

Auditors' Report to the Board of Directors on Consolidated Financial Statements

We have examined the attached consolidated balance sheet of Supreme Industries Limited and its subsidiary, (the Supreme Industries Limited group) as at June 30, 2008, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of the financial statements of subsidiary, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary is based solely on the reports of the other auditors. The details of the assets and revenues in respect of these subsidiary to the extent to which they are reflected in the consolidated financial statements are given below:

Audited by other Auditors:	Total assets	Total revenues
Foreign subsidiary	Rs.132.81 lacs	Rs. 142.66 lacs

As stated in Note no. 3 of Notes forming part of consolidated accounts, in case of an associate, the financial statements as on June 30, 2008 are not available. The investment in this associate has been stated at "equity method" as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

We further report that in respect of an associate, we did not carry out the audit. These financial statements has been certified by Management and have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the associates is based solely on these certified financial statements. Since the financial statements for the year ended March 31, 2008, which were compiled by Management of these companies were not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements. The details of the net carrying cost of investment and current year's share of profit or (loss) in respect of these associates to the extent to which they are reflected in the consolidated financial statements are given below:

Certified by management:	Net carrying cost of investment	Current year / period share of profit / (loss)
Associate	Rs. 3337.50 lacs	Rs. 554.58 lacs

We report that, unless stated otherwise, the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21, "Consolidated Financial Statements", AS 23, and "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited / certified financial statements of the SUPREME Group included in the consolidated financial statements.

We report that on the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the SUPREME Group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated balance sheet, of the state of affairs of the Supreme Industries Limited Group as at June 30, 2008;
- in the case of the consolidated profit and loss account of the consolidated results of operations of the Supreme Industries Limited Group for the year ended on that date
- in the case of the consolidated cash flow statement, of the consolidated cash flows of the Supreme Industries Limited Group for the year ended on that date.

For **CHHOGMAL & Co.**
Chartered Accountants

Chintan Shah
Partner

M.No. 107490
Mumbai, 4th August, 2008.

Consolidated Balance Sheet as on 30th June, 2008

Rs. in lacs

	Schedule	2007 - 2008		2006 - 2007	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	2762.17		2762.17	
Reserves & Surplus	2	<u>24285.20</u>	<u>27047.37</u>	<u>21592.38</u>	24354.55
LOAN FUNDS					
Secured Loans	3	27226.21		20128.57	
Unsecured Loans	4	<u>2805.82</u>	<u>30032.03</u>	<u>2703.26</u>	22831.83
DEFERRED TAX LIABILITY (Net)					
			<u>5228.09</u>		4733.20
			<u><u>62307.49</u></u>		<u><u>51919.58</u></u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	80300.20		66386.27	
Less : Depreciation		<u>33883.90</u>		<u>32717.64</u>	
Net Block		<u>46416.30</u>		<u>33668.63</u>	
Add : Capital Work - in - Progress		6841.29		8656.54	
Add: Assets held for disposal		<u>2486.32</u>	<u>55743.91</u>	<u>3086.67</u>	45411.84
INVESTMENTS					
	6		<u>5359.22</u>		5111.77
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	15669.48		11022.21	
Sundry Debtors	8	13729.67		12543.23	
Cash & Bank Balances	9	2873.66		1439.43	
Loans & Advances	10	<u>8910.74</u>		<u>5533.59</u>	
		<u>41183.55</u>		<u>30538.46</u>	
Less : CURRENT LIABILITIES & PROVISIONS					
Creditors	11	37910.80		27336.59	
Provisions	12	<u>2068.39</u>		<u>1805.90</u>	
		<u>39979.19</u>	<u>1204.36</u>	<u>29142.49</u>	1395.97
			<u><u>62307.49</u></u>		<u><u>51919.58</u></u>
Significant Accounting Policies	18				
Notes to the accounts	19				

As per our report of even date
For **CHHOGMAL & CO**
Chartered Accountants

Chintan Shah
Partner
M No. 107490

B L Taparia
Chairman

S J Taparia
Executive Director

O P Roongta
Sr. Vice-President (Finance)
& Secretary

M P Taparia
Managing Director

H S Parikh

N N Khandwala

B V Bhargava

S R Taparia

Y P Trivedi

} Directors

Mumbai, 4th August, 2008

Mumbai, 4th August, 2008

Consolidated Profit and Loss Account for the year ended 30th June, 2008

Rs. in lacs

	Schedule	2007 - 2008		2006 - 2007	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales	13	131039.65		116221.72	
Other Income	14	604.55	131644.20	377.40	116599.12
EXPENDITURE					
Cost of Materials	15	86756.67		78000.54	
Manufacturing, Selling & Other Expenses	16	29902.59		25255.91	
Interest & Financial Charges	17	3897.92		3300.57	
Depreciation [Excluding transfer from Revaluation Reserve Rs 5.18 lacs (Previous year Rs 4.64 lacs)]		3953.07	124510.25	4025.13	110582.15
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS					
Exceptional Income (Refer Note No. 11 of Schedule 19)			4.63		1042.64
Depreciation for Earlier Years Provided for (-) / W/back (+)			-1.37		2.22
Excess Provision of Income tax of earlier years W/back(+)			113.49		-
Provision for Taxation:					
Corporate Tax		1764.00		1754.00	
Deferred Tax		545.00		450.00	
Fringe Benefit Tax		120.00	2429.00	130.00	2334.00
NET PROFIT					
			4821.70		4727.83
Add : Share of Profit in associate for the period			554.58		424.07
GROUP PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION					
			5376.28		5151.90
Appropriations :					
Transfer to Capital Reserve		0.03		0.16	
Interim Dividend Paid on Equity Shares		966.76		690.54	
Proposed Dividend on Equity Shares		1242.98		1381.08	
Corporate Dividend Tax Paid		164.30		96.85	
Provision for Corporate Dividend Tax		211.24		234.72	
Transferred to General Reserve		2790.97	5376.28	2748.55	5151.90
EARNINGS PER SHARE					
(Refer Note No. 16 of Schedule 19)					
Basic / Diluted Earning per share (Before Exceptional Income)			Rs. 19.45		Rs. 14.88
Basic / Diluted Earning per share (After Exceptional Income)			Rs. 19.46		Rs. 18.65
Face Value per share			Rs. 10.00		Rs. 10.00
Significant Accounting Policies	18				
Notes to the accounts	19				

As per our report of even date
For **CHHOGMAL & CO**
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Directors

Mumbai, 4th August, 2008

Mumbai, 4th August, 2008

Schedules to Consolidated Balance Sheet

Rs. in lacs

		2007 - 2008		2006 - 2007	
		Rs.	Rs.	Rs.	Rs.
SCHEDULE 1					
SHARE CAPITAL					
AUTHORISED					
3,00,00,000	(Previous Year 3,00,00,000) Equity Shares of Rs. 10 each	3000.00		3000.00	
1,12,00,000	(Previous Year 1,12,00,000) Preference Shares of Rs. 10 each	1120.00		1120.00	
3,38,00,000	(Previous Year 3,38,00,000) Unclassified Shares of Rs. 10 each	3380.00		3380.00	
		<u>7500.00</u>		<u>7500.00</u>	
ISSUED AND SUBSCRIBED					
2,76,21,674	Nos. (Previous Year 1,38,10,837 Nos.) Equity Shares of Rs. 10 each Fully Paid Up (including 1,88,87,209 Nos. Shares issued as fully paid Bonus Shares out of Reserves)		2762.17		1381.08
Add: NIL Nos.	(Previous Year 1,38,10,837 Nos.) Equity Shares of Rs. 10 each Fully Paid Up Bonus shares issued during the year		-		1381.09
			<u>2762.17</u>		<u>2762.17</u>
SCHEDULE 2					
RESERVES AND SURPLUS					
REVALUATION RESERVE					
	As per last Balance Sheet	302.30		309.64	
Less:	(1) Transferred to Profit & Loss Account	5.18		4.64	
	(2) Transferred to Leasehold Land	2.22		2.22	
	(3) Assets sold off / discarded	-	294.90	0.48	302.30
CAPITAL RESERVE					
	As per last Balance Sheet	194.86		194.70	
Add:	Transfer from Profit & Loss Account	0.03	194.89	0.16	194.86
SECURITIES PREMIUM ACCOUNT					
	As per last Balance Sheet	7205.55		7473.81	
Less:	Share issue expense	-		7.18	
Less:	Utilised during the year towards issue of Bonus Equity - Shares in the ratio of 1 share for every 1 share held	-	7205.55	261.08	7205.55
GENERAL RESERVE					
	As per last Balance Sheet	13891.53		11142.98	
Less:	Provision for Gratuity Liability (Net of deferred Taxes) (Refer Note No. 21 In Schedule 19)	97.33		-	
		<u>13794.20</u>		<u>11142.98</u>	
Add:	Adjustment due to associate Grouping	4.76		-	
Add :	Transferred from Profit & Loss Account	2790.97	16589.93	2748.55	13891.53
CAPITAL REDEMPTION RESERVE					
	As per last Balance Sheet	-		1120.00	
Less:	Utilised during the year (Previous year utilised towards issue of Bonus Equity Shares in the ratio of 1 share for every 1 share held	-	-	1120.00	-
FOREIGN EXCHANGE TRANSLATION RESERVE					
			-0.07		-1.86
			<u>24285.20</u>		<u>21592.38</u>

Schedules to Consolidated Balance Sheet

Rs. in lacs

	2007 - 2008	2006 - 2007
SCHEDULE 3		
SECURED LOANS		
A. WORKING CAPITAL LOANS		
From Banks - Rupee Loans (Surplus Balance in Cash Credit Accounts)	-1727.94	153.20
B. TERM LOANS		
(a) IDBI Ltd. - Foreign Currency Loan	-	67.90
(b) ICICI Bank Ltd. - Foreign Currency Loan	663.91	950.60
(c) State Bank of Hyderabad - Rupee Loan	-	637.72
(d) State Bank of India	-	1400.00
(e) ABN Amro Bank - Foreign Currency Loan	2388.00	-
(f) Vijaya Bank - Rupee Loan	4500.00	4500.00
(g) United Bank of India - Rupee Loan	-	416.68
(h) HSBC Bank - Foreign Currency Loan	4268.00	4074.00
(i) Federal Bank Ltd. - Rupee Loan	1547.60	619.04
(j) GE Capital Services of India - Rupee Loan	8200.00	4500.00
(k) Axis Bank Ltd	4000.00	-
(l) State Bank of Hyderabad - Rupee Loan	2058.47	1740.56
(m) State Bank of Mysore - Rupee Loan	1328.17	1068.87
	<u>27226.21</u>	<u>20128.57</u>

NOTES :

- Working Capital Loans from Banks (A) are secured / to be secured against hypothecation of stocks and Book Debts, Second / subservient charge on all movable Plants, Machineries and Moulds (except Plant, Machineries and Moulds at PVC Film Unit at Malanpur and Khopoli Unit) and immovable properties of the Company Situated at various locations [except properties at Andheri, Jalgaon, PVC Film Unit at Malanpur, Khopoli and Pondicherry — I], both present and future.
- Term Loans from financial institutions and banks [B(a) to B(k)] are secured / to be secured on first pari passu charge basis, as under:
 - Immovable properties of the company, situated at various locations, both present & future, subject to the exclusion of properties, as mentioned above.
 - Movable properties viz. plant, machineries and moulds of the company, both present and future, subject to exclusions as mentioned above, and second / subservient charge on Current Assets of the Company.
 - Term loans from Banks [B(l) and B(m)] are secured on first pari passu charge basis by exclusive mortgage over the immovable property of the Company situated at Andheri (W) at Mumbai.
- Certain of these loans are personally guaranteed by three Directors, which is counter guaranteed by the Company.

Rs. in lacs

	2007 - 2008	2006 - 2007
SCHEDULE 4		
UNSECURED LOANS		
Fixed Deposits	2805.82	2703.26
Commercial Papers	-	-
[(Maximum amount during the year Rs. 6000 lacs (Previous year Rs. 8500 lacs)]		
	<u>2805.82</u>	<u>2703.26</u>

Schedules to Balance Sheet

SCHEDULE 5 FIXED ASSETS

Rs. in lacs

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As At 01.07.2007 Rs.	Additions During the Year Rs.	Deductions/ Adjustment During The Year Rs.	As At 30.6.2008 Rs.	For The Year Rs.	Deductions/ Adjustment During The Year Rs.	As At 30.06.2008 Rs.	As At 30.06.2007 Rs.
Freehold Land	862.07	597.09		1459.16			1459.16	862.07
Leasehold Land	826.26		206.97	619.29			619.29	826.26
Buildings	11421.41	4595.62	126.93	15890.10	387.03	7.24	12399.85	8310.95
Plant, Machinery & Electrical Installations	36722.63	9261.44	2278.92	43705.15	1960.32	2242.15	25962.16	18697.81
Moulds & Dies	13229.37	1876.61	495.85	14610.13	1060.62	332.53	4029.74	3377.07
Furniture, Fixture & Office Equipments	2264.08	578.87	168.52	2674.43	399.97	131.13	1203.68	1062.17
Vehicles	576.77	181.13	65.15	692.75	97.53	49.81	345.22	276.96
Sundry Equipments	483.68	218.38	52.87	649.19	52.78	29.13	397.20	255.34
Total	66386.27	17309.14	3395.21	80300.20	3958.25	2791.99	46416.30	33668.63
Previous Year	67061.36	9266.22	9941.31	66386.27	4029.77	5696.54	33658.98	32676.95
Capital Work - in -Progress (including advances on Capital Account).							6841.29	8656.54
Assets held for Disposal (Refer Note No 10 of Schedule 19)							2486.32	3086.67
							55743.91	45411.84

NOTES :1. Buildings include the cost of ownership premises in Co-operative Societies Rs.157.31 lacs (Previous Year Rs 157.30 lacs).

2. The Company has commenced development of it's property at Andheri in Mumbai. The expenses incurred till date amounting to Rs. 4419.10 lacs has been included under Capital Work-in-Progress. (Previous year Rs. 3224.16 lacs)

Schedules to Consolidated Balance Sheet

SCHEDULE 6 INVESTMENTS

Rs. in lacs

Investment in	Face Value	Quantity		Amount	
		As At	As At	As At	As At
		30.6.2008	30.6.2007	30.6.2008	30.6.2007
GOVERNMENT & TRUST SECURITIES	Rs.				
(a) National Saving Certificate				0.14	0.15
(b) Kisan Vikas Patra				-	0.10
(c) Unit Trust of India 6.75% Tax Free Bonds	10	-	254990	-	25.50
Sub Total				0.14	25.75
OTHERS - UNQUOTED AND FULLY PAID UP					
Equity Shares					
(a) Saraswat Co-op. Bank Ltd.	10	1000	1000	0.10	0.10
(b) Samarpan Fabricators Ltd.	100	1350	1350	0.75	0.75
(c) Super Bazar Co-op. Stores Ltd.	10	1000	1000	0.10	0.10
(d) SICOM Ltd.	10	50000	50000	12.50	12.50
(e) Malanpur Captive Power Ltd.	10	211885	211885	21.19	21.19
Sub Total				34.64	34.64
OTHERS - QUOTED & FULLY PAID UP					
Equity Shares					
(a) Supreme Petrochem Ltd. (an associate company)	10	28936400	28936400	2834.84	2834.84
Add: Goodwill on acquisition				502.66	502.66
Add: Accumulated share in profit / (-) loss at the beginning of the year				1717.52	1578.08
Add: Share in profit / (-) loss - current year				572.63	424.07
Less: Unrealised Profit for Stock in hand				18.04	
Less: Dividend received during the year				289.36	289.36
(b) Symphony Comfort Systems Ltd.	10	600	600	0.27	0.27
(c) Vijaya Bank Ltd.	10	3200	3200	0.77	0.77
(d) Central Bank of India	10	3050		3.10	
(e) Unimers India Ltd.	10	37	500	0.05	0.05
Sub Total				5324.44	5051.38
Total				5359.22	5111.77
(a) Aggregate Value of Quoted Investments - at Cost				5324.44	5051.38
- at Market Value				5197.28	6613.70
(b) Aggregate Value of Unquoted Investments - at Cost				34.78	60.40

During the year the Company purchased and sold the following investments in Mutual Funds:

Name	Face Value	Nos.	Cost
			Rs in Lacs
Birla Sunlife Liquid Plus Fund	10	19,968,267	2,000.00
DSP Merrill Lynch Liquid Fund Daily Div.	1000	79,984	800.00
DSP Merrill Lynch Liquid Plus Institutional Plan Daily Div.	1000	80,096	801.60
HSBC Liquid plus fund	10	19,974,832	2,000.00
Kotak flexidebt	10	9,952,725	1,000.00
Principal Liquid plus fund	10	29,963,145	3,000.00
Reliance Liquid Plus Fund	1000	6,801,125	3,600.00
Sundaram BNP Paribas Liquid Plus Super Institutional div. Reinvestment Daily	10	25,482,590	2,550.00
Sundaram BNP Paribas Liquid Plus Super Institutional Fund	10	20,949,422	2,100.00
Tata Floating Rate Fund	10	32,882,937	3,300.00

Schedules to Consolidated Balance Sheet

Rs. in lacs

	2007 - 2008	2006 - 2007
SCHEDULE 7		
INVENTORIES		
(As certified by the Management)		
Stores, Spare parts, Packing Materials, etc	749.65	465.17
Raw Materials and Components	7981.06	6064.77
Reusable Material	1029.20	490.28
Finished / Semi-Finished Goods	5766.55	3968.89
Finished Goods for Resale	143.02	33.10
	<u>15669.48</u>	<u>11022.21</u>
SCHEDULE 8		
DEBTORS		
(Unsecured, considered good unless otherwise specified)		
Over Six months		
Considered Good	788.76	699.59
Considered Doubtful	10.03	-
	<u>798.79</u>	<u>699.59</u>
Less : Provision for Doubtful Debts	10.03	-
	<u>788.76</u>	<u>699.59</u>
Add : Others	12940.91	11843.64
	<u>13729.67</u>	<u>12543.23</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	59.53	58.31
Cheques in hand	729.09	401.60
Remittance in Transit	85.23	6.72
Balance with Scheduled Banks in :		
Current Accounts	469.93	675.77
Deposit Accounts (Earmarked)	257.48	297.03
Balance with Non Scheduled Banks in : (ABN Amro Bank Singapore)		
Current Accounts in Foreign Currency	0.91	-
(Maximum balance during the year Rs 615.23 lacs)		
Deposit Accounts in Foreign Currency	1271.49	-
(Maximum balance during the year Rs 1271.49 lacs)		
	<u>2873.66</u>	<u>1439.43</u>
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received *	7169.86	4066.36
Security and other Deposits	1278.43	1105.30
Prepaid Expenses	462.45	361.93
	<u>8910.74</u>	<u>5533.59</u>

* includes amount of Rs.37.71 lacs (Previous year Rs.35.99 lacs) interest free loan to wholly owned subsidiary The Supreme Industries Overseas FZE [maximum amount outstanding during the year Rs 37.71.lacs (Previous year Rs.45.10 lacs)]

Schedules to Consolidated Balance Sheet

	Rs. in lacs	
	2007 - 2008	2006 - 2007
SCHEDULE 11		
CREDITORS		
Sundry Creditors (includes Rs. 516.25 lacs due to Small Scale Industries (Previous year Rs. 571.36 lacs)).	8166.32	7655.81
Acceptances Items covered by Investors Education & Protection Fund (Refer note No. 20 of Schedule 19)	18618.81	11397.09
Interest Accrued but not due on		
(i) Secured Loans	175.54	67.83
(ii) Unsecured Loans	98.97	75.67
Other Liabilities (includes Rs. 26.99 lacs (Previous year Rs.19.33 lacs) due to subsidiary, maximum amount payable during the year Rs.26.99 lacs [(Previous year Rs.19.33 lacs)])	10692.57	7994.66
	37910.80	27336.59
SCHEDULE 12		
PROVISIONS		
Provision for Income Tax (Net of advances)	457.57	167.32
Provision for Fringe Benefit Tax (Net of advances)	-	10.00
Provision for Wealth Tax	4.00	12.78
Proposed Dividend	1242.98	1381.08
Provision for Corporate Dividend Tax	211.24	234.72
Provision for Gratuity Liability	152.60	-
	2068.39	1805.90
Schedules to Consolidated Profit and Loss Account		
SCHEDULE 13		
TURNOVER (Net)		
Plastic Products	121324.93	109015.95
Others	9714.72	7205.77
	131039.65	116221.72
SCHEDULE 14		
OTHER INCOME		
Dividend	82.07	18.96
Claims & Refunds	43.88	42.45
Sundry Receipts	235.83	133.49
Liabilities no longer required written back	54.94	37.87
Lease Rent Received	187.83	131.59
Profit on sale of Assets (Net)	-	13.04
	604.55	377.40
SCHEDULE 15		
COST OF MATERIALS		
Raw Material Consumed	78719.63	70303.83
Cost of Goods Traded	9834.70	7513.85
(-)/Increase / Decrease in Stocks		
Opening Stocks of Finished/Semi Finished Goods	3968.89	4151.75
Less: Closing Stocks of Finished/Semi Finished Goods	5766.55	3968.89
	86756.67	78000.54

Schedules to Consolidated Profit and Loss Account

Rs. in lacs

	2007 - 2008	2006 - 2007
SCHEDULE 16		
MANUFACTURING, SELLING & OTHER EXPENSES		
Stores & Spare Parts Consumed	1221.29	1365.63
Labour Charges	2764.60	2517.16
Power & Fuel	5803.85	5299.43
Water Charges	45.78	38.85
Salaries, Wages & Bonus	4502.27	3461.28
Contribution to Pension & Provident Fund	262.43	196.72
Staff & Labour Welfare	295.24	212.67
Managerial Remuneration	408.89	230.10
Directors' Fees	5.10	5.40
Repairs & Maintenance of Building	90.34	57.96
Repairs & Maintenance of Plant & Machinery	752.25	659.68
Repairs & Maintenance (Others)	114.74	128.45
Rent, Rates & Taxes	370.73	336.22
Insurance	170.17	222.13
Charity & Donations	72.11	39.04
Legal & Professional Fees	286.10	211.15
Travelling & Conveyance [Directors Rs.79.84 lacs (Previous year Rs. 31.23 lacs)]	855.56	678.23
Vehicle Expenses	179.50	156.29
Advertisement & Publicity	869.47	746.69
Packing, Freight and Transport Charges	6144.19	6090.51
Postage, Stationery & Telephone	604.99	526.37
Royalty, Commission & Discount	3316.62	2403.43
Sales Tax etc	52.94	33.58
Bad Debts / Provision for Doubtful Debts	35.19	32.84
Plant Security Services	148.54	135.72
Loss Sale / Discard of Assets (Net)	34.93	-
Foreign Currency Exchange Fluctuation (Net)	158.31	-829.45
Miscellaneous Expenses	336.46	299.83
	<u>29902.59</u>	<u>25255.91</u>
SCHEDULE 17		
INTEREST & OTHER FINANCIAL EXPENSES		
INTEREST		
(i) On Term Loans	2507.66	1826.37
(ii) On Fixed Deposits	261.74	208.77
(iii) On Debentures	283.62	-
(iv) Other Interest	681.01	967.69
	<u>3734.03</u>	<u>3002.83</u>
Bank Charges, Guarantee Commission and Other Financial Expenses	299.83	371.86
	<u>4033.86</u>	<u>3374.69</u>
Less : Interest Received [TDS Rs 20.76 lacs (Previous Year Rs.12.46 lacs)]	135.94	74.12
	<u>3897.92</u>	<u>3300.57</u>

SCHEDULE 18: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS.

A. BASIS OF ACCOUNTING

- i. The financial statements are prepared under the historical cost convention, in accordance with generally accepted accounting principles, the Companies Accounting Standards Rules, 2006 and relevant provisions of Companies Act, 1956. The accounting is on the basis of a going concern concept.

B REVENUE RECOGNITION

- i Sales are accounted for net of excise duty, returns & claims etc.
- ii The Company adopts the accrual concept in the preparation of the accounts. Claims / Refunds not ascertainable with reasonable certainty are accounted for , on final settlement
- iii Benefit on account of entitlement to import duty-free raw materials under any Scheme as announced by the government, is estimated and accounted for in the year of export.

C FIXED ASSETS

- i. Certain Land, Buildings, Plant & Machinery and Moulds & Dies are stated at revalued amounts as a result of their revaluation less depreciation.
- ii. Other fixed assets are stated at cost less accumulated depreciation and amortisation
- iii. Interest on borrowings and incidental expenses incurred during the period of construction and till the acquired assets are put to use, are added to the cost of fixed assets.
- iv. The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

D. CAPITAL WORK - IN – PROGRESS AND PREOPERATIVE EXPENSES DURING CONSTRUCTION PERIOD.

Capital Work In Progress includes expenditure during construction period incurred on projects under implementation treated as pre-operative expenses pending allocation to the assets. These expenses are apportioned to the respective fixed assets on their completion / commencement of commercial production.

E. DEPRECIATION & AMORTISATION

Indian Company

Tangible Assets

- i. Depreciation on Building, Plant & Machinery and Moulds & Dies is provided on Straight Line Method and on other assets on Written Down Value Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except certain specific assets on which depreciation is provided at higher rates based on useful life of the assets estimated by the management.
- ii. Depreciation on additions to the assets during the year is being provided on pro-rata basis from the date of acquisition / installation.
- iii. Depreciation on assets sold or discarded during the year is being provided on pro-rata basis upto the date on which such assets are sold or discarded.
- iv. Leasehold Land is amortised over the period of lease.
- v. Assets costing upto Rs 5,000/- each are depreciated fully in the year of purchase.

Intangible Assets

Cost of software and ERP package is amortised over a period of four years.

Foreign company

Depreciation have been provided by the foreign company on methods and at the rates required by the local laws so as to write off the assets over the useful life.

F. INVESTMENTS

Investments are stated at cost. Provision for diminution, if any, in the value of investments is made to recognise decline other than temporary in the opinion of the management.

G. INVENTORIES.

Inventories are valued as under:

- i. Raw Material & Components - at cost using First in first out (FIFO) cost basis or net realisable value whichever is lower.
- ii. Finished Goods - at cost using weighted average cost basis or net realisable value whichever is lower.
- iii. Stores, Spare Parts, Packing Materials etc. - at cost using FIFO basis except obsolete and non-moving items stated at net realisable value.
- iv. Goods for Resale - at cost using FIFO basis or net realisable value whichever is lower.
- v. Inter divisional transfers are valued at works/factory costs of the transferor unit/division, plus transport and other charges.

Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventory to their respective present location and condition.

H. FOREIGN CURRENCY TRANSACTIONS

- (a) All transaction in foreign currency, are recorded at the rates of exchange prevailing on dates when the relevant transactions take place.
- (b) Monetary assets and liabilities in foreign currency, outstanding at end of the year, are converted in Indian Currency at appropriate rate of exchange prevailing on date of Balance Sheet. Resultant Gain or Loss is accounted for during the year.
- (c) In respect of forward exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognised as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognised as income or expense along with the exchange differences on the underlying assets/liabilities. Profit or loss on cancellations/renewals of forward exchange contracts is recognised during the year
- (d) Non-monetary foreign currency items are carried at cost.

Financial statements of overseas operations are translated as under.

1. Assets and liabilities: At the rate prevailing at the end of the year.
2. Revenue and Expenses: At yearly average exchange rates prevailing during the year.

Exchange differences arising on translation of foreign operations are accumulated in the foreign currency translation reserve.

I. EMPLOYEE BENEFITS:

1. Short Term Benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which related service is rendered.
2. Post Employment Benefits:
 - (a) Defined Contribution Plan:

Company's contribution to the superannuation scheme, state governed provident fund scheme, etc. are recognised during the year in which related service is rendered.

(b) Defined Benefit Plan:

— Gratuity

The present value of obligation is determined based on an actuarial valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit and Loss Account. The Gratuity Funds for the employees' are administered by Life Insurance Corporation of India under Group Gratuity Scheme.

— Provident Fund

For few employees, monthly contributions are made to a trust administered by the company. The interest rate payable to the beneficiaries is notified by the government. The company has obligation to make good shortfall, if any, between return on investment of the Trust and rates notified by the Government.

For those employees not covered by above, monthly contributions are deposited into Government.

3. Leave Liability

The liability on account of leave encashment is accounted for on accrual basis.

J RESEARCH & DEVELOPMENT EXPENDITURE

Revenue expenditure on research and development is charged to the Profit & Loss Account. Expenditure, which results in creation of capital asset, is capitalised in the year in which it is incurred and depreciation is provided on such assets as applicable.

K. SHARE / DEBENTURE ISSUE EXPENSES AND DEBENTURE REDEMPTION RESERVE

- i. Issue expenses are adjusted against the Share Premium Account.
- ii. Debenture Redemption Reserve is created pursuant to SEBI (Disclosure and Investor Protection) Guidelines, 2000.
- iii. Premium paid / payable on redemption is adjusted against the Share Premium Account.

L. TAXES ON INCOME

Indian Company:

Current tax is determined based on the amount of tax payable in respect of taxable income for the financial year ending 31st March, 2008.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, are recognized only to the extent there is virtual certainty supported by convincing evidence of its realisation.

Fringe Benefit Tax (FBT) is accounted for on estimated value of fringe benefits for the year ended 31st March, 2008 as per Provisions of Income Tax Act.

Foreign Company:

Taxes are provided by the Company as per the prevailing local laws.

M. PROVISIONS AND CONTINGENT LIABILITIES:

Provisions involving substantial degree of estimation in measurement are recognized when there is a permanent obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes.

SCHEDULE 19: NOTES FORMING PART OF THE ACCOUNTS:

- 1 Basis of preparation: The consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21, "Consolidated Financial Statements", AS 23, and "Accounting for Investments in Associates in Consolidated Financial Statements"
- 2 The subsidiary and associate included in the consolidated financial statements are as under:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership As on 30th June, 2008.
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The Supreme Industries Overseas (FZE)	Sharjah (UAE)	100%
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Name of Associate	Country of Incorporation	Proportion of Ownership As on 30th June, 2008.
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Supreme Petrochem Limited	India	29.67%
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3. The accounts of the associates are not available as on 30th June, 2008. Financial statements as certified by the management for the 12 month period ending 31st March, 2008 have been considered for the preparation of the consolidated financial statements.

4. Contingent Liabilities not provided for: Rs. in lacs

	2007-08	2006-07
a. Bills / Cheques discounted	1751.85	1214.07
b. Guarantees given by Banks	388.99	294.94
c. Disputed demand of Lease rent differential not acknowledged as debt	213.11	213.11
d. Claims against the Company including Show Cause-cum-Demand		
Notices in relation to Central Excise and Service Tax not acknowledged as Debts	823.21	765.39
e. Disputed Income Tax Demands	1356.55	779.00
f. Disputed Sales Tax / Entry Tax Demands	349.84	1120.15
g. Other claims against the company not acknowledged as debts.	90.36	59.94

h. The Company has imported capital goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rate of duty on an understanding to fulfill quantified exports of which remaining future obligation aggregates to Rs.8766.95 lacs (Previous Year Rs. 11724.25 lacs). Non fulfillment of such future obligation, if any, entails options / rights to the Government to confiscate capital goods imported under the said license and other penalties under the above referred scheme.

5. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 3786.29 lacs (Previous year Rs. 2176.51 lacs).

6. Exchange differences arising on account of settlement or realignment of foreign currency liability in respect of imported fixed assets, which were hitherto, capitalised to the cost of the fixed asset have, during the year, as required by 'The Companies Accounting Standards Rules,2006', issued by the Ministry Of Company Affairs have been written off to Profit and Loss Account. As a result of this profit for the year is lower by Rs.6.09lacs.

7. The company has capitalised interest amounting to Rs. 773.69 lacs (Previous year Rs. 324.80 lacs) on payments made towards various projects under construction.

8. (a). Depreciation has been provided at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956 except where the Company has reassessed the life of certain buildings, plant & machinery and accordingly revised the useful life of those assets. The Company has charged depreciation at higher rates than those specified under Schedule XIV of the Companies Act, 1956. During the year company has reassessed life of certain machines and charged depreciation at higher rates, above change have resulted in higher depreciation for the year by Rs 35.72 lacs and correspondingly the profit for the year is lower by a similar amount.

(b). Depreciation on incremental value due to revaluation is provided at the rates specified in Schedule XIV to the Companies Act, 1956 prior to amendment in 1993. The additional charge of depreciation due to such revaluation is Rs.5.18 lacs (Previous year Rs. 4.64 lacs). An equivalent amount has been transferred from Revaluation Reserve to Profit & Loss Account.

(c). Rs.2.22 lacs (Previous year Rs. 2.22 lacs) has been transferred from Revaluation Reserve to Leasehold Land Account being the amortisation in the value of Lease Premium due to efflux of time.

9. Loans and Advances include interest free unsecured deposit of Rs.55.00 lacs (Previous year Rs. 62.19 lacs) given to M/s. Supreme Capital Management Ltd. in consideration for using its office premises at Mumbai without payment of rent which the Company had vacated during earlier years and the advance lying would be recovered as per agreed terms.
10. Pursuant to the decision taken by Board of Directors of the Company the assets of PVC Film Division at Malanpur in the State of Madhya Pradesh have been put for divestment subject to necessary approvals and compliances. The Company has entered into an arrangement with Kloeckner Pentaplast India Pvt. Ltd., for proposed sale of its Plant and Machinery and also started manufacturing PVC Film for them under Toll Manufacturing Agreement w.e.f. 1st May 2007. Accordingly entire Plant and Machinery of PVC Film Division has been treated as held for disposal w.e.f. 1st May 2007 and valued at estimated net realizable value or written down values, whichever is lower.
11. Exceptional Income (net) of Rs.4.63 Lacs during the year consists of:
- Rs.218.74 Lacs consists of Profit accrued on receipt of non-refundable consideration in entirety towards the proposed sale of plot of Land held by the company in Haryana.
 - Rs 178.53 Lacs expenses / loss incurred pursuant to relocating / re-layout of entire Plant and Machinery and other Infrastructure at its units at MIDC Jalgaon due to setting up new green field mega projects at Gadegaon, Taluka Jamner, District Jalgaon (Maharashtra)
 - Rs.35.58 Lacs amount paid towards additional compensation on settlement of workers demand at Pondicherry Unit I.
12. The Company has given undertaking to IDBI & ICICI Bank for non-disposal of its investments in Supreme Petrochem Ltd (SPL) without the prior consent of the respective Financial Institution so long as any part of the loan facilities sanctioned by the Financial Institution to SPL remains outstanding.
13. The Company is engaged mainly in production of plastic products and as such is the only reportable segment as per Accounting Standard on Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India. The geographical segmentation is not relevant as export turnover is not significant in respect to total turnover. However there is significant turnover of Polymer Trading activity, hence the same has been shown as a separate segment activity under ' Polymer Trading ' as distinct from ' Plastic Products'

Sr. no.	Particulars	Year ended 30.06.2008 (Rs. in lacs)	Year ended 30.06.2007 (Rs. in lacs)
1	SEGMENT REVENUE		
	Net Sales/Other Income from each segment		
(a)	Plastics Products	121746.51	109267.16
(b)	Polymer Trading	9714.72	7205.77
(c)	Unallocated	182.97	126.19
	Total	131644.20	116599.12
2	SEGMENT RESULTS		
	Profit before tax and interest from each segment		
(a)	Plastics Products	10557.34	9017.40
(b)	Polymer Trading	347.17	204.50
(c)	Unallocated	127.36	95.64
(d)	Share of profit in associate for the period	554.58	424.07
	Total	11586.45	9741.61
	Less : Interest	3897.92	3300.57
	Total Profit Before Tax	7688.53	6441.04
3	CAPITAL EMPLOYED		
	Segment Assets - Segment Liabilities		
(a)	Plastics Products	50355.26	35565.75
(b)	Polymer Trading	476.65	466.55
	other than segments	10231.59	10171.48
	Total	61063.50	46203.78

14. Disclosure on related party transactions:

Nature of Transactions				(Rs. in lacs)
	Holding & Subsidiaries	Associates	Key Management Personnel & their Relatives	Total
Purchase of goods	-	4280.39	-	4280.39
	(-)	(4107.51)	(-)	(4107.51)
Sale of goods	67.14	-	-	67.14
	(121.20)	(69.27)	(-)	(190.47)
Interest expense	-	-	-	-
	(-)	(10.56)	(-)	(10.56)
Rendering of services – Paid	59.60	-	-	59.60
	(39.99)	(-)	(-)	(39.99)
Dividend Received	-	289.36	-	289.36
	(-)	(289.36)	(-)	(289.36)
Dividend Paid	-	995.49	52.29	1047.78
	(-)	(878.37)	(46.15)	(924.52)
Inter Corporate Deposits received	-	-	-	-
	(-)	(552.00)	(-)	(552.00)
Inter Corporate Deposits paid	-	-	-	-
	(35.22)	(15.00)	(-)	(50.22)
Remuneration	-	-	385.81	385.81
	(-)	(-)	(234.18)	(234.18)
Outstanding at year-end				
- Sundry Debtors	58.35	-	-	58.35
	(-)	(-)	(-)	(-)
- Sundry Creditors	-	620.38	-	620.38
	(-)	(612.60)	(-)	(612.60)
- Other Payable	26.99	-	234.15	261.14
	(19.33)	(-)	(196.02)	(215.35)
- Other Receivables	37.71	55.00	-	92.71
	(35.99)	(62.19)	(-)	(98.18)

* Figures in bracket relate to previous year.

Names of related parties and description of relationship

Subsidiary Company: The Supreme Industries Overseas FZE

Associates: Supreme Petrochem Ltd., Supreme Capital Management Ltd., Multilayer Films Pvt. Ltd., Varali Investment & Trading Co. Pvt. Ltd., Jagatguru Investment & Trading Co. Pvt. Ltd., Balabheem Investment & Trading Co. Pvt. Ltd., Platinum Plastics & Industries Pvt. Ltd. and Suraj Packaging Pvt. Ltd.

Key Managerial Personnel: Mr. M P Taparia, Managing Director, Mr. S J Taparia, Executive Director & Mr. V K Taparia, Executive Director.

15. The Company has taken / given premises under cancelable operating lease. These lease agreements are normally renewed on expiry. The rental income / expenditure are accounted for in Profit and Loss Account of the Company in accordance with Accounting Standard on lease transactions (AS-19) issued by the Institute of Chartered Accountants of India.

The particulars of godown premises given on lease are:

Gross Carrying Amount	Accumulated Depreciation	Depreciation for year
Rs. 462.51 lacs	Rs. 324.59 lacs	Rs. 7.58 lacs
(Rs. 462.51 lacs)	(Rs. 317.00 lacs)	(Rs. 10.01 lacs)

The company has taken office premises on non-cancelable operating lease. Lease obligations under non-cancelable periods are as follows:

		Rs. in lacs
Future lease rental obligation not later than one year		96.60
Future lease rental obligation later than one year but not later than five year		NIL
16. Earning per Equity share – Basic / diluted		
		2007-08
Profit after tax (PAT) available for Equity shareholders (Rs. In lacs)		5151.90
		2006-07
Weighted Average Number of Equity shares	Nos.	2,76,21,674
Nominal value of Equity shares	Rs.	10.00
Basic Earning per Equity Share (After Exceptional Income)	Rs.	18.65
Weighted Average for Potential Equity Shares	Nos.	Nil
Diluted Earning per Equity Share (After Exceptional Income)	Rs.	18.65

17. (a) Provision for Income Tax liability has been made in the accounts based on the income for the period 1.4.2007 to 31.3.2008 (A/Y: 2008-09). The tax liability including fringe benefit tax for the period 1.4.2008 to 30.6.2008 shall be determined on the basis of the income / expenditure for the year ended 31st March, 2009 (A.Y 2009-10).
- (b) The Company has recognised deferred tax provision for the year aggregating to Rs.545.00 lacs in the Profit & Loss Account (Previous Year Rs.450.00 lacs).
- (c) The components for Deferred Tax Liability as on 31st March 2008 consists mainly on account of timing differences in depreciation.
- (d) Corporate Tax includes provision for wealth tax Rs.4.00 lacs (Previous year Rs. 4.00 lacs).
18. Commitment charges / processing fee paid / payable on Borrowings is being amortised over the period of such borrowings.
19. The Company deals with several Small Scale Industrial Undertakings (SSI) on mutually accepted terms and conditions. Based on the records of the Company and the information received from SSI suppliers, there are no amounts "Outstanding and Due" to SSI suppliers for more than 30 days.
- The above information and that given in Schedule 11 in respect of sundry creditors pertaining to SSI has been determined on unit-wise basis to the extent such information is available with the company and relied upon by the auditors.
20. Items covered by Investor Education & Protection Fund shown under Schedule 11 includes:
- | | | |
|--|------------------------|---------------------------------------|
| a. Unclaimed Dividend | Rs. 62.20 lacs | (Previous Year Rs. 51.05 lacs) |
| b. Debenture Application Money | Rs. 00.14 lacs | (Previous Year Rs. 0.14 lacs) |
| c. Unclaimed Matured Deposits & Interest | Rs. 91.53 lacs | (Previous Year Rs. 90.01 lacs) |
| d. Unpaid Matured Debentures & Interest | Rs. 4.72 lacs | (Previous Year Rs. 4.33 lacs) |
| Total | Rs. 158.59 lacs | (Previous Year Rs.145.53 lacs) |

Amount due and outstanding to be credited to Investor Education & Protection Fund as on 30.06.2008 is Rs. Nil (Previous Year Rs. Nil)

21. Disclosure pursuant to Accounting Standard –15- "Employee Benefits"
- During the year the company has adopted Accounting Standard (AS) 15 (revised 2005) Employee Benefits. The company has accounted for Rs. 97.33 lacs (Net of Deferred Tax of Rs.50.12 lacs) as a reduction from Revenue Reserve as per the transitional provisions.
- The Gratuity Funds for the employees' are administered by Life Insurance Corporation of India under Group Gratuity Scheme. Liability of Gratuity has been valued by an independent actuary as on 31st March 2007 and 31st March 2008 and has been provided accordingly.

The disclosure in respect of the defined Gratuity Plan are given below:

1. Assumptions	As on 31/03/2008	5	Present value of obligations as at the end of year	554.18
Discount Rate	8.00%		Fair value of plan assets as at the end of the year	401.58
Salary Escalation	6.00%		Funded status (shortfall)	152.60
2. Table showing changes in present value of obligations			Net Asset/(liability) recognized in balance sheet	(152.60)
	(Rs. in lacs)		6 Expenses Recognised in statement of Profit & loss	
Present value of obligations as at beginning of the period	509.33		Current Service cost	54.66
Interest cost	35.65		Interest Cost	35.65
Current Service Cost	54.66		Expected return on plan assets	(28.95)
Benefits Paid	(39.05)		Net Actuarial (gain)/Loss recognised in the year	(10.35)
Actuarial (gain)/Loss on obligations	(6.41)		Expenses recognised in statement of Profit & loss	51.01
Present value of obligations as at end of period	554.18		7 Backup of Plan Assets as a percentage of total plan assets	
3. Table showing fair value of plan assets			Insurer Managed Assets	100%
Fair value of plan assets at beginning of year	361.89		8 Balance Sheet Reconciliation	
Expected return on plan assets	28.95		Opening Net Liability	147.44
Contributions	45.85		Expenses as above	51.01
Benefits paid	(39.05)		Employers Contribution Paid	(45.85)
Actuarial Gain / (Loss) on Plan assets	3.94		Closing Net Liability	152.61
Fair value of plan assets at the end of year	401.58			
Total Actuarial Gain / (loss) to be recognised	10.35			
4. Actual return on plan assets			As this being the first year of disclosure as per AS –15 previous year figures have not been disclosed.	
Expected return on plan assets	28.95			
Actuarial Gain / (Loss) on Plan assets	3.94			
Actual return on plan assets	32.89			

22. The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and or Medium Enterprises Development Act, 2006) claiming their status as micro small or medium enterprises. Consequently the amount paid/ payable to these parties cannot be determined.

23. Foreign exchange derivatives and exposures outstanding at close of the year

Name of the Instrument	Currency & Aggregate Amount	Purpose
a. Forward Purchase	US \$ 12.34 Million (Previous Year US \$ 15.35 million)	Hedging
Currency Swap	US \$ 6.00 Million (Previous Year US\$ NIL)	Hedging
Interest Rate Swap	US \$ 10.00 million (Previous Year US \$ 10.00 million)	Hedging
b. Open Foreign Exchange Exposures		
Receivable	US \$ 2.04 million (Previous Year US\$ 2.14 million)	
Payable	US \$ 43.86 million (Previous Year US\$ 30.46 million)	

24. Remuneration to Managing Director and Executive Director is as follows:Rs. in lacs

	Managing Director M P Taparia		Executive Director S J Taparia		Executive Director V K Taparia	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
A Salaries	30.00	9.00	27.16	8.94	24.00	8.88
B Commission	78.05	65.34	78.05	65.34	78.05	65.34
C Contribution to PF etc.	3.60	1.08	3.26	1.07	2.88	1.07
D Other Allowances & Perquisites	10.45	1.35	42.64	1.34	3.67	1.33
Total	122.10	76.77	151.11	76.69	108.60	76.62

25. Computation of Net Profit in Accordance with Sections 198, 309 and 349 of the Companies Act, 1956 for the purpose of commission to Managing Director and Executive Director.

	2007-2008
	Rs. in lacs
Profit as per Profit and Loss Account before Exceptional Items	7423.08
Add: Managing and Executive Directors' Remuneration	381.81
Net Profit for Commission	7804.89
i) Commission to Mr. M P Taparia, Managing Director @ 1% of the Profit for the year *	78.05
ii) Commission to Mr. S J Taparia, Executive Director @ 1% of the Profit for the year *	78.05
iii) Commission to Mr. V K Taparia, Executive Director @ 1% of the Profit for the year *	78.05

* As approved by the Board of Directors in their Meeting held on 4th August,2008.

26. Payment to Auditors (including fees to Branch Auditors):Excludes Service Tax

	2007-2008	2006-2007
	Rs.	Rs.
Audit Fees	17.75	16.50
Tax Audit Fees	7.86	7.95
For Taxation Matters	0.25	1.90
In other capacity	19.44	14.32
	45.30	40.67

27. Sundry Debtors, Sundry Creditors, Unsecured Loans and Advances are subject to confirmation by the respective parties.

28. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business. The provisions for all the known and determined liabilities are adequate and not in excess of the amounts reasonably required.

29. Previous year's figures have been regrouped/ rearranged wherever necessary.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2008

Rs in Lacs

	For Year Ended 30.06.2008	For Year Ended 30.06.2007
A Cash Flow Arising From Operating Activities		
Net Profit Before Tax	7135.76	6015.15
Adjustment For :		
Add : Depreciation	3953.07	4025.13
Leasehold Assets Premium W/off	6.41	5.46
Interest Net	3897.92	3300.57
(Profit) / Loss on sale of Investments	7857.40	7331.16
	14993.16	13346.31
Less : Dividend Received	82.07	18.96
Profit /(Loss) on sale of Assets	-34.93	13.04
Lease Rent etc. Received	187.83	131.59
	14758.19	13182.72
Operating Profit before working capital changes		
Adjustments for :		
Inventories	4647.27	1195.29
Trade & Other Receivable	4563.59	2654.97
Trade & Other Payable	-10579.37	-12221.44
	16126.70	-8371.18
Cash Generated from Operations		21553.90
Interest Paid	-4033.86	-3374.69
Direct Taxes Paid	-1499.04	-2258.16
Net Cash Flow from Operating Activities (A)	10593.80	15921.05
B Cash Flow from Investing activities		
Purchase of Fixed Assets	15493.89	14674.03
Sale of Fixed Assets	-1158.64	-1165.20
Purchase of Investments	3.10	21.19
Sale of Investments	-25.61	-0.56
Share Issue Expenses	-	7.18
Exceptional Income	-4.63	-1042.64
Interest Received	-135.94	-74.12
Dividend Received	-82.07	-18.96
Dividend Received from Associate Company	-289.36	-289.36
Lease Rent Received	-187.83	-131.59
Net Cash Used in Investing Activities (B)	13612.91	11979.97
C Cash Flow from Financing Activities		
Proceeds from Long Term & Short Term Borrowings	7200.20	-916.85
Dividend & Corporate Dividend Tax paid	-2746.86	-2362.17
Redemption of Debentures		
Net Cash Used in Financing Activities (C)	4453.34	-3279.02
Net Increase / (Decrease) in Cash & Cash Equivalents (A-B+C)	1434.23	662.06
Opening Balance as on 01.07.2007	1439.43	777.37
Closing Balance as on 30.06.2008	2873.66	1439.43

As per our report of even date
For **CHHOGMAL & CO**
Chartered Accountants

Chintan Shah
Partner
M No. 107490

B L Taparia
Chairman

S J Taparia
Executive Director

O P Roongta
Sr. Vice-President (Finance)
& Secretary

M P Taparia
Managing Director

H S Parikh
N N Khandwala

B V Bhargava

S R Taparia

Y P Trivedi

Directors

Mumbai, 4th August, 2008

Mumbai, 4th August, 2008