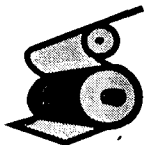


**17<sup>th</sup>**  
**Annual Report**  
**2002-2003**

Report  Junction.com



***SUPERTEX INDUSTRIES LIMITED***

## BOARD OF DIRECTORS

S.S. MISHRA	..	Chairman and Wholetime Director
N.N. PURI	..	Director
B.D. CHHAPARWAL	..	Director
S.V. DALAL	..	Nominee Director of Indus Venture Management Ltd.
N.L. MISHRA	..	Managing Director
R.K. MISHRA	..	Dy. Managing Director and Company Secretary

## AUDITORS

**M. B. AGRAWAL & CO.**  
*Chartered Accountants, Mumbai*

**N. G. THAKRAR & CO.**  
*Chartered Accountants, Mumbai*

## SOLICITORS

**CRAWFORD BAYLEY & COMPANY**  
*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. Unit I & II : Plot No 45 & 46, Phase II  
Piperia Industrial Estate  
Silvassa, Dadra & Nagar Haveli.
2. Unit III : 213, Kharvel  
Behind Kharvel Sub-station  
Taluka Dharampur  
Dist. Valsad, Gujarat.

## REGISTRARS AND SHARE TRANSFER AGENTS

**SHAREX (INDIA) PVT. LTD.**  
17/B, Dena Bank Building, 2nd Floor  
Horniman Circle, Fort  
Mumbai 400 001.



## SUPERTEX INDUSTRIES LIMITED

### NOTICE

The Seventeenth Annual General Meeting of the members of SUPERTEX INDUSTRIES LTD. will be held on Saturday, the 23rd August, 2003 at 10.30 a.m. at the Registered Office of the Company at Plot No. 45-46 Phase II, Piperia Industrial Estate, Silvassa (Dadra & Nagar Haveli) to transact the following business :-

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2003 and the Audited Profit & Loss Account for the year ended on that date along with the reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Shri. R. K. Mishra, who retires by rotation and is eligible for re-appointment.
3. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS

4. To consider and pass with or without modification(s) the following resolution, as a Special Resolution :-  
"RESOLVED THAT the consent of the Company be and is hereby accorded to the delisting of the Equity Shares of the Company from the Ahmedabad Stock Exchange and that the Board of Directors of the Company is hereby authorised to seek the delisting and to do all such acts, deeds and things including execution of documents as may be necessary for this purpose."

By order of the Board,

**R. K. Mishra**

Deputy Managing Director and Secretary

Mumbai, 30th June, 2003

### 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 13th August, to Saturday, the 23rd August, 2003. (both days inclusive).
3. M/s. Sharex (India) Pvt. 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 Company's shares in the demat form with effect from 25th September, 2000.
6. The Explanatory statement in respect of Special Business is annexed hereto.

### ANNEXURE

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 :

##### Item No. 2.

Shri R.K. Mishra who is Deputy Managing Director and also the Company Secretary is associated with the Company as its Director since its formation. He is a Fellow of the Institute of Chartered Accountants of India and also an Associate Member of the Institute of Company Secretaries of India. He is a young man of 43 years and is well versed in Finance, Administration and Exports etc.

##### Item No. 4.

The Equity Shares of the Company are listed at Stock Exchanges at Mumbai and at Ahmedabad. The Mumbai Stock Exchange is the Regional Stock Exchange. At Ahmedabad Stock Exchange no transactions in the shares of the Company have been reported during the last over three years (from 01/04/2000 to 18/06/2003). As such, as a measure of economy it is considered necessary to delist the shares from Ahmedabad Stock Exchange. However, the shares would continue to be listed at Mumbai. To enable the directors to take action in the matter, your approval for the above proposal is sought by way of Special Resolution. None of the directors of the Company is concerned and/or interested in the said resolution.

By order of the Board,

**R. K. Mishra**

Deputy Managing Director and Secretary

Mumbai, 30th June, 2003

**17<sup>TH</sup>****ANNUAL REPORT 2002 - 2003****DIRECTORS' REPORT****TO THE MEMBERS**

The Directors present herewith the seventeenth Annual Report together with the audited statement of accounts of your Company for the year ended 31<sup>st</sup> March, 2003.

**Financial Results**

	Year Ended 31.03.2003	Period Ended 31.03.2002 (15 Months)
	Rs.in lacs	Rs.in lacs
Profit/(Loss) before Interest and Depreciation	.. (16.53)	58.97
Less: Interest	.. 2.26	111.95
Loss before Depreciation	.. (18.79)	(52.98)
Less: Depreciation	.. 125.73	158.38
Loss for the year	.. (144.52)	(211.36)
Less: Rebates in respect of earlier years	.. 24.17	66.53
Net Loss for the year	.. (168.69)	(277.89)
Add: Loss brought forward	.. (1489.67)	(1211.78)
Loss Carried forward	.. (1658.36)	(1489.67)

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

**Working**

The working of the year under review was for twelve months as against previous year's working which extended to fifteen months. The production at the Company's plant at Silvassa was lower by about 25% due to stoppage of job work in February & March, 2003 by Reliance Industries Ltd., consequent to the adverse market conditions due to budgetary effects and introduction of CENVAT. The weavers who are the main customers of the Company had opposed the CENVAT provisions and in protest put their shutters down. The production at the Company's plant at Dharampur was almost at last year's level despite all the financial hurdles and downing of shutters by the weavers in the last two months of the year. But for the agitation by the weavers and strike by transporters during the closing months of the year, the production at Dharampur plant would have been much higher. The Sizing Department was almost kept closed due to paucity of working funds. Because of severe financial constraints, the Company had to perforce depend on job work from parties, for which the job charges were not remunerative. However, keeping in view the over all interest of the Company it was considered as a better option to curtail on the fixed costs, and thus reducing the losses.

The Company's reference made to BIFR was almost at a stand still and there was no progress in the case. However, negotiations are going on for a settlement with the lenders, and efforts are being made for procurement of a soft loan to repay the existing high interest loans. On achieving that, the directors are hopeful of operating the activities of the Company on a competitive basis.

The reduction of excise duty from 36.80% to 27.60% as per the latest budget proposals, would be helpful for the industry in the long run. The Company has also an edge over its competitors in exports, since the European Union has imposed a lower rate of anti-dumping duty on Company's products, keeping in view its past performance.

**Directors**

Shri R. K. Mishra a director of the Company, retires by rotation and is eligible for re-appointment.

Shri S. S. Mishra, Chairman and Wholtime Director, Shri N. L. Mishra, Managing Director and Shri R.K. Mishra, Deputy Managing Director, were re-appointed in their respective positions with the approval of the Central Government for terms of five years, three years and three years respectively, and the remuneration as sanctioned by the members was also approved by the Central Government.



## SUPERTEX INDUSTRIES LIMITED

### Auditors' Report

As regards the observations made by the Auditors in their Report, your directors have to state that the Auditors' observations as well as explanations given in the Notes forming part of the Accounts (Schedule L- Nos.12 and 15) are self-explanatory and do not require any further comments.

### 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 have been satisfactory and cordial.

### Directors' Responsibility Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 the directors confirm that :-

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures ;
- they have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year ;
- they 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 ; and;
- they have prepared the annual accounts on a going concern basis.

### 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:

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.

	Year Ended 31.03.2003	Period Ended 31.03.2002 (15 Months)
Purchased Units (Kwh)	47,65,221	73,28,564
Amount (Rs.)	1,73,83,630	2,55,54,175
Rate / Unit (Rs.)	3.64	3.48

### Listing with Stock Exchanges

The Company's Equity Shares are listed with Stock Exchanges at Mumbai and Ahmedabad. Since there are no transactions reported at the Stock Exchange at Ahmedabad during the past about three years, it has been decided, as a measure of economy, to get the Company's shares voluntarily delisted from the Ahmedabad Stock Exchange and the required Special Resolution is being placed for the approval of members at the ensuing Annual General Meeting.

Information in compliance of clause 49 of the listing agreement with the Stock Exchanges is annexed to the Report.

### 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 support, co-operation and assistance given by the State Bank of India, ICICI and IDBI.

For and on behalf of the Board,

Mumbai  
30<sup>th</sup> June, 2003

S. S. MISHRA  
Chairman

**ANNEXURE TO DIRECTORS' REPORT****MANAGEMENT DISCUSSION AND ANALYSIS****Overall Review**

The year under review witnessed stagnant domestic demand and erratic international market. The warnings of impending war in Iraq also had its bad effect around the closing of the year. The Union Budget was announced extending CENVAT on grey fabric and garments and the plants had to be kept shut for a short while in view of weak demand and some confusion over the possible effects of a change in the Budget and its Policy.

**Industry Outlook**

The Company had been facing severe financial constraints. With a view to save the plants from rust and dust, and to save maximum on fixed costs both the plants had been running on job work basis. However, the job work was stopped by customers in February owing to piling up of stocks with them and due to protests by weavers against the budgetary proposals.

The Budget had reduced the duty on Polyester Yarns from 36.80% to 27.60% which was welcomed by the Industry. However, due to the agitation by the unorganised sector weavers and the garment manufacturers there was a complete standstill in the industry for last 3-4 months. The lowering of the excise duty would benefit the industry in the long run as the excise duty on the industry was very high. Similarly the extension of CENVAT chain upto the weavers would ensure larger compliance in the industry and would benefit the industry in the long run by way of healthy competition.

**Bank and FIs**

The management has been discussing a settlement with the Bank and Financial Institutions. In this respect a plan has been submitted to the lenders. Although the offer was by and large acceptable at the officers' level their formal sanction at higher levels is awaited. A lending institution has been agreeable in principle to give a soft loan to settle the existing high interest loans and to enable the management to run the Company on economic scale.

**Opportunities and Exports**

The lower anti dumping duty on the Company's products in the European Union gives the Company an edge in the international market. This should be capitalised upon by recommencing exports at the earliest. Efforts are being made for the same and subject to availability of proper banking facilities, the management expects to restart exports shortly.

**Challenges, Risks and Concerns**

The successful repayment/ settlement of the loans from the Bank and FIs is the main challenge which the Company is facing at the moment. The management is doing its best to procure a soft loan to swap with the existing loans and restructure its finances to put the Company's working on profitable lines. Alternative efforts are also being made to find out some viable financial partner/collaborator to amicably negotiate with the lenders and to revive the Company.

**CENVAT and VAT**

The opposition to extension of CENVAT chain and the proposed introduction of VAT, affecting consumption of yarn may be considered as a business risk. However, these uncertainties are expected to be temporary in nature and in the long run CENVAT and VAT are expected to have favourable impact on business of the Company.

**Internal Control Systems and their Adequacies**

Internal control systems have been built into day to day operations in consultation with the Auditors of the Company. They appear to be adequate.

**Cautionary Statement**

Certain statements in this report on "Management Discussion and Analysis" may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. There are several factors which would be beyond the control of management and as such, actual results could differ materially from those expressed or implied.



## SUPERTEX INDUSTRIES LIMITED

### Report on Corporate Governance

The Company is following the SEBI guidelines pertaining to Corporate Governance effective from financial year 2002. The report on Corporate Governance for the year is as follows :

#### Board of Directors and the Board Procedure

The Board of Directors has six members. It is a combination of executive and non executive directors in equal proportion. All the non executive directors are independent directors. None of the directors is a director in any other Public Limited Company.

The Board meets atleast once in a quarter inter-alia to review the quarterly performance and to take on record the financial results. During the year the Board had six meetings. A detailed agenda is sent to each director in advance of the Board meetings. In order to enable the Board to discharge its responsibilities effectively the members of the Board are briefed at every Board meeting. The details of the directors and the Board meetings attended by them are given below :-

	Name of Director	Status	Board Meetings attended	Whether attended last AGM
1.	Shri S. S. Mishra	Chairman and Executive	6	Yes
2.	Shri N. L. Mishra	Managing Director	6	Yes
3.	Shri R. K. Mishra	Dy. Managing Director	6	Yes
4.	Shri S. V. Dalal	Non-Executive and Independent	6	Yes
5.	Shri N. N. Puri	Non-Executive and Independent	3	-
6.	Shri B. D. Chhapparwal	Non-Executive and Independent	5	Yes

#### Audit Committee

The Board has appointed an Audit Committee presently consisting of four Directors and the same has been functioning at the Board level since 4th July, 2001. The Audit Committee inter-alia ensures the existence of the effective internal control system. It also oversees financial disclosures, compliance with all relevant accounting principles and adequacy of provisions and disclosures. The committee carries out its obligations as laid down in Clause 49 of the listing agreement. The Audit Committee is composed of the following Directors :-

	Name of Director	Status	Meetings attended
1.	Shri B.D. Chhapparwal (w.e.f. 31/10/02)	Chairman	1
2.	Shri. S.V. Dalal	Member	2
3.	Shri. N.N. Puri	Member	2
4.	Shri. R.K. Mishra	Member	2

All are independent directors except Shri R.K. Mishra who is also Dy. Managing Director of the Company and is a member of the Committee and also acts as Secretary to the Committee.

The Audit Committee had two meetings during the year, one on 2nd July, 2002 and the other on 31st October, 2002. For attending the meetings of the Committee, members are paid the same sitting fees as are paid for Board Meetings.

#### Remuneration Committee

The remuneration Committee was formed on 13th April, 2002 and it comprises of the following Directors :-

	Name of Director	Status
1.	Shri B. D. Chhapparwal	Non-Executive and Independent— Chairman
2.	Shri S. V. Dalal	Non-Executive and Independent— Member
3.	Shri N. N. Puri	Non-Executive and Independent— Member

Non Executive Directors are paid the same sitting fees as they are paid for Board meetings. Payment of remuneration to the Chairman and Wholtime Director, Managing Director and Deputy Managing Director are approved by the full Board as also by the Remuneration Committee.



Details of remuneration of the Directors for the year 2002-03, are as under :-

(Amount in Rupees)

	Name of Director	Salary	Perquisites	Contribution to PF	Sitting Fees	Total	Service Contract
1.	Shri S. S. Mishra	4,26,774	1,46,693	51,213	—	6,24,680	Contractual (5 years)
2.	Shri N. L. Mishra	4,26,774	1,27,209	51,213	—	6,05,196	Contractual (3 years)
3.	Shri R. K. Mishra	4,26,774	1,57,567	51,213	—	6,35,554	Contractual (3 years)
4.	Shri B. D. Chhaparwal	—	—	—	10,500	10,500	Retirement by rotation
5.	Shri N. N. Puri	—	—	—	7,500	7,500	Retirement by rotation
6.	Shri S. V. Dalal	—	—	—	—	—	Nominee Director
	Total	12,80,322	4,31,469	1,53,639	18,000	18,83,430	

#### Shareholders' Grievance Committee

The Board has appointed a Committee to look into the shareholders' grievances and to approve the share transfers and transmission etc. All applications for transfer/transmission are initially verified and passed by M/s. Sharex (India) Pvt. Ltd., who are the appointed Registrars and Transfer (R & T) Agents for the Company's shares. The R & T Agents also attend the shareholders' grievance expeditiously and report the Company in time.

The Share transfer / transmission etc. are all audited periodically by a firm of independent Wholtime Company Secretaries and their Report is placed before the Board.

The Committee comprises of the following Directors :-

	Name of Director	Status
1.	Shri Sharad Dalal	Independent and Non Executive — Chairman
2.	Shri S.S. Mishra	Executive — Member
3.	Shri R.K. Mishra	Executive — Member

Shri R. K. Mishra, Deputy Managing Director and Company Secretary is also appointed as Compliance Officer.

The initial name of the committee was Share Transfer Committee and the said committee was reconstituted w.e.f. 29th April, 2003 when Shri Sharad Dalal was also appointed as an independent Chairman. The Committee held nine meetings during the year which were attended by all the then members of the Committee. During the year twelve complaints were received from investors, and all were properly redressed in time.

#### General body Meeting

During the last three years, the Annual General Meetings were held at 10.30 a.m. on 9th September, 2000, 31st October, 2001 and 16th August, 2002 respectively. All the meetings were held at the Registered Office of the Company at Plot No. 45-46 Phase-II, Piparia Industrial Estate, Silvassa – 394 230 (D&NH).

#### Disclosures

There are no materially significant related party transactions with promoters, Directors or management that may have potential conflict with the interest of the Company at large, There are no strictures or penalties etc. imposed by SEBI or Stock Exchange. Shri R.K. Mishra, Deputy Managing Director and Company Secretary has been appointed as Compliance Officer of the Company.

#### Means of communication

The Board of Directors of the Company consider and take on record the quarterly unaudited financial results of the Company which are published in two daily news papers as per clause 41 of the listing agreement, viz. Free Press Journal and Lok Satta.





## SUPERTEX INDUSTRIES LIMITED

### General shareholder information

M/s. Sharex (India) Pvt. Ltd., 17-B, Dena Bank Building, 2nd Floor, Horniman Circle, Mumbai – 400 001, are the Registrars and Transfer Agents of the Company. All the applications for transfer/transmission/consolidation etc. are received by them verified and then forwarded to the Company for final approval by the Share Transfer Committee. Distribution schedule of shareholding as at the close of the year was as given below : -

EQUITY SHARES	NUMBER OF HOLDERS	(%) OF HOLDERS	TOTAL SHARES	% OF TOTAL
UP TO 100	3,786	59.78	3,77,499	5.62
101 TO 200	673	10.63	1,33,510	1.99
201 TO 500	1,071	16.91	4,58,643	6.83
501 TO 1,000	404	6.38	3,56,869	5.31
1,001 TO 5,000	308	4.86	6,64,153	9.88
5,001 TO 10,000	37	0.58	2,58,602	3.85
10,001 TO 1,00,000	41	0.65	13,91,624	20.71
1,00,001 AND ABOVE	13	0.21	30,79,100	45.82
<b>TOTAL</b>	<b>6,333</b>	<b>100.00</b>	<b>67,20,000</b>	<b>100.00</b>

46,12,940 shares were dematerialised as on 31st March, 2003, forming 68.64% of the total number of shares.

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF

#### SUPERTEX INDUSTRIES LIMITED

1. We have reviewed the implementation of Corporate Governance procedures by **SUPERTEX INDUSTRIES LIMITED** during the year ended 31st March, 2003 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. 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.
3. On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respects by the Company.

**For N. G. THAKRAR & CO.**  
**Chartered Accountants**

**N. G. Thakrar**  
**Proprietor**

Mumbai  
30<sup>th</sup> June, 2003

**For M. B. AGRAWAL & CO.**  
**Chartered Accountants**

**Sanjay Lunkad**  
**Partner**

Mumbai  
30<sup>th</sup> June, 2003