

TWENTY-SEVENTH ANNUAL REPORT 2012-2013

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 an email to the Company at investors@supertex.in and also update your e-mail addresses as and when there is any change.

SUPERTEX INDUSTRIES LIMITED



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

S. T. DAFLE

AUDITORS

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

SOLICITORS

CRAWFORD BAYLEY & COMPANY RAJANIASSOCIATES

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

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



SUPERTEX INDUSTRIES LIMITED



NOTICE

The Twenty-Seventh Annual General Meeting of members of SUPERTEX INDUSTRIES LTD. will be held on Saturday, the 28th September, 2013 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, 2013 and the Statement of 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. P.R.Kapadia, who retires by rotation and being eligible, offers himself for reappointment.
- 3. To appoint a Director in place of Shri. S.K. Mishra, who retires by rotation and being eligible, offers himself for reappointment.
- 4. To appoint auditors and fix their remuneration.

By Order of the Board

R.K. Mishra Managing Director

Mumbai, 16th August, 2013 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 POLLAND 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 Saturday the 21st September, 2013 to Saturday the 28th September, 2013 (both days inclusive).
- 3. M/s. Sharex Dynamic (India) Pvt. Ltd., Unit 1, Luthra Indl. Premises, Andheri Kurla Road, Safed Phool, 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 SEVENTH ANNUAL GENERAL MEETING:

- Shri Pradip Ramanlal Kapadia, 55, is a B. Com from Mumbai University and a fellow member of the Institute of Chartered Accountants of India. He is a Proprietor of P. R. Kapadia & Associates, Chartered Accountants and has a practice of Sales tax and Company Law matters. He is also involved with the educational committee of the Institute of Chartered Accountants of India. The Board commends his appointment.
- 2. Shri S. K. Mishra, 46, is a B.Com., from Mumbai University and a Chartered Accountant, and has been working with the Company since 1991, as Executive/Finance. Since then he has worked in various positions and at present looks after the financial accounts and taxation of the Company. He is well versed in corporate finance, taxation and office administration. Looking to his vast experience in various fields, he was promoted as a Whole-time Director Finance from 1st April, 2008. This task he has been performing appreciably well. He has been reappointed by the Board at its meeting held on 24th March, 2011 for a period of 5 years as Whole-time Director-Finance.

By Order of the Board

R.K. Mishra Managing Director

Mumbai, 16th August, 2013





DIRECTORS' REPORT

Dear Members.

The Directors are pleased to present herewith the twenty-seventh Annual Report together with the audited statement of accounts of your Company for the year ended 31st March, 2013.

Financial Results

	Year ended 31.03.2013 ₹ in lacs	Year ended 31.03.2012 ₹ in lacs
Turnover ::	7,150.15	5,076.81
Other Income ::	75.34	87.38
Income from Operation / Profit before Interest and Depreciation::	195.03	247.76
Interest ::	35.79	26.22
Profit before Depreciation ::	159.24	221.54
Depreciation ::	77.06	102.16
Profit Before Tax ::	82.18	119.38
Deferred Tax ::	(53.19)	(10.46)
Profit After Tax ::	28.99	108.92

In order to meet the growing funding requirements of the Company it has been decided to retain profits of the business in the Company, as such your directors have not recommended any dividend for the year under report.

Working

The production improved during the year and was higher by about 14% at 2,476 M.T. as against 2,182 M.T. last year. The turnover was higher by 41% at Rs. 7,150 lacs as against Rs. 5,077 lacs. The Company has continued to manufacture under its agreement for processing speciality yarns for a large reputed spinner. The processing charges were lower by 57% from Rs 146 lacs last year to Rs 63 lacs. The Company has modified and enhanced its capacity to facilitate manufacture of newer products. The export turnover was higher at Rs. 908.23 lacs as against Rs. 123.70 lacs.

The profits declined at Rs. 82 lacs as against Rs 119 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 13 % 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 S. K. Mishra and Shri P. R. Kapadia, Directors of the Company retire by rotation and being eligible offer themselves 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.

SUPERTEX INDUSTRIES LIMITED



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 2013-2014.

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, 2013 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, 2013 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.

Energy conservation, technology absorption and foreign exchange earnings and outgo

The Particulars with respect to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013 are annexed to this report.

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.

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, 2013



ANNEXURE TO THE DIRECTORS REPORT

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.

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

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

AS PER FORM - "A"

A) Power and Fuel Consumption

Power Consumption	31.03.2013	31.03.2012
Purchased Units (Kwh)	19,83,546	22,49,136
Amount (Rs.)	1,17,17,067	1,22,10,657
Rate / Unit (Rs./p.)	5.90	5.43

FORM-"B"

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:

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 Adoption of suitable technology for various processes including speciality yarn.



SUPERTEX INDUSTRIES LIMITED



ii) Benefits derived as a result of above efforts:

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

iii) Future Plan of Action:

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 - Rs. 9,08,23,499 (Previous Year - Rs.1,23,70,113) Foreign Exchange Outgo - Rs. 61,32,887 (Previous Year - Rs. 10,84,453)

For and on behalf of the Board,

S.S. Mishra Chairman

Mumbai, 31st May, 2013



SUPERTEX INDUSTRIES LIMITED



MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

Indian economy grew by approximately 5% in FY 2013, reflecting lower than expected growth in both industry and service sectors. Inflation also was at elevated levels. However with commodity and crude oil prices on the decline from the peak and with various policy initiatives coming through, the economy is estimated to grow by around 6% in FY 2014 with lower inflation. India emerged as the fast growing export economy followed by US and China.

With the economy exhibiting inflationary tendencies, the Reserve Bank of India (RBI) started raising policy rates in March 2010. High rates as well as policy constraints adversely impacted investment, and in the subsequent two years viz. 2011-12 and 2012-13, the growth rate slowed to 6.2 per cent and 5.0 per cent respectively. Nevertheless, despite this slowdown, the compound annual growth rate (CAGR) for gross domestic product (GDP) at factor cost, over the decade ending 2012-13 is 7.9 per cent.

Textile Industry Scenario

Indian textiles industry is one of the leading sectors of Indian economy and contributes significantly to the country's industrial output (14%), employment generation (35 million in direct and another 20 million, in indirect employment) and export earnings (17%). It contributes 4% to India's GDP.

Across the globe the textile industry had a depressed demand due to volatile economic conditions in the developed markets and geo-political distributions in Africa and middle east regions. The consumption in Asia, however, increased. The growth in Global Polyester fibre and yarn capacity was 10% with Asia leading the world with a major share of China. The prices during the year declined by 10 to 12% as compared to last year as buyers were cautious and cut down stock levels to control costs. Margins were put to strain due to the overcapacity created by the same.

Corporate Review

During the year under review, the Company proactively reviewed the emerging adverse market scenario and tried to maintain its profitability by increasing its exports of yarns as the domestic demand was depressed. Despite the challenging business environment, the Company has safeguarded its profitability.

Opportunities

Textile industry is one of the largest employers in India and has strong linkages with the rural economy. The growing young middle-class population is a source of great potential and provides immense opportunities to spur growth in the industry going forward. Moreover the low base per capita consumption of polyester as compared to developed nations assures long term growth of the industry.

The government has favoured the industry as Technology Upgradation Fund Scheme (TUFS) for textile sector was extended to 12th Plan with an investment target of Rs. 1510 billion.

Greater investment and FDI opportunities are available to the textile industry. The State governments have also come out with their incentive schemes for textile sector.

Threats

The major challenge that the textile and apparel industry is facing is increasing cost of production arising out of rising wages, high power and interest costs.

High power costs and long export lead times are eroding India's export competitiveness across the textile chain.

Domestic manufacturers are facing stiff competition from other countries like China, Indonesia, Thailand & Pakistan.

FTAs signed by the Government of India with ASEAN member countries granting import duty concessions posed serious threat to the Synthetic Fibre industry.

Risk Management

The Company is exposed to risks from market fluctuations of foreign exchange and raw material prices. Safety, health and environmental risks are controlled by formulating a clear policy on environmental conservation, safety and health. The management minimizes the other uncertainties by monitoring the same vigilantly on a day-to-day basis and taking proactive action immediately.

Internal Control System

The necessary internal control system has been set up in the organization in consultation with the Auditors of the Company. It appears to be adequate considering the size of the operations. The systems are being constantly upgraded as the operations of the Company improve.