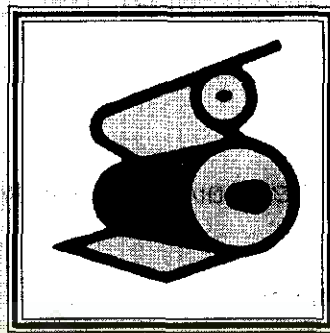


SUPERTEX INDUSTRIES LIMITED



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13th Annual Report 1998-99

BOARD OF DIRECTORS

S.S. MISHRA	..	Chairman & Whole Time Director
S.C. BAFNA	..	Director
S.Y. REGE	..	Director
B.R. SHAH	..	Nominee Director (of Indus Venture Management Ltd.)
N.L. MISHRA	..	Managing Director
R.K. MISHRA	..	Dy. Managing Director & Company Secretary

AUDITORS

M.B. AGRAWAL & CO., Chartered Accountants, Mumbai
N.G. THAKRAR & CO., Chartered Accountants, Mumbai

SOLICITORS

CRAWFORD BAYLEY & CO., Mumbai

BANKERS

STATE BANK OF INDIA, Commercial Branch, Mumbai

REGISTERED OFFICE

Plot No 45-46, Phase II, Piperia Industrial Estate, Silvassa, Dadra & Nagar Haveli

HEAD OFFICE

Balkrishna Krupa, 2nd floor, 45/49 Babu Genu Road, Princess Street,
Mumbai 400 002

WORKS

1. Plot No 45-46, Phase II, Piperia Industrial Estate,
Silvassa, Dadra & Nagar Haveli
2. 213, Kharvel, Taluka Dharampur, Dist. Valsad, Gujarat

REGISTRARS AND SHARE TRANSFER AGENTS

Karvy Consultants Limited
Karvy House, 46 Avenue 4, Street No. 1, Road No. 10
Banjara Hills, Hyderabad 500 034

13TH ANNUAL REPORT 1998-99**NOTICE**

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of SUPERTEX INDUSTRIES LIMITED will be held on Saturday, the 31st July, 1999 at 10.30 a.m. at the Registered Office of the Company at Plot No.45-46, Piperia Industrial Estate, Silvassa (D & NH) to transact the following business :

1. To receive and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date alongwith the Reports of the Auditors and Directors thereon.
2. To appoint a director in place of Shri S.C. Bafna, who retires by rotation, but being eligible offers himself for re-appointment.
3. To appoint auditors and fix their remuneration.

By order of the Board,

R. K. MISHRA

Deputy Managing Director and Secretary

Mumbai, 31st May, 1999

Registered Office :

Plot No.45-46, Phase-II
Piperia Industrial Estate
Silvassa, Dadra & Nagar Haveli

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 22nd July, 1999 to Saturday, the 31st July, 1999 (both days inclusive).
3. M/s. Karvy Consultants Ltd., Karvy House, 46 Avenue 4, Street No.1, Road No.10, Banjara Hills, Hyderabad-500 034, are the share transfer agents of the Company for transfer of shares. You are requested to forward all your share transfer applications or any correspondence relating to the shares of the Company to them directly at the aforesaid address.
4. Members are requested to notify any change in their address to the share transfer agents.

By Order of the Board,

R. K. MISHRA

Deputy Managing Director and Secretary

**SUPERTEX INDUSTRIES LIMITED****DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors present herewith the thirteenth annual report together with the audited statement of accounts of your Company for the year ended 31st March, 1999.

Financial Results

	Current Year Rs.lacs	Previous Year Rs.lacs
Profit before Interest and Depreciation	65.59	446.00
Less : Interest	286.69	308.87
Profit/(Loss) before Depreciation	(221.10)	137.13
Less : Depreciation	122.18	120.56
Profit/(Loss) before Tax	(343.28)	16.57
Less : Provision for Tax (MAT)	-	0.37
Profit/(Loss) after Tax	(343.28)	16.20
Less : Loss on sale of Fixed Assets	16.91	0.33
Less : Miscellaneous Expenditure written off	2.75	2.75
Add : Profit brought forward	41.41	84.29
Available for Appropriation	(321.53)	97.41
Add/Less : Transfer from/to General Reserve	(250.00)	56.00
Carried forward	(71.53)	41.41

Working

The year under review proved to be a very difficult year due to the widespread recession that had cast its shadows on the textile industry over the last 3 years. Heavy dumping of yarn by South East Asian countries at very cheap rates coupled with over- production of polyester yarn in the country had very adverse effect on the domestic market, which was already reeling under severe recession and squeezed margins. The Company's production was lower in tonnage by about 12%, Sales in tonnage lower by 26%, and the turnover in rupees lower by 38% in comparison to the last year resulting in a loss of Rs.343.28 lacs after provision of interest Rs.286.69 lacs and depreciation Rs.122.18 lacs. The turnover in rupees was lower due partly to utilisation of capacity for the job work done for outsiders and partly due to lower realisation. The production suffered due to tight liquidity position, and the margins further eroded due to increasing cost of finance and other expenses.

In view of the loss, the directors regret their inability to recommend payment of dividend for the year.

Current Year

Prices of Polyester Filament Yarn have been firming up since february, 1999. The management feels the market has bottomed out and the conditions in future are likely to improve. With no new capacities in the pipeline and a steady trend in cotton fabric prices, the demand growth of manmade fibres should get an impetus. After this long spell of recession for over three years, the management is looking forward with cautioned hope a better year of demand growth. The management's main thrust would be to concentrate mainly on exports and to minimise its cost of production.

Directors

Shri S.C. Bafna, a director of the Company retires by rotation and is eligible for re-appointment.

Auditors

The auditors M/s.M.B. Agrawal & Co., and M/s.N.G.Thakrar & Co., retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished certificates of their eligibility for re-appointment.

Industrial relations

The Company's industrial relations are satisfactory and cordial.

Particulars of Employees (Section 217(2A) of the Companies Act, 1956)

The Company had no employee(s) who was in receipt of remuneration during the year under report which, in the aggregate was equal to or more than such sum as is prescribed under Section 217(2A) of the Companies Act.

Section 217(1)(e) of The Companies Act, 1956

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the board of Directors) Rules, 1988, the relevant information is given below :

a. Conservation of energy

The Company ensures minimal power consumption at its plant by constantly maintaining the power factor within the specified limits. The power factor has been improved by installing necessary capacitors, thereby reducing energy losses. However, the per-unit costs have been increased by the Electricity Boards.

	1998-99	1997-98
Purchased Units (Kwh)	57,11,206	58,26,676
Amount (Rs.)	1,75,35,921	1,61,49,908
Rate/Unit (Rs.)	3.07	2.77

b. Research and Development

The Company has taken strict quality control measures using sophisticated laboratory equipments.

c. Foreign Exchange Earnings/Outgoings

Foreign Exchange Earnings - Rs.103.66 lacs (Previous Year Rs. 250.74 lacs) as per Note No.10 to Accounts - Schedule M.

Foreign Exchange Outgoings - Rs.92.09 lacs (Previous Year Rs.74.71 lacs) as per Note Nos. 9 and 10 to Accounts - Schedule M.

Acknowledgement

The Directors wish to place on record their appreciation of the contribution made by the executives, officers and workmen of the Company during the year. The Board also acknowledges with thanks the continued support, co-operation and assistance given by the State Bank of India, ICICI and IDBI.

For and on behalf of the Board,

Mumbai,
27th May, 1999

S.S. MISHRA
Chairman


SUPERTEX INDUSTRIES LIMITED
AUDITORS' REPORT

TO THE MEMBERS OF

SUPERTEX INDUSTRIES LIMITED.

We have audited the attached Balance Sheet of SUPERTEX INDUSTRIES LIMITED, as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:

- 1 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;
- 2 In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of the books;
- 3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- 4 In our opinion the Balance Sheet and the Profit and Loss Account comply with the mandatory Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956;
- 5 In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - a in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 1999, and,
 - b in the case of the Profit and Loss Account, of the Loss for the year ended on that date.
- 6 As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we further report that :
 - a The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year and to the best of our information, no material discrepancies were noticed on such verification.
 - b None of the fixed assets have been revalued during the year.
 - c The stocks of finished and semi-finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals save and except material lying with third parties, which has been substantially confirmed by them. In our opinion, the frequency of the verification is reasonable.
 - d In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - e The discrepancies noticed on verification between the physical stocks as verified and book records were not material, in relation to the operations of the Company and the same have been properly dealt with in the books of account.
 - f On the basis of examination of the stock records, in our opinion, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
 - g The Company has taken loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 and 370 (1-B) of the Companies Act, 1956, and in our opinion the rate of interest and other terms and conditions are not *prima facie* prejudicial to the interest of the Company.
 - h The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 or to the companies under the same management within the meaning of sub section (1-B) of Section 370 of the Companies Act, 1956.

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- i In respect of loans and advances in the nature of loans given by the Company, the repayments are as stipulated.
- j On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for the sale of goods.
- k In our opinion and according to the information and explanation given to us, purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000 or more in respect of each party, have been made at prices which are reasonable, having regard to the prevailing market prices for such goods, materials or services, where such market prices are available, or the prices at which transactions for similar goods or materials have been made with other parties.
- l As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials and finished goods and adequate provision has been made in the accounts for the loss arising on the items so determined.
- m The Company has not accepted any deposits under section 58 A of the Companies Act, 1956, and the rules framed thereunder from the public.
- n In our opinion reasonable records have been maintained for the sale and disposal of realisable by-products and scrap, where applicable and significant.
- o In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- p The Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956, for any of the products of the Company.
- q The Company has been regular during the year in depositing Provident Fund and ESIC dues with the appropriate authorities.
- r According to the information and explanations given to us, there are no undisputed amounts payable for a period of more than six months from the date on which they became payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty.
- s According to the information and explanations given to us and the records examined by us, no personal expenses have been charged to the revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- t The Company is not a sick industrial company within the meaning of clause (o) of sub section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.
- u In relation to trading activities of the Company, we are informed that there are no damaged goods.

For N.G.THAKRAR & CO.
Chartered Accountants

N. G. THAKRAR
Proprietor

Mumbai
Dated : 28th May, 1999.

For M.B.AGRawal & CO.
Chartered Accountants

SANJAY LUNKAD
Partner

Mumbai
Dated : 28th May, 1999