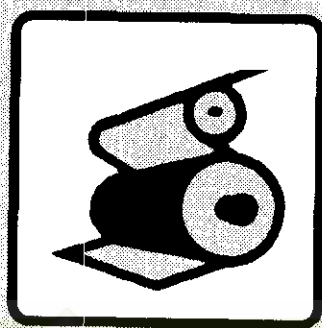


SUPERTEX INDUSTRIES LIMITED



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14th Annual Report
1999-2000

14TH ANNUAL REPORT 1999-2000

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, 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

SHAREX (INDIA) PVT. LTD.
(Formerly known as Hamco Share Registry Pvt. Ltd.)
17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai 400 001



Supertex Industries Limited

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of SUPERTEX INDUSTRIES LIMITED will be held on Saturday, the 9th September, 2000 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, 2000 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.Y. Rege, 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, 27th July, 2000.

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 Wednesday, the 23rd August, 2000 to Saturday, the 9th September, 2000 (both days inclusive).
3. M/s Sharex (India) Pvt. Ltd., (formerly known as Hamco Share Registry Private Ltd.), 17/B, Dena Bank Building, 2nd floor, Horniman Circle, Fort, Mumbai 400 001 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.
5. Vide SEBI Circular No. SMDRP/POLICY/CIR-23/2000 dated 29th May, 2000, it has been made mandatory for all investors in your Company to settle the trade in demat form with effect from 25th September, 2000. The Company is taking all steps necessary in compliance with SEBI's requirement in this regard. A note explaining the Depository System is enclosed.

By Order of the Board,

R.K. MISHRA

Deputy Managing Director and Secretary

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Dear Shareholder,

27th July, 2000.

DEPOSITORY SYSTEM

We have pleasure in informing you that Vide SEBI Circular No. SMDRP/POLICY/CIR - 23/2000 dated 29th May, 2000, it has been made mandatory for all investors in your Company to settle the trade in demat form with effect from 25th September, 2000. As such, your Company is joining the Depository System (DS) operated by National Securities Depository Limited (NSDL) and also the DS operated by Central Depository Services (India) Limited (CDSL) to facilitate you to hold and trade in the shares of the Company in dematerialised electronic form. Your Company is entering a tripartite agreement with both NSDL and CDSL and the Company's R & T Agents Sharex (India) Private Ltd., who will provide electronic connectivity with NSDL and CDSL both.

The DS envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, long settlement cycles, mutilation of share certificates, etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.

If you wish to maintain your shareholding in the electronic form by joining the DS, you will have to open an account with a Depository Participant (DP), who are agents of NSDL or CDSL, and lodge your share certificates, through the DP with the Share Department of the Company for Dematerialisation. The DP will then ensure that the physical share certificates are cancelled and after verification by the Company, an equivalent number of shares will be credited to your account with the DP in the electronic form. You are also permitted under the DS to reconvert your electronic shareholding into the physical form of share certificates by a process of Rematerialisation. It may be noted that the DP would charge the investor for its services, which may vary from one DP to another.

It may be noted that the dividend warrants (if any) in respect of all the shares, whether held in the electronic form or in the physical mode by way of share certificates, will be sent by the Company to the respective shareholders directly, as per the practice presently followed under the scrip-based system.

A detailed and comprehensive understanding of the implications of the DS and the services available with the DP would be desirable before you exercise your option to join the DS.

It is reiterated that requests for Dematerialisation and Rematerialisation are to be made only to the DP with whom you have opened an account and not to the Company or its Depository Transfer Agent.

You may contact NSDL at Trade World, 4th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Tel : (022) 497 2964-70, Fax : (022) 497 2993 for an updated list of DPs or CDSL at Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai 400 023. Tel : (022) 267 3333.

Thanking You,

Yours faithfully,

For **Supertex Industries Ltd.****R.K. Mishra**

Deputy Managing Director and Secretary



Supertex Industries Limited

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present herewith the Fourteenth Annual Report together with the audited statement of accounts of your Company for the year ended 31st March, 2000.

Financial Results

	Year Ended 31.3.2000 Rs. in lacs	Year Ended 31.3.99 Rs. in lacs
(Loss)/Profit before interest and Depreciation	(170.06)	62.84
Less : Interest	289.46	286.69
Loss before Depreciation	(459.52)	(223.85)
Less : Depreciation	126.03	122.18
Loss before Tax	(585.55)	(346.03)
Loss after Tax	(585.55)	(346.03)
Less : Loss on sale of Fixed Assets	—	16.91
Add/Less : (Loss)/Profit brought forward	(71.53)	41.41
Less : Transfer from General Reserve	—	250.00
Carried forward	(657.08)	(71.53)

The directors regret their inability to recommend any dividend due to the loss as above.

Working

The year under review proved yet another difficult year for your Company. Due to large scale dumping of yarn by South East Asian countries, excess capacities created in the country and bad market conditions, the margins on your Company's products continued to be depressed. The Company's financial resources got depleted due to mounting losses month after month. The initiative taken by the bank and financial institutions towards restructuring and rescheduling the term loans and giving certain reliefs is in progress and their decisions are awaited. In the face of all these difficulties and the liquidity crunch, the management did its best to run the Dharampur plant to the full capacity in the later half of the year though, however, the overall production was marginally lower in comparison to the last year. The Silvassa plant had run only partially, mainly due to lower demand, unremunerative prices and paucity of working funds. Consequent to the above, the production suffered a setback and it was lower in tonnage by about 33%, sales in tonnage were lower by 23% and the turnover in rupees lower by 19.5% in comparison to the last year.

The only bright spot in the Company's working during the year was its exports which were all time high and about 250% more in comparison to its exports during the previous year, both in tonnage and value. The Company's exports during the year were 392 tons (previous year 156 tons) valued at Rs. 271 lacs (Previous year Rs. 111 lacs). The Company's exports would have been much higher but for lack of working funds.

In accordance with the terms of the agreement of term loan between the Company and ICICI, the latter have exercised their option to convert a part of their loan into equity shares and accordingly the Company has converted an amount of Rs. 92 lacs out of their loan into share capital by issue and allotment of 9.2 lacs equity shares of Rs. 10/- each at par to the ICICI.

On going through the audited accounts for the year 1999-2000, you will observe that the accumulated losses of your Company at Rs. 657.08 lacs as on 31-03-2000, are more than half of the Company's paid up capital and reserves aggregating to Rs. 1231.38 lacs (as on 31-3-1998 the peak net worth) and thus there is erosion of more than 50% of net worth of the Company within the meaning of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. As required by that section the Company has to report the fact of such erosion to the Board for Industrial and Financial Reconstruction and hold a general meeting of the shareholders of the Company for considering such erosion. An Extraordinary General meeting of the shareholders of the Company is therefore being convened on the 9th September, 2000 upon conclusion of the Annual General meeting to be held on that date.

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Current Year

During the current year also the same working situation continues so far. The Company is seriously pursuing with the bank and the financial institutions to finalise their restructuring package expeditiously and extend necessary reliefs and assistance to the Company so as to enable it to run to the full capacity and improve its viability.

In the meantime, as you are aware, recently the Company has added one more clause in the Objects clause of its Memorandum in order to enable it to diversify its activities in the infotech business, and with this end in view it has created the infrastructure at Valsad to launch initially the business of Medical Transcription. The management is hopeful that in due course this business will pick up.

Directors

Shri S.Y. Rege, 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. 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 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, 1956.

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.

	1999-2000	1998-99
Purchased Units (Kwh)	40,00,888	57,11,206
Amount (Rs.)	1,54,89,180	1,75,35,921
Rate / Unit (Rs.)	3.87	3.07

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. 191.75 lacs (Previous year Rs. 103.66 lacs) as per Note No. 10 to Accounts - Schedule M.

Foreign Exchange Outgoings - Rs. 3.79 lacs (Previous Year Rs. 92.09 lacs) as per Note Nos. 9 and 10 to Accounts.

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 July, 2000

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, 2000 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 Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub section (3C) of Section 211 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, 2000, 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 unsecured loans from companies, firms or other parties listed in the register maintained under Section 301 and 370 (1C) 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