



***SUPERTEX  
INDUSTRIES  
LIMITED***



**21<sup>st</sup> Annual Report 2006 - 2007**

**21<sup>ST</sup>****ANNUAL REPORT 2006 - 2007****BOARD OF DIRECTORS**

S. S. Mishra	..	<i>Chairman &amp; Company Secretary</i>
N. N. Puri	..	<i>Director</i>
M. A. Sharma	..	<i>Director</i>
G. R. Toshniwal	..	<i>Director</i>
V. K. Mishra	..	<i>Director</i>
R. K. Mishra	..	<i>Managing Director</i>

**AUDITORS**

M. B. Agrawal & Co.,  
Chartered Accountants

N. G. Thakrar & Co.,  
Chartered Accountants

**SOLICITORS**

Crawford Bayley & Company

**BANKERS**

State Bank of India,  
Commercial Branch

**REGISTERED OFFICE**

Plot No 45/46, Phase II  
Piperia Industrial Estate  
Silvassa, D & N H

**HEAD OFFICE**

Balkrishna Krupa, 2<sup>nd</sup> floor  
45/49 Babu Genu Road  
Princess Street, Mumbai-2

**WORKS**

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

**REGISTRARS AND SHARE TRANSFER AGENTS**

Sharex Dynamic (India) Pvt. Ltd.  
Unit No1, Luthra Industrial Premises  
Andheri Kurla Road, Safed Phool  
• Andheri(E), Mumbai 400 072



## **SUPERTEX INDUSTRIES LIMITED**

### **NOTICE**

**The Twenty First Annual General Meeting of the members of SUPERTEX INDUSTRIES LTD. will be held on Saturday, the 18th August, 2007 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 31<sup>st</sup> March, 2007 and the Audited Profit & Loss Account for the year ended as on that date along with the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Shri. M.A. Sharma, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri.G.R.Toshniwal, who retires by rotation and is eligible for re-appointment.
4. To appoint auditors and fix their remuneration.

#### **SPECIAL BUSINESS:**

5. To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution:  
**"RESOLVED THAT** pursuant to sections 198,269,309,310 read with Schedule XIII and other provisions, if any, of the Companies Act, 1956 and/or guidelines for managerial remuneration issued by the Central Government from time to time and subject to the approval of the Central government as may be required, the consent of the Company be and hereby accorded to the reappointment of Shri S.S.Mishra, as a Whole time Director of the Company with effect from 26<sup>th</sup> March, 2007 for a period of one year upon the terms and conditions set out in the Explanatory statement under section 173 of the Companies Act, annexed hereto."

**By order of the Board,**

**'R.K.Mishra**  
**Managing Director**

Mumbai, 28<sup>th</sup> June, 2007

#### **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, 8<sup>th</sup> August, 2007 to Saturday, 18<sup>th</sup> August, 2007 (both days inclusive).
3. M/s. Sharex Dynamic (India) Pvt. Ltd. Unit - I, Luthra Industrial Premises, Andheri Kurla Road, Safed Phool, Mumbai - 400 072 are the Share Transfer Agents of the Company for transfer of shares. Members are requested to forward their 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 29<sup>th</sup> May, 2000, it has been made mandatory for all investors in your Company to settle their trade in demat form with effect from 25<sup>th</sup> September, 2000.
6. In terms of provision of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's Share Transfer Agent, M/s.Sharex (Dynamic)India Pvt.Ltd. for nomination form quoting their folio number. Shareholders holding shares in dematerialized form should write to their Depository Participant for the purpose.

#### **ADDITIONAL INFORMATION ABOUT DIRECTORS SEEKING RE-APPOINTMENT AT THE TWENTY FIRST ANNUAL GENERAL MEETING :**

1. Shri M.A.Sharma(63) is an M.Sc from Mumbai University and has FTA fellowship of Textile Association (India). He is also a fellow of the Institute of Environmental Engineers (India). He has varied experience of teaching Textile Chemistry and allied subjects at Victoria Jubilee Technical Institute for eight years. He had also served with Century Textile & Industries Ltd., Mumbai, for a number of years as Manager(Chemical Technology).
2. Shri G.R.Toshniwal(40) is a young and dynamic person. A Graduate from Rajasthan University and a Fellow of Institute of Chartered Accountants of India. He is a practicing Chartered Accountant and is a partner in M/s. NGS & Co. Chartered Accountants. Shri G.R.Toshniwal is Chairman of the Audit Committee of the Company.

**ANNEXURE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****ITEM NO.5**

The period of appointment of Shri.S.S.Mishra (Chairman), as a Whole Time Director of the Company fell due to expire on 25<sup>th</sup> March, 2007. He is one of the founder members of the Company and is associated with the Company from its inception. He is a Commerce and Law graduate and is also a Fellow Member of the Institute of Company Secretaries of India. Having regard to his long professional experience and his association with this Company and valuable services rendered by him, the Board vide its resolution dated 24<sup>th</sup> March, 2007 re-appointed him as a Whole Time Director with effect from 26<sup>th</sup> March, 2007 for a further period of one year, subject to your approval by way of Special Resolution and any other necessary approval(s) that may be required, on remuneration and other terms and conditions as laid down hereunder:

The terms and conditions and the remuneration payable to Shri S.S.Mishra are as follows:

**(A) Remuneration:****(1) Salary:**

Rs.45000/- per month.

**(2) Commission:**

Commission as may be decided by the Board of Directors based on the net profit of the Company in each year, not exceeding 1% of Net Profits.

**(3) Perquisites:**

- a) House Rent Allowance of Rs. 8,000/- per month.
- b) Medical Reimbursement: Reimbursement of actual medical expenses incurred in India and/or abroad for self and family.
- c) Leave Travel Concession: For self and family once in a year incurred in accordance with the rules of the Company.
- d) Personal Accident Insurance for which premium shall not exceed Rs.4000/- per annum.
- e) Company's contribution towards Provident Fund, Superannuation Fund or annuity as per the Rules of the Company.
- f) Gratuity: Not exceeding one half month's salary for each completed year of service.
- g) Provision of car for use on Company's business and telephone at residence which will not be considered as perquisites. However, the use of office car for personal purpose and personal long distance call on telephone will be billed by the Company to the Wholetime Director.
- h) Mediclaim Policy: For self and family, premium not exceeding Rs.35,000/- per annum.

**(B) Minimum Remuneration:**

Subject to the limit specified in Schedule XIII to the Act, the salary and perquisite specified above shall be payable as minimum remuneration notwithstanding that in any financial year during the currency of the tenure, the Company has no profit or its profits are inadequate.

**(C) Leave for every 11(eleven) months of service. Unavailed leave at the end of the tenure will be allowed to be encashed.****(D) The appointment will be subject to termination by three months notice in writing by either side.****(E) Subject to such approval(s) as may be required, the terms and conditions of the above appointment may be altered, enhanced or varied from time to time by the Board as it may, in its discretion, deem fit, within the limit specified and in accordance with the provisions of the Companies Act, 1956 or otherwise as may be permissible at law. Since pursuant to the amendment of part II of the Companies Act, 1956 it became necessary to obtain approval of the Central Government to pay the above remuneration as minimum remuneration, an application has been made to Central Government and the Government's approval is awaited.**

The Board of Directors commend for approval of the members the resolution at item no.5 relating to Shri S.S.Mishra as a Special Resolution.

Shri S.S.Mishra, Shri R.K.Mishra and Shri V.K.Mishra are relatives of each other and are thus interested in the resolution. No other director is interested in the resolution.

By order of the Board,

**R.K.Mishra**  
Managing Director

Mumbai, 28<sup>th</sup> June, 2007


**SUPERTEX INDUSTRIES LIMITED**
**DIRECTORS' REPORT**
**TO THE MEMBERS**

The Directors are pleased to present herewith the twenty-first Annual Report together with the audited statement of accounts of your Company for the year ended 31<sup>st</sup> March, 2007.

**Financial Results**

	<b>Year ended 31.03.2007 Rs.in lacs</b>	<b>Year ended 31.03.2006 Rs.in lacs</b>
Income from Operations ..	64.37	9.94
Interest written back ..	199.76	-
Total Income ..	264.13	9.94
Loss on Sale of Fixed Assets ..	136.03	6.89
Profit before Interest and Depreciation ..	128.10	3.05
Interest ..	3.83	0.54
Profit before Depreciation ..	124.27	2.51
Depreciation ..	106.55	122.29
Profit/(Loss) Before Tax ..	17.72	(119.78)
Fringe Benefit Tax ..	1.50	1.52
Net Profit/(Loss) for the Year ..	16.22	(121.30)
Loss brought forward ..	(2322.38)	(2201.08)
Loss carried forward ..	(2306.16)	(2322.38)

The directors regret their inability to recommend any dividend due to the carried forward losses.

**Working**

It was gratifying to note the appreciable improvement in the operating results of the Company. Although there was an insignificant change in production during the year as compared to the last year, the management was successful in further lowering the per unit costs by taking economic measures at all levels and thereby turning out a better EBITDA.

The Company has kept the revival agenda at the top of its task sheet and the one time settlements with the Bank and the Institutions are as per terms agreed. A good portion of the loans has been paid off. The Company is hopeful of completing the redemption of loans during the current year.

**Directors**

Shri M.A. Sharma and Shri Ganesh Toshniwal, Directors retire by rotation and being eligible offer themselves for reappointment. Shri S.S.Mishra the wholetime Director whose period of appointment came to an end on 25<sup>th</sup> March, 2007 has been reappointed as a wholetime Director with effect from 26<sup>th</sup> March, 2007 for a period of one year. Appropriate resolutions are being moved at the ensuing Annual General Meeting, which the Board commends for your approval.

**Auditors' Report**

As regards the observation made by the Auditors in their Report, your directors have to state that the explanation given in the Notes forming part of the Accounts (Schedule-L, Note Nos.10, 11, 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.

**Cost Auditors**

The Cost Account records maintained by the Company are subject to yearly audit. Your Company has re-appointed

M/s. Talati and Associates, Cost Auditors for the year 2007-08.

### Corporate Governance

Your Company attaches considerable significance to compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchange. A report on Corporate Governance is hereto annexed.

### Industrial relations

The Company's industrial relations have been satisfactory and cordial.

### Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 :

- i) that in the preparation of the annual accounts for the year ended March 31, 2007 the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any ;
- ii) that such accounting policies as mentioned in Note 1 of the Notes on Account have been selected and applied consistently, and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the Profit of the Company for the year ended on that date ;
- iii) that proper and sufficient care has been taken 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 accounts have been prepared 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.

	31.03.2007	31.03.2006
Purchased Units (Kwh)	18,33,744	24,07,921
Amount (Rs)	79,75,485	91,89,452
Rate / Unit (Rs./p.)	4.35	3.82

### Listing with Stock Exchanges

The Company continues to remain listed with The Stock Exchange, Mumbai.

Information in Compliance of Clause 49 of the Listing Agreement with the Stock Exchange 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 Banks and Financial Institutions.

For and on behalf of the Board,

S.S.Mishra  
Chairman

Mumbai, June 28, 2007





## SUPERTEX INDUSTRIES LIMITED

### ANNEXURE TO THE DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Overall Review

The GDP of India grew strongly at the rate of 9.5 % in 2006. It is much higher in real dollar terms. This appreciable growth in the backdrop of the growing manufacturing sector and a buoyant service sector has placed the economy of the country amongst the fastest growing emerging economies of the world. There is substantial increase in retail trade and capital formation is also higher. Due to improved FDI inflow and comfortable foreign exchange reserves the Indian Rupee has emerged stronger. The overall sentiment of the economy is very encouraging.

#### Industry Outlook

Polyester Yarn production in the industry grew by 7% although the production capacity grew by 4% during the previous year. This permitted improvement in margins for spinners of POY who supply the raw material to the Company. However, overcapacity persisted and many large players are still introducing fresh capacity in the current year. This augurs well for the Company as it secures availability of raw materials at competitive prices.

The Central government has recognized the employment generating capacity of the polyester filament industry and in the Union Budget, it has reduced the excise duty on Polyester Filament Yarn to 8% to bring it closer to Cotton Yarns (which however is 0%). This has been welcomed in the market although it is not a level field as compared to cotton.

The exporters have faced the heat of a stronger rupee and the lower DEPB. The industry hopes the government would realize that it needs to spruce up its act if it wants the industry to continue exporting steadily.

#### Segment wise Production Performance

The Company manufactures and trades in a single business segment i.e "Textiles". Since the Company has passed through a very unusual phase, any worthwhile comparison of performance between two periods would be inconclusive. Owing to the paucity of funds, the capacity utilisation has remained similar to last year. However, there is a gradual improvement in the operating returns this year due to optimization of the processes. There is, yet, considerable scope for improvement. In the current year the Company is aiming at a higher capacity utilisation by starting the other departments and improving the profitability. During the year, the Dharampur plant produced 1182 tons and the Silvassa plant produced 738 tons.

#### Bank and Financial Institutions

The one time settlements with the Bank and FIs have made considerable progress and a good portion of the term loans have been paid off as per the terms.

#### Challenges, Risks and Concerns

Apart from the continuous volatility of raw material prices, cheap imports, intra-fibre competition and other business and industry risks, the management has been facing the challenge of turning the Company around by settling the Bank and FIs. They are actively mobilizing the resources to complete the task during the current year.

#### Internal Control Systems and their Adequacies

The necessary internal control system has been set up in the organization in consultation with the Auditors of the Company. They appear to be adequate considering the size of the operations.

#### Human Relations, Industrial Relations, etc.

There were cordial industrial relations during the last year. The management feels that the situation should remain accordingly this year.

#### Cautionary Statement

Certain statements in this report on "Management Discussions 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 the management, and as such, actual results could differ materially from those expressed or implied.

**REPORT ON CORPORATE GOVERNANCE**

The Company has been following the SEBI Guidelines pertaining to Corporate Governance. The report on the Corporate Governance for the year is as follows:

**Board of Directors**

The Board of Directors consists of six members as on the date of this report, comprising three independent non-executive Directors, one non-executive Director and two executive Directors. None of the directors is a director of any other listed Company.

The Board meets at least once in a quarter, inter-alia to review the quarterly performance and to take on record the financial results. During the year the Board held six meetings. A detailed agenda is sent to each director in advance of each Board meeting. In order to enable the Board to discharge its responsibilities effectively the members of the Board are briefed at every Board meeting.

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 & Company Secretary	6	No
2	Shri R.K.Mishra	Managing Director	6	Yes
3	Shri V.K.Mishra	Non-Executive	5	Yes
4	Shri N.N.Puri	Non-Executive and Independent	6	No
5	Shri M.A.Sharma	Non-Executive and Independent	4	Yes
6	Shri Ganesh Toshniwal	Non-Executive and Independent	6	No

The Non-Executive Directors of the Company are paid sitting fees for attending the Board and/or Committee meeting at the rate of Rs.1,500/- per meeting attended plus their to and fro conveyance expenses.

**Audit Committee**

The Audit Committee constituted by the Board has three members as on 31<sup>st</sup> March, 2007 and has been functioning well and discharging its duties as required by Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange.

The Audit Committee comprises of the following Directors :

	Name of Director	Status
1	Shri N.N.Puri	Chairman – Non Executive & Independent
2	Shri M.A.Sharma	Member – Non Executive & Independent
3	Shri Ganesh Toshniwal	Member – Non Executive & Independent

The Committee held four meetings during the year and attendance was as follows:

Date of Meeting	No. of Members present
29.06.2006	2
29.07.2006	3
30.10.2006	3
25.01.2007	2

Besides the committee members, the Managing Director and the Sr.Executive-Finance, have also been attending the meetings but have no right to vote. The representative of the Statutory Auditors and Internal Auditors have also been attending the Audit Committee meetings as and when required.

**Remuneration Committee**

The Remuneration Committee comprises of three directors, all of whom are independent–Non Executive directors. The composition of the Remuneration Committee is as follows:

	Name of Director	Status
1	Shri N.N.Puri	Chairman – Non Executive & Independent
2	Shri M.A.Sharma	Member – Non Executive & Independent
3	Shri Ganesh Toshniwal	Member – Non Executive & Independent

The committee considers and decides the remuneration of the Managing Director, Whole time Director(s) and other Executives in Senior position.





## SUPERTEX INDUSTRIES LIMITED

The committee held only one meeting on 24.03.07 to consider the remuneration of the Whole time director and there was no other occasion to consider any other matter.

Details of the remuneration of directors for 2006-07 are as follows:

(Amount in Rupees)

	Name of Director	Salary	Perquisites	Contribution to PF	Sitting Fees	Total	Service Contract
1	Shri S.S.Mishra	5,31,290*	1,72,807	63,755	-	7,67,852	1 Year
2	Shri R.K.Mishra	6,00,484*	1,34,239	72,058	-	8,06,781	3 Years
3	Shri N.N.Puri	-	-	-	15,000	15,000	Non Executive
4	Shri M.A.Sharma	-	-	-	16,500	16,500	Non Executive
5	Shri Ganesh Toshniwal	-	-	-	15,000	15,000	Non Executive
6	Shri V.K.Mishra	-	-	-	21,000	21,000	Non Executive
	<b>TOTAL</b>	<b>11,31,774</b>	<b>3,07,046</b>	<b>1,35,813</b>	<b>67,500</b>	<b>16,42,133</b>	

\* The Chairman and the Managing Director have not drawn their salaries due to the financial constraints faced by the Company.

### Shareholders' Grievance and Share Transfer Committee

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

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

The Shareholders' Grievance Committee comprises of the following Directors :

	Name of Director	Status
1	Shri V.K.Mishra	Chairman – Non Executive
2	Shri M.A.Sharma	Member – Non Executive & Independent
3	Shri S.S.Mishra	Member – Executive

The Company received four complaint(s) during the year, which were redressed in time. There is no complaint pending as at the close of the year.

### General Body Meetings

During the last three years, the Annual General Meetings were held on 14<sup>th</sup> August, 2004, 13<sup>th</sup> August, 2005 and 19<sup>th</sup> August, 2006. All the meetings were held at the Registered Office of the Company at Plot No. 45-46, Phase-II, Piperia 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 the SEBI or the Stock Exchange.

### Means of Communication

The Board of Directors of the Company consider and take on record the quarterly un-audited financial results of the Company which are published in two daily newspapers viz. Free Press Journal and Nav Shakti, as per clause 41 of the listing agreement.

### General Shareholder Information

M/s. Sharex Dynamic (India) Pvt.Ltd., Unit – I, Luthra Industrial Premises, Andheri-Kurla Road, Safed Phool, Mumbai-400 072, 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.