 24th September, 2010 at 11:00 A.M.

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

Signature

- 1.....
- 2.....
- 3.....