



**SUPERTEX
INDUSTRIES LIMITED**

**TWENTY SIXTH
ANNUAL REPORT
2011-2012**

IMPORTANT COMMUNICATION TO MEMBERS

Dear Members,

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies vide circular Nos. 17 and 18 dated April 21, 2011 and April 29, 2011 respectively, stating that a company would have complied with section 53 of the Companies Act relating to dispatch of Annual Report and other Notices etc, if the service of document has been made through electronic mode. In such case, the company is required to obtain email addresses of its members for sending the notice / documents through email by giving an advance opportunity to every shareholder to register his/ her email address and changes therein, if any, from time to time with the company

To support this green initiative, members holding shares in demat form are requested to provide their email ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's RTA, M/s Sharex Dynamic India Pvt Ltd at Unit no.1, Luthra Industrial Premises, Andheri Kurla Road, Safed Phool, Andheri (E), Mumbai-400072 or alternatively send us email to the Company at investors@supertex.in and also update their e-mail addresses as and when there is any change.



BOARD OF DIRECTORS

S.S. MISHRA	..	Chairman
M.A. SHARMA	..	Director
G.R. TOSHNIWAL	..	Director
P.R. KAPADIA	..	Director
R.K. MISHRA	..	Managing Director
S.K. MISHRA	..	Director -Finance

COMPANY SECRETARY

L. L. SALIAN

AUDITORS

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

SOLICITORS

CRAWFORD BAYLEY & COMPANY
RAJANI ASSOCIATES

BANKERS

BANK OF BARODA

REGISTERED OFFICE

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

HEAD OFFICE

Balkrishna Krupa, 2nd Floor,
45/49, Babu Genu Road,
Princess Street, Mumbai - 400002.

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 DYNAMIC (INDIA) PVT. LTD.
Unit No1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Phool,
Andheri (E), Mumbai 400 072.



NOTICE

The Twenty-Sixth Annual General Meeting of members of SUPERTEX INDUSTRIES LTD. will be held on Wednesday, the 26th September, 2012 at 10.30 a.m. at the Registered Office of the Company at Plot No. 45-46, Phase II, Piperia Industrial Estate, Silvassa - 394230 (Dadra & Nagar Haveli) to transact the following business :

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2012 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 Ganesh Toshniwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

4. To consider, and if thought fit to pass with or without modification(s), the following resolution as Special Resolution:-
"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956 (the said Act) and in terms of the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into with the Stock Exchanges where the Equity Shares of the Company are listed and subject to the approval of Government of India (GOI), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Stock Exchange and other authorities, if any, and subject to the consents, permissions and sanctions of all concerned authorities, if any, to the extent required to such conditions and modifications as may be prescribed or as may be imposed while according such consents, which may be considered appropriate by the Board of Directors of the Company or any authorized committee thereof, (hereinafter referred to as "the Board") in its absolute discretion, consent of the Company be and is hereby accorded to the Board to create, offer, issue, allot and deliver in one or more tranches, on a preferential basis upto 2,16,68,680 (Two Crores Sixteen Lacs Sixty Eight Thousand Six Hundred Eighty) convertible warrants ("Warrants") to prospective investors (or its nominee/nominees) of the company, details of which are given below, each warrant convertible at the sole option of the holder, any time before the expiry of 18 months from its allotment into 1 (One) fully paid up Equity share of the company of ₹ 10/- each.

List of the Allottees

Serial Number	Name of the Prospective Investors	No. of Warrants
1	Chase Marketing Private Limited	80,89,000
2	P and R Mercantile Private Limited	63,70,000
3	Parameshwar Exports Private Limited	57,11,650
4	Venus Portfolio & Finance Private Limited	6,74,000
5	Ellora Electricals Limited	6,74,030
6	Sunil Puranmal Poddar (HUF)	1,50,000

At an exercise price which is not lower than the minimum price specified as per Regulation 76 of Chapter VII of SEBI (Issue of Capital & Disclosures Requirement) Regulations, 2009 (the "**SEBI Regulations**"), as stated below and out of which 25% shall be payable before the allotment of warrants and balance on or before 18 months from the date of allotment of each warrant or else the money received for the allotment shall be forfeited by the Company.

The exercise price of the warrants as per Regulation 76 of Chapter VII of SEBI Regulations shall not be lower than:

- Average of weekly high and low of closing prices of the related shares quoted on the stock exchange during six months preceding the relevant date (Regulation 76), or,
- Average of weekly high and low of closing prices of the related shares quoted on the stock exchange during two weeks preceding the relevant date and at any other price above exercise price, as may be finalized by the Board on the following terms and conditions:
 - (a) The warrants shall be converted within 18 months from the date of allotment. The Equity shares so issued on conversion shall be subject to the Memorandum and Articles of Association of the Company.
 - (b) The amount to be paid up on the warrants at the time of allotment shall not be less than 25% of the exercise price, and other such terms and conditions of the warrants may be decided in accordance with SEBI Regulations and other provisions of applicable law, by the "Board".



- (c) The relevant date for the purpose of calculating the minimum exercise price for the Warrant under Chapter VII of SEBI Regulations is 27th August, 2012 being 30 days prior to 26th September, 2012 (i.e. 30 days prior to the date on which Meeting of General body of shareholders is held in terms of Section 81(1A) of the Companies Act, 1956, to consider this proposed issue.)
- (d) The Equity Shares allotted on conversion of warrants shall rank pari passu in all respects with the other existing Equity Shares of the Company.
- (e) The Warrants shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock in provided under SEBI Regulations except to the extent and in manner permitted thereunder.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds and things and take action on matters, give such directions or instructions for settling any question, doubt or difficulty which may arise with regard to the offer, issue or allotment of the said shares and to take appropriate actions to bring into effect the above decision.

By Order of the Board

L. L. Salian
Company Secretary

Mumbai, the 27th August, 2012
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 20th September, 2012 to Wednesday the 26th September, 2012 (both days inclusive).
- 3. M/s. Sharex Dynamic (India) Pvt. Ltd., Unit – 1, Luthra Indl. Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai – 400 072 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 promptly notify any change in their address to the Share Transfer Agents.
- 5. Vide SEBI Circular No. SMDRP/POLICY/CIR-23/2000 dated 20th 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.
- 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 SIXTH ANNUAL GENERAL MEETING :

- 1. Shri Ganesh Toshniwal (44) is a B. Com from Rajasthan University and a fellow member of the Institute of Chartered Accountants of India. He is a Practicing Chartered Accountant and is a partner in NGS & Co., Chartered Accountants. The Board commends his appointment.



ANNEXURE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4

In order to finance the Company's requirements of funds for expansion, diversification and modernization activities, requirements arising out of growth in operations, business acquisitions, capital expenditure investment in loans / Joint Ventures / Associates and for other corporate purposes, the Company proposes to raise funds / resources in India and / or international market at any point of time, in one or more tranches by issue of Preferential Equity Warrants.

In terms of the SEBI Regulations, the following disclosures are being made:-

- **Object of the Issue:** The object of the proposed Preferential Issue of Warrants is to permit strategic investment in the Company which would pave the way for addressing the business opportunities presented before the Company. The Company is undertaking an expansion programme, and looking for prospective Merger's/ Acquisition, promoting companies in the textile and in textile related industries, etc.
- **Pricing of the issue:** The equity shares of the Company are traded on the Stock Exchanges where the shares of the Company are listed during six months or two weeks preceding the relevant date i.e. 27th August, 2012 as arrived in accordance with the provisions of SEBI Regulations.
The conversion price of ₹ 10 per Equity Share of the proposed issue of warrants is above the provisions of SEBI Regulations and is calculated by taking 27th August, 2012 as the Relevant Date.
- **Intention of the Promoters, Directors, Management personnel to subscribe to the offer:** The Promoters have introduced the following strategic investors to invest in the Company's expansion plans.

Details of the subscription are appended below.

- ***Share holding pattern:**

Sr.No.	Category of Shareholders	Pre-issue Shareholding (as on 30th June, 2012)		Post-issue Shareholding (assuming full conversion)*	
		Number	%	Number	%
1.	Promoters/Promoters Group				
i)	Individuals/HUF	10,83,211	9.55	10,83,211	3.28
ii)	Bodies Corporate	5,92,584	5.23	5,92,584	1.80
	Total of 1	16,75,795	14.78	16,75,795	5.08
2.	Public Holding				
i)	Institutions	1,260	0.01	1,260	0.00
ii)	Non-Institutions				
a)	Individuals / HUF				
	Sunil Purnamal Poddar (HUF)	18,500	0.16	1,68,500	0.51
	Others	81,72,845	72.06	81,72,845	24.76
	Total (a)	81,91,345	72.23	83,41,345	25.27
b)	Bodies Corporate				
	Chase Marketing Private Limited	1,436	0.01	80,90,436	24.51
	P and R Mercantile Private Limited	NIL	0.00	63,70,000	19.30
	Parameshwar Exports Private Limited	1,209	0.01	57,12,859	17.31
	Venus Portfolio & Finance Private Limited	NIL	0.00	6,74,000	2.04
	Ellora Electricals Limited	NIL	0.00	6,74,030	2.04
	Others	13,98,556	12.33	13,98,556	4.23
	Total (b)	14,01,201	12.35	2,29,19,881	69.43
	Total (ii) (a & b)	95,92,546	84.58	3,12,61,226	94.70
	Total of 2	95,93,806	84.59	3,12,62,486	94.70
3	Any Other				
i)	Clearing Member	30,816	0.27	30,816	0.09
ii)	NRIs	40,903	0.36	40,903	0.12
	Total of 3	71,719	0.63	71,719	0.22
	Total of 1+2+3	1,13,41,320	100.00	3,30,10,000	100.00



***RA Comment:** The figures in the shareholding pattern are on the assumption that all the warrants will be subscribed by the Promoters to the full number of warrants authorized to be issued and allotted pursuant to the shareholders resolution and all the warrants will be exercised. However, if any warrants are not issued or allotted or any warrants are not exercised, the shareholding pattern will vary and change correspondingly.

- **Proposed time within which allotment will be completed:** The Warrants are proposed to be allotted within 15 days of the passing of the Special Resolution approving their allotment. Provided that where the allotment is pending on account of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval.
- **Whether there will be a change in control and management over the company:** The preferential issue will not result in change in the control of the Company. The promoters who already have control over the company will continue to have control over the company
- **Identity of allottee with percentage of expanded capital to be held by them :**
The allottees in the proposed preferential issue are as follow:-

Sr. No.	Name of the Prospective Investors	No. of Warrants	Post-Issue Shareholding (assuming full conversion)**	
			Number	%
1	Chase Marketing Private Limited	80,89,000	80,90,436	24.51
2	P and R Mercantile Private Limited	63,70,000	63,70,000	19.30
3	Parameshwar Exports Private Limited	57,11,650	57,12,859	17.31
4	Venus Portfolio & Finance Private Limited	6,74,000	6,74,000	2.04
5	Ellora Electricals Limited	6,74,030	6,74,030	2.04
6	Sunil Puranmal Poddar (HUF)	1,50,000	1,68,500	0.51

**** RA Comment:** The figures in the shareholding pattern are on the assumption that all the warrants will be subscribed by the Promoters to the full number of warrants authorized to be issued and allotted pursuant to the shareholders resolution and all the warrants will be exercised. However, if any warrants are not issued or allotted or any warrants are not exercised, the shareholding pattern will vary and change correspondingly.

- i. 2,16,68,680 Warrants are proposed to be issued and allotted to the aforesaid prospective investors as specified in Explanatory Statement, (or its nominees/affiliates) each Warrant convertible at the sole option of the holder, any time before the expiry of 18 months from its allotment, into one fully paid up Equity Share of the Company of Face Value ₹ 10/-
- ii. A Copy of certificate issued by the Statutory Auditors of the Company, certifying that the proposed preferential issue of Warrants is being made in accordance with the requirements contained in the SEBI Regulations shall be laid before the Annual General Meeting.
- iii. The consent of the Shareholders in terms of the Special resolution of the accompanying notice is required under Section 81(1A) of the Companies Act, 1956.

The Directors of the Company may be deemed to be interested in this resolution to the extent of their respective shareholding in the Company in the same proportion as they may be allotted in the preferential issue.

The Directors recommend this Resolution for your approval.

By Order of the Board

L. L. Salian
Company Secretary

Mumbai, 27th August, 2012



DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present herewith the twenty-sixth Annual Report together with the audited statement of accounts of your Company for the year ended 31st March, 2012.

Financial Results

		Year ended 31.03.2012 ₹ in lacs	Year ended 31.03.2011 ₹ in lacs
Turnover	::	5,073.42	4,099.81
Other Income	::	82.65	42.49
Income from Operation	::	239.64	174.68
Profit on sale of Fixed Assets (net)	::	8.12	9.09
Profit before Interest and Depreciation	::	247.76	183.77
Interest	::	26.22	22.36
Profit before Depreciation	::	221.54	161.41
Depreciation	::	102.16	100.48
Profit Before Tax	::	119.38	60.93
Deferred Tax	::	(10.46)	(55.19)
Profit After Tax	::	108.92	5.74

In order to maintain the profits of the business of the company and to meet the growing funding requirements, your Directors have not recommended any dividend for the year under report.

Working

The production improved during the year and was higher by 5.90% at 2,333 M.T. as against 2,203 M.T. last year. The turnover was higher by 23.73% at ₹ 5,073 lacs as against ₹ 4,100 lacs. The company has continued to manufacture under its agreement for processing speciality yarns for a large reputed spinner. The processing charges went up by 52% from ₹ 96 lacs last year to ₹ 146 lacs. The Company has modified and enhanced its capacity to facilitate manufacture of newer products.

The profits improved at ₹ 119 lacs as against ₹ 61 lacs in the past year. The Company had upgraded many of its production facilities, improved capacity utilization and used better marketing strategies which improved the overall performance of the Company during the year. The management is working hard to improve the capacity utilization further.

The draw warping and sizing activity remained steady although the margins remained under pressure due to the global scenario which imposed itself over the domestic markets also. The prices remained volatile during the year depending on the prices of the raw material. The Company is expecting to augment its capacity to meet the encouraging demand of domestic as well as the exports market.

Exports

The company has resumed exports of its products and it has exported about 2.5% of the total sales during the year. The current year performance is a marked improvement over the past year and the Company expects to export a much higher percentage of its products to the international market. The products are well received by the market and the management has worked out a medium to long term tie-up for manufacture of the same.

Directors

Shri Ganesh Toshniwal, Director of the Company retires by rotation and being eligible offer himself for reappointment.

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 by the qualified Auditors. Your Company has re-appointed M/s. Talati & Associates, Cost Auditors for conducting the audit of such records for the financial year 2012-2013.



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, 2012 the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any ;
- ii) that such accounting policies 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, 2012 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 :

A) Conservation of Energy

The Company is engaged in the process of energy conservation continuously through improved operational and maintenance practices.

a) Energy conservation measures taken :

- i) Optimisation of air compressors for low pressure applications.
- ii) Limiting the use of air-conditioning in the plants to need based minimum.
- iii) 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.

Power Consumption	31.03.2012	31.03.2011
Purchased Units (Kwh)	22,49,136	28,56,552
Amount (₹)	1,22,10,657	1,28,07,498
Rate / Unit (₹/p.)	5.43	4.48

b) Additional Investment and proposals, if any, being implemented for conservation of Energy :

- i) Further optimisation of air compressors for low pressure applications.

c) Impact of measures at a) and b) above for reduction of energy consumption and on the cost of production of goods :

The above measures have resulted in reduction in consumption of electricity with consequent reduction in the cost of production.

B) Technology Absorption

a) Research and Development (R & D)

i) Specific areas in which R & D is carried out by the Company :

- 1) Development and indigenization of spares through local vendors.
- 2) Productivity enhancement of existing machines.



3) Development of new products.

ii) Benefits derived as a result of the above R & D :

- 1) Reduction in operating and maintenance cost.
- 2) Reducing machine downtime.
- 3) Improvement in quality, customer satisfaction and enlargement of market base.

iii) Future Plan of Action :

- 1) Further productivity enhancement of all machines and indigenization of spare parts.

iv) Expenditure on R & D : Nil

b) Technology Absorption, Adaptation and Innovation

i) Efforts in brief, made towards technology absorption, adaptation and innovation

- 1) Adoption of suitable technology for various processes including speciality yarn.

ii) Benefits derived as a result of above efforts :

- 1) New product development.
- 2) Improved quality of products.

iii) Future Plan of Action :

- 1) Continue to better the technology adopted.

iv) Information regarding imported technology :

(Imported during the last 5 years from the beginning of the financial year) : Nil

C) Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings – ₹ 1,23,70,113 (Previous Year – Nil)

Foreign Exchange Outgo – ₹ 4,55,139 (Previous Year – ₹ 1,33,850)

(Refer Note 28 of Notes on Financial Statements)

Listing with Stock Exchanges

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

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 Bank.

For and on behalf of the Board,

S.S. Mishra
Chairman

Mumbai, 31st May, 2012