

BOARD OF DIRECTORS

B L Taparia, Chairman
M P Taparia, Managing Director
S J Taparia, Executive Director
V K Taparia, Executive Director
B V Bhargava, Director
E B Desai, Director
H S Parikh, Director
N N Khandwala, Director
S R Taparia, Director
Y P Trivedi, Director

Sr. VICE – PRESIDENT (FINANCE) & SECRETARY

O P Roongta

Sr. VICE – PRESIDENT (OPERATIONS)

J M Totla

BANKERS

Central Bank of India
State Bank of India
ING Vysya Bank
BNP Paribas
ICICI Bank Ltd.
IDBI Bank Ltd.
Axis Bank Ltd.
Vijaya Bank

AUDITORS

M/s. Chhogmal & Co.,
Chartered Accountants

REGISTERED OFFICE

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021.

Tele: 022-2285 1656 Fax: 022-2285 1657
Website: <http://www.supreme.co.in>
Email: supremenpt@supreme.co.in

CORPORATE OFFICE

1101 & 1161, 1162 Solitaire Corporate Park,
167, Guru Hargovindji Marg,
Andheri Ghatkopar Link Road, Andheri (E),
Mumbai 400 093

Tele: 022-4043 0000 Fax: 022-4043 0099
Website: <http://www.supreme.co.in>
Email: supreme@supreme.co.in

WORKS

1. Derabassi (Punjab)
2. Durgapur (West Bengal)
3. Gadegaon (Maharashtra)
4. Guwahati (Assam)
5. Halol (Gujarat)
6. Hosur (Tamil Nadu)
7. Jalgaon – Unit I (Maharashtra)
8. Jalgaon – Unit II (Maharashtra)
9. Kanhe (Maharashtra)
10. Kanpur (Uttar Pradesh)
11. Khopoli (Maharashtra)
12. Khushkheda (Rajasthan)
13. Malanpur 1 (Madhya Pradesh)
14. Malanpur 2 (Madhya Pradesh)
15. Nandesari (Gujarat)
16. Noida (Uttar Pradesh)
17. Pondicherry (Union Territory)
18. Silvassa (Union Territory)

OFFICES

- Ahmedabad
- Bangalore
- Chennai
- Cochin
- Hyderabad
- Indore
- Kanpur
- Kolkata
- Mumbai
- New Delhi
- Pune

CONTENTS

Company Information	01
Notice of AGM	02
Directors' Report	06
Management Discussion and Analysis	09
Corporate Governance	15
Auditors' Report	21
Balance Sheet	24
Profit and Loss Account	25
Schedule to Balance Sheet	26
Schedule to Profit and Loss Account	31
Significant Accounting Policies	33
Notes to Accounts	35
Cash Flow Statement	43
Statement Pursuant to Section 212 & Financial Summary of Subsidiary Company	44
Consolidated Statements of Accounts	45-63

NOTICE

NOTICE is hereby given that the Sixty Sixth Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants' Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai – 400020, on Tuesday the 14th October, 2008 at 4.00 p. m. to transact with or without modification(s), as may be permissible, the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and the Audited Statement of Accounts together with Auditors' Report thereon for the financial year ended 30th June, 2008.
2. To declare final dividend on Equity Shares for the Financial year ended 30th June, 2008 and to confirm the payment of Interim Dividend on Equity Shares by the Board of Directors of the Company.
3. To appoint a Director in place of Shri B. L. Taparia, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. S. R. Taparia, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT in partial modification of the resolution passed by the members at the Annual General Meeting of the Company held on 17th October, 2003, and pursuant to sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the said Act), consent of the Company be and is hereby accorded to the payment of remuneration and perquisites to Shri M.P.Taparia, Managing Director on the following revised terms and conditions with effect from 1st July 2008 for the remaining period of his tenure expiring on 6th January 2009 viz.

- (1) Salary Rs. 3,00,000 per month;
- (2) Perquisites
- (a) Reimbursement of actual expenses incurred on housing, gas, electricity, water, furnishings, “life” / “medical” / “personal accident” insurance premium and club fees, as well as reimbursement of medical and hospital expenses incurred in India and or abroad for self and

family as per the claims in that behalf received from the Managing Director, provided that, the aggregate of the said perquisites is restricted to an amount equal to two times his annual salary in a financial year. “Family” shall mean spouse and dependent children of the Managing Director.

- (b) Leave Travel concession for self and family once in a year incurred in accordance with the Rules of the Company applicable to Senior Management Staff / Personnel of the Company.

with liberty to the Board (which term shall be deemed to include any committee constituted by the Board) from time to time to revise upwards the said salary and perquisites in such manner as may be decided by the Board in the best interest of the Company and as may be permissible at law.”

7. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT in partial modification of the resolution passed by the members at the Annual General Meeting held on 22nd September 2004 and pursuant to sections 198, 268, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the said Act) consent of the Company be and is hereby accorded to the payment of the following revised remuneration and perquisites to Shri S.J.Taparia, Executive Director of the Company, with effect from 1st July 2008 for the remaining period of his tenure expiring on 14th June 2010, viz.

- (1) Salary Rs. 2,75,000/- per month in the grade of Rs. 2,75,000-60,000-3,35,000 (next increment falling due on 1st July 2009).

- (2) Perquisites

- (a) Reimbursement of actual expenses incurred on housing, gas, electricity, water, furnishings, “life” / “medical” / “personal accident” insurance premium and club fees, as well as reimbursement of medical and hospital expenses incurred in India and or abroad for self and family as per the claims in that behalf received from the Executive Director, provided that the aggregate of the said perquisites is restricted to an amount equal to two times his annual salary in a financial year. “Family” shall mean spouse and dependent children of the Executive Director.

- (b) Leave Travel concession for self and family once in a year incurred in accordance with the Rules of the Company applicable to Senior Management Staff / Personnel of the Company.

with liberty to the Board (which term shall be deemed to include any committee constituted by the Board) from time to time to revise upwards the said salary and perquisites in such manner as may be decided by the Board in the best interest of the Company and as may be permissible at law.”

8. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT in partial modification of the resolution passed by the members at the Annual General Meeting held on 10th October, 2007 and pursuant to sections 198, 268, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956(the said Act) consent of the Company be and is hereby accorded to the payment of the following revised remuneration and perquisites to Shri V.K.Taparia, Executive Director of the Company, with effect from 1st July 2008 for the remaining period of his tenure expiring on 30th June 2013, viz.

- (1) Salary Rs. 2,50,000/- per month in the grade of Rs. 2,50,000-60,000-5,50,000 (next increment falling due on 1st July 2009).
- (2) Perquisites
 - (a) Reimbursement of actual expenses incurred on housing, gas, electricity, water, furnishings, “life” / “medical” / “personal accident” insurance premium and club fees, as well as reimbursement of medical and hospital expenses incurred in India and or abroad for self and family as per the claims in that behalf received from the Executive Director, provided that the aggregate of the said perquisites is restricted to an amount equal to two times his annual salary in a financial year. “Family” shall mean spouse and dependent children of the Executive Director.
 - (b) Leave Travel concession for self and family once in a year incurred in accordance with the Rules of the Company applicable to Senior Management Staff / Personnel of the Company.

with liberty to the Board (which term shall be deemed to include any committee constituted by the Board) from time to time to revise upwards the said salary and perquisites in such manner as may be decided by the Board in the best interest of the Company and as may be permissible at law.”

9. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 311, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, if any necessary, the Company does hereby approve of the re-appointment of Shri M. P. Taparia, as Managing Director, for a further period of five years with effect from 7th January, 2009 to 6th January, 2014 and the payment of the remuneration and perquisites to him on the following revised terms and conditions with liberty to the Board (which term shall be deemed to include any committee constituted by the Board) from time to time to revise upwards the salary and perquisites

as herein mentioned in such manner as may be decided by the Board in the best interest of the Company and as may be permissible at law, viz :-.

- (1) Salary

Monthly salary of Rs.3,00,000/- (Three Lakhs) in the grade of Rs.3,00,000 – Rs.60,000 – Rs.6,00,000 per month, during his tenure of office (first increment falling due on 1st July, 2009).

- (2) Perquisites

- (a) Reimbursement of actual expenses incurred on housing, gas, electricity, water, furnishings, “life” / “medical” / “personal accident” insurance premium and club fees, as well as reimbursement of medical and hospital expenses incurred in India and or abroad for self and family as per the claims in that behalf received from the Managing Director provided that the aggregate of the said perquisites is restricted to an amount equal to two times his annual salary in a financial year. “Family” shall mean spouse and dependent children of the Managing Director.
- (b) Leave Travel concession for self and family once in a year incurred in accordance with the Rules of the Company applicable to Senior Management Staff / Personnel of the Company.
- (c) (i) Contribution to Provident fund, superannuation fund or annuity fund as per the Rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 or under any statutory modification or re-enactment thereof;
- (ii) Gratuity payable at a rate not exceeding half a month’s salary for each completed year of service,

For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, the service of the Managing Director will be considered continuous service with the Company and change of designation or renewal of appointment will not be considered as any break in service.

- (3) Commission

In addition to the above, the Managing Director shall also be entitled upto 1% of the Net Profits per year as commission, as may be determined by the Board, provided that, the aggregate of salary, perquisites and commission for any financial year shall not exceed 5% of the net profits of the Company for that year computed in the manner laid down in Sections 349 and 350 of the Act.

- (4) Leave on full pay and allowances but not exceeding one month’s leave for 11 month’s service, plus additional two weeks’ leave at the end of every third year, encashment of leave at the end of the tenure being permitted.

- (5) Free use of motor car with chauffeur provided by the Company for business purpose; the Company meeting all running, maintenance and other expenses of every kind whatsoever incurred in respect thereof.
- (6) Free telephone facility at residence. All charges including rental, call charges, etc. thereof shall be paid by the Company in full.
- (7) Reimbursement of entertainment and other business promotion expenses actually incurred by the Managing Director in the course of business of the Company.

In the event of loss or inadequacy of profits of the Company in any year, the Managing Director shall be entitled to payment by way of salary and perquisites as specified above subject to the restrictions specified in Schedule XIII to the Act.

The Company shall pay to the Managing Director compensation for loss of office, or as consideration for loss of office or retirement from office or in connection with such loss or retirement, in accordance with the provisions of Section 318 of the Act.

Either party shall be entitled to terminate the appointment by giving 180 days' notice in writing to the other.

The Managing Director shall not be entitled to Sitting Fees for attending meetings of the Board of Directors of the Company or any Committee or Committees thereof.

RESOLVED FURTHER that the Board of Directors be and are hereby authorised to increase and / or vary the terms and conditions aforesaid within the limitations specified in that behalf in Schedule XIII to the Act or any statutory modification or re-enactment thereof for the time being in force or otherwise as may be permissible at law.

RESOLVED FURTHER THAT the Managing Director shall not as long as he continues to be Managing Director of the Company be liable to retire by rotation and shall not be reckoned as a Director for the purpose of determining the number of Directors liable to retirement by rotation.

AND RESOLVED LASTLY THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this Resolution."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business at Item Nos. 6, 7, 8 and 9 of the above Notice is annexed.
3. Register of Members and the Share transfer books of the Company will remain closed from Tuesday the 7th October, 2008 to Tuesday, 14th October, 2008 (both days inclusive).
4. The Dividend, if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members as at the close of business on 14th October, 2008 and in respect of shares held in the electronic form, the dividend will be payable to the beneficial owners as at the close of business on Monday the 6th October, 2008 as per details furnished by the Depositories for this purpose.
5. Pursuant to provisions of Section 205A of the Companies Act, 1956, dividends which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 30th June, 2001 or any subsequent financial years, are requested to make their claims to the Company at its Registered Office. **It may be noted that once the unclaimed dividend is transferred, on the expiry of seven years, to the Investor Education and Protection Fund, as stated here-in, no claim shall lie in respect thereof.**
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of/change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.

By order of the Board

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

Registered Office
612, Raheja Chambers,
Nariman Point,
Mumbai 400 021

Dated : 4th August, 2008

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item Nos. 6, 7 and 8:

As the members are aware, at the Annual General Meeting of the Company held on 17th October, 2003 Shri M. P. Taparia was reappointed as the Managing Director of the Company for a period of five years with effect from 7th January, 2004 to 6th January 2009 as per the resolution passed at the said Annual General Meeting and on the terms as to remuneration as set out in the said resolution.

At the Annual General Meeting of the Company held on 22nd September, 2004 Shri S. J. Taparia, was reappointed as Executive Director for a further period of five years with effect from 15th June 2005 to 14th June 2010 as per the resolution passed at the said Annual General Meeting and on the terms as to remuneration set out in the said resolution.

At the Annual General Meeting of the Company held on 10th October 2007 Shri V. K. Taparia was re-appointed as Executive Director for a further period of five years with effect from 1st July, 2008 to 30th June 2013 as per the resolution passed at the said Annual General Meeting and on the terms as to remuneration set out in the said resolution.

Further, at the Annual General Meeting held on 10th October 2007 the revisions in monthly salary payable to Shri M. P. Taparia, Managing Director, Shri S. J. Taparia, Executive Director and Shri V. K. Taparia, Executive Director, of the Company, (who was reappointed at the said Annual General Meeting) upto an overall limit of Rs. 2,50,000/-, Rs. 2,25,000/- and Rs. 2,00,000/- respectively with effect from 1st July 2007 for the remaining period of their appointments expiring on 6th January 2009, 14th June, 2010 and 30th June 2008 respectively, were approved at the said Annual General Meeting.

Considering the inflationary trend and the likely considerable increase in the business activities of the Company in the coming years, resulting in increase in the workload and responsibilities of these Whole time Directors of the Company, as also the amount of remuneration payable to the managerial personnel occupying similar positions in other companies, the Board of Directors have thought it appropriate to revise the monthly remuneration as payable to them and as also the perquisites as set out in the relevant resolutions in the relevant items of the Notice. It is felt that even these limits are not commensurate with the extent of duties and responsibilities discharged by the said three Whole time Directors and not comparable to the remuneration received by similar personnel in other companies of equal repute and magnitude.

The aforesaid revisions in the monthly salary may also result in some indirect increase in other perquisites to which the said Directors are entitled and approved by the members at the aforesaid Annual General Meetings of the Company. The other terms and conditions of their respective appointments will remain the same. Accordingly, the resolutions as set out in these items of the Notice are commended for your acceptance.

The above may also be treated as an Abstract of the terms of the variation under section 302 of the Companies Act,

1956. Although not strictly necessary, copies of the resolutions passed at the respective Annual General Meetings of the Company referred to above are available for inspection of the members at the Registered Office of the Company between 10.30 a.m. to 1.00 p.m. on all working days upto the date of the ensuing Annual General Meeting.

All the three Directors referred to in the resolutions are interested to the extent of their revision and one will also be interested in the resolution relating to two others.

Shri B. L. Taparia, Chairman is also interested in the resolution being the brother of Shri M. P. Taparia, Managing Director and father of Shri V. K. Taparia, Executive Director. It may be mentioned that Shri S. J. Taparia is the nephew of Shri B. L. Taparia and Shri M. P. Taparia.

Item No. 9

The existing term of the office of Shri M. P. Taparia, Managing Director, expires on 6th January, 2009. Since the year 1967, Shri M. P. Taparia is at the helm of the management and administration of the Company under the overall supervision, control and direction of the Board of Directors. Ever since his stewardship the Company has made tremendous strides as reflected by the present prosperous position of the Company. Accordingly, subject to the approval of the members, financial institutions and such other sanctions and approval as may be necessary, the Board of Directors have proposed the re-appointment of Shri M. P. Taparia as Managing Director, for a further period of five years commencing from 7th January, 2009 upon the terms and conditions as set out in the resolution mentioned in this item of the notice.

Considering his competence, experience as also the tremendous growth in the operations of the Company during his tenure and compared to the remuneration payable to other comparable personnel in the country, the terms of his re-appointment and remuneration as set out in the resolution, and which may also be deemed to be a part of this explanatory statement, are considered to be quite just, fair and reasonable. The Resolution is accordingly commended for your approval.

A brief profile of Shri M. P. Taparia, is given in the particulars of Directors under Corporate Governance and member's attention is also invited thereto. The above may also be treated as an abstract of the terms of the re-appointment of Shri M. P. Taparia, as Managing Director, pursuant to Section 302 of the Companies Act, 1956.

Shri M. P. Taparia, is himself interested in the Resolution. Shri B.L. Taparia, Chairman, of the Company, is also interested being his Brother. Shri S. J. Taparia and Shri V. K. Taparia, Executive Directors are also related to Shri M. P. Taparia.

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) & Secretary

Registered Office

612, Raheja Chambers,

Nariman Point,

Mumbai 400 021

Dated : 4th August, 2008

Directors' Report

The Directors have great pleasure in presenting the 66th Annual Report together with the Audited Financial Statements for the financial year ended 30th June 2008.

FINANCIAL RESULTS

(Rs. in lacs)

	Current Year Rs.	Previous Year Rs.
Total Income (net)	131916.01	116832.82
Profit before Interest, Depreciation and Tax	15272.04	13629.66
Interest and financial charges	3897.92	3300.57
Depreciation	3951.04	4024.59
Profit before Tax and Exceptional Income	7423.08	6304.50
Exceptional Income	4.63	1042.64
Profit Before Tax	7427.71	7347.14
Provision for Current Tax	1764.00	1754.00
Deferred Tax	545.00	450.00
Fringe Benefit Tax	120.00	130.00
Excess provision of earlier years w/back (+)	112.12	2.22
Net Profit available for appropriation	5110.83	5015.36
Appropriation:		
Interim Dividend	966.76	690.54
Proposed (final) Dividend	1242.98	1381.08
Tax on Dividend	375.54	331.57
Transferred to General Reserve	2525.55	2612.17
	5110.83	5015.36

Exceptional Income (net) of Rs.4.63 Lacs during the year consists of:

- (a) 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.
- (b) 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)
- (c) Rs.35.58 Lacs amount paid towards additional compensation on settlement of workers demand at Pondicherry Unit I.

DIVIDEND

The Directors have paid interim dividend and recommended payment of final dividend for the year ended 30th June 2008, as under

	Rs.	Rs.
(i) Dividend on 2,76,21,674 Equity Shares of Rs. 10 each @ 80% i.e. Rs. 8/- per share as follows		
(a) Interim Dividend @ 35% i.e. Rs. 3.50 per share (already paid in January 2008)	9,66,75,859	
(b) Final Dividend recommended @ 45% i.e. Rs. 4.50 per share (Previous year on 2,76,21,674 Equity Shares of Rs. 10/- each @ 75% i.e. Rs. 7.50 per share)	12,42,97,533	22,09,73,392
(ii) Corporate Dividend Tax as applicable (including Rs. 1,64,30,062/- paid on Interim Dividend)		3,75,54,428
		25,85,27,820

PROPERTY DEVELOPMENT

The construction of Commercial Complex at Corporate site is progressing smoothly. The P.T. slab of 4th floor has been completed and Casting of slab of 5th floor is in progress. The entire Complex is likely to be fully completed in April/

June, 2009 quarter. The proposed Commercial Complex is being Registered with “The Indian Green Building Council (IGBC)” for getting “Green Building Certification”, thereby qualifying the Complex for Gold Rating. The proposed Commercial Complex to be styled as “Solaris” shall be consisting of saleable area of about 2,70,000 sq. ft. with ultra luxurious and lavish amenities, tech-savvy energy saving and eco friendly features, confirming to the LEED standards and magnificently designed, “Solaris” will be a State of the Art Commercial Complex and it will be a landmark by itself, when ready for occupation.

Capital Expenditure on the project till 30th June, 2008, is Rs. 44.19 crores and the total cost of the project is likely to be between Rs. 90 crores to Rs.95 crores.

MANAGEMENT DISCUSSION AND ANALYSIS

The management’s Discussion and Analysis of operations for the year under review, as stipulated under clause 49 of the listing agreement with the stock exchanges, is provided in annexure attached to this report.

FIXED DEPOSITS

The amount of Fixed Deposits has increased from Rs. 2703.26 lakhs to Rs. 2805.82 lakhs. Out of deposits which matured during the year, 304 deposits amounting to Rs. 43.24 lacs remained unclaimed as on 30th June, 2008 of which Rs. 6.70 lakhs have since been renewed/refunded.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors to the best of their knowledge and belief confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii. appropriate accounting policies have been selected and applied consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at June 30, 2008 and of the Profit and Loss Account for the year ended June 30, 2008;
- iii. 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. the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance.

A separate statement on Corporate Governance together with a certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the listing agreement forms part of this Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to 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 is annexed hereto and forms part of this report.

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors’ Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Directors’ Report is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Registered Office of the Company.

SUPREME PETROCHEM LIMITED (SPL)

Supreme Petrochem Limited (SPL), a company jointly promoted by your company and R Raheja Group, is expanding its capacity of compounded plastics to 25000 TPA from 15000 TPA. The company is also installing a plant to produce 5000 TPA of Extruded Polystyrene Foam sheets. This has excellent insulation property and is an energy saving material.

The company has now taken steps to merge its Chennai company – SPL Polymers Limited – with itself. That company is producer of EPS plastics raw material.

SUBSIDIARY COMPANY

With a view to expand its business in gulf countries, the Company has promoted The Supreme Industries Overseas (FZE), a wholly owned subsidiary of the Company, incorporated in SAIF Free Zone, UAE by investing a sum of AED 150,000 (equivalent to Rs 18.88 lacs). Presence of this company in UAE has helped enormously in establishing recognition of our products in 21 countries and participation in various prestigious construction projects. Statement required pursuant to provisions of section 212 of the Companies Act, 1956 is provided in this Annual Report.

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements form part of this Annual Report.

The Company has sought an exemption from the Govt. of India, Ministry of Company Affairs, New Delhi under section 212 (8) of the Companies act, 1956, from attaching to this Report, the Annual Report of its subsidiary company for the year ended 30th June 2008. Accordingly, the Annual Report of its subsidiary company is not attached to this Report. A gist of the financial performance of the subsidiary company is given in this Annual Report.

The Annual Accounts of the subsidiary company are open for inspection by any Member and the Company will make available a copy of these documents / details upon request by any Member of the Company interested in obtaining the same.

DIRECTORS

Shri B. L. Taparia and Shri S. R. Taparia, Directors of the Company retire by rotation at the forthcoming Annual General Meeting in accordance with provisions of the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. Chhogmal & Co., Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

The Board of Directors wishes to express its gratitude and record its sincere appreciation for the commitment and dedicated efforts put in by all the employees. Your Directors take this opportunity to express their grateful appreciation for the encouragement, co-operation and support received by the Company from the local authorities, bankers, customers, suppliers and business associates. The directors are thankful to the esteemed shareholders for their continued support and the confidence reposed in the Company and its management.

For and on behalf of the Board of Directors

B L Taparia
Chairman

Place: Mumbai

Date: 4th August, 2008

Annexure to the Directors' Report

Additional information given as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(I) CONSERVATION OF ENERGY

Continuous monitoring and awareness amongst employees has helped to avoid wastage of energy. Various investments in reducing the consumption of energy has helped the company to reduce the overall electricity bill. Further study is on to see various alternative sources of energy or alternative fuels for electricity generation. With the new Electricity Act on the horizon, the Company is keeping all options open before finally deciding on going for captive generation plant.

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**(i) Research & Development (R & D)**

On going study in the following areas to reduce cost of conversion and improve the quality.

- Evaluation of the alternative materials or additives to reduce the cost of raw material.
- Improving the output/input ratio to gain maximum finished products from per kg raw material.
- Modify the mould or dies to improve the cycle time to get higher production from the same machine.
- To modify the process parameters to improve the quality.
- Expenditure on R & D : Not significant.

(ii) Technology Absorption

- The Company has expanded the scope of knowhow from M/s. Wavin Overseas B.V., Netherlands. Apart from UPVC Pipes and Fittings, Company has entered into an Agreement to manufacture PPRC Pipes & Fittings. The quality of product produced in the plant has been approved and certified by the collaborator. The Company has also obtained technology and equipments to manufacture structured wall pipes which would substantially save on raw materials.
- The Company also has taken knowhow for manufacture of Cross Laminated Films & Products from Ole-Bendt Rasmussen, Switzerland and the technology is fully absorbed.
- The Company has entered for technical knowhow arrangement with M/s Sanwa Kako of Japan, one of the leaders for two-stage cross link foam.

(III) FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earned and used

	(Rs. in lacs)
Foreign Exchange Earned	: 6578.81
Foreign Exchange Used	: 55475.26

For and on behalf of the Board of Directors

B.L. Taparia
Chairman

Place : Mumbai

Date : 4th August, 2008

Management Discussions and Analysis

1. OVERVIEW

The Indian economy during the last four years witnessed a GDP growth of around 9% annually. This has happened for the first time in our country where the GDP is growing around 9% continuously for four years. In spite of high crude prices and inflationary trend, as experienced all over the world, our economy may grow this year i.e. 08-09 also by around 8%. Considering the inflationary trend in the economy, the expectation of such GDP growth is quite promising.

This has proved that the economy has tremendous potential. The country is experiencing growth impulses in several segments of its economy.

Your Company invested a sum of Rs. 275 crores in the year 2006-07 and 2007-08. Considering the growth potential, the Company has made further plans to invest around Rs. 125 crores in the year 2008-09. These investments will be in production mode in phases spread over the entire year.

Your Company's, ultra modern commercial complex at Veera Desai Road, Andheri (West), Mumbai is under construction. This 11 storied office complex was earlier scheduled to be ready by December 2008. Due to acute shortage of construction workers, the contractor was not able to complete the building as per the earlier schedule given by them. It is expected that the building will be ready for occupation during April/June 2009 quarter.

The Company has succeeded in divesting its PVC film business at Malanpur, FSW business at Daman. In the divestment programme the Company has plans to part with the flexible film business and building at Pondicherry unit 1 where industrial activity was closed long back.

The Company is in negotiation for selling its flexible film business and building at Pondicherry unit - 1. The Company may realise around Rs. 35 crores by sale of these assets. That will also release working capital involved in running flexible film business segment.

The Company has made large investments in last two years in its Plastic piping system, Cross Laminated film, Protective packaging Products, Industrial products, Material handling systems and furniture product segments. There is need and opportunity to further increase the reach of these product segments to meet demand in several sectors of the economy. Considering the potential, the Company has planned to invest further monies in these product segments during the current year.

2. INDUSTRY STRUCTURE AND DEVELOPMENT

Plastics raw material prices have gone up between 27% to 46% during Jan/June 2008. In spite of such a steep increase, the demand for plastics products has not gone into de-growth mode. Only the growth percentage has gone down. The demand growth of plastic products even at such high prices has demonstrated the strength of the role played by Plastics in our economy. For several applications, plastics still is a material of choice in comparison with products made from conventional materials.

In our Company's product segments, the increase in raw material costs could be transferred to the product pricing within a time lag of 2 to 5 weeks. Definitely, such steep increase has hurt the growth of various applications. This has overall slackened the growth of plastics consumption in the country's economy. Growth consumption of plastics which was around 13% in the year 2007-08 may come down to around 8% in the current year.

This steep increase has also resulted in substantial increase in the working capital requirements leading to higher interest cost.

The Government has moved in a positive manner last year by reducing the Excise duty from 16% to 14%. Central Sales Tax (CST) was also reduced from 3% to 2% with effect from 1st June 2008. These moves have partly mitigated the hardship caused due to increased cost of raw material. To give right fillip to Manufacturing sector which is growing by single digit and to compete with cheap imports of products, it is expected from the Government to move quickly to reduce excise duty from 14% to 8% and C.S.T. to be made zero from the current level of 2%.

The indirect taxes in India are still very high. A moderate rate of taxes will not only boost the excise revenue of the Government but also open huge investment opportunities in many manufacturing sectors which in turn will increase the employment potential substantially.

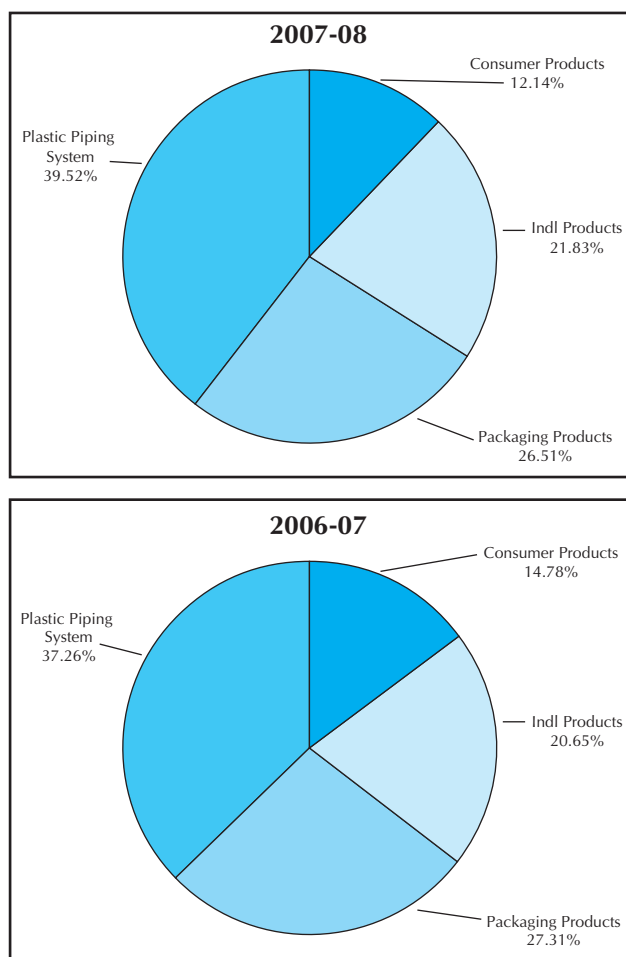
National Policy on Petrochemicals adopted by the Cabinet last year has committed to reduce indirect taxes on plastics to a moderate level at a faster pace. It is expected that the Government will implement this Policy without any delay to enable the economy to reap substantial benefits accruing by increasing the consumption of plastics in the country.

Plastics have a great role to play in boosting agriculture production, augmenting potable water supply, in housing construction and in infrastructure development. All these four segments, are most critical in the BHARAT NIRMAL initiative of our country.

3. PRODUCT GROUPS

After divesting the two product segments, the product groups have now been recast as follows:

Group	Products
Plastics Piping System	PVC pipes, Injection Moulded fittings and handmade fittings. Polypropylene Random Co-polymer pipes and fittings, HDPE Pipe Systems, CPVC Pipe systems
Consumer products	Furniture and Mats
Industrial Products	Industrial Products, Material Handling System and Pallets.
Packaging Products	Flexible Packaging Film, Protective Packaging Products, Cross Laminated Film

Product Group wise share in turnover for the last two years (% of value)

The net turnover of the Company under review was Rs 1319.16 Crores (including Rs 97.15 Crores by way of Polymer trading and other non Plastics products) as against Rs.1168.33 crores (including Rs. 72.06 crores by way of Polymer trading and other non-plastics products) of the previous year.

The Company has processed 133026 tons of Polymers as against 120798 tons of Polymers (excluding discontinued businesses) in the previous year. This reflects a growth of 10.12% in Polymer consumption.

The Company exported goods worth US \$ 16.83 million as against US \$ 14.52 million (excluding discontinued businesses) in the previous year registering a growth of 15.91%.

Profit before interest, depreciation and exceptional items and taxes during the year under review have gone up by 12.05% from Rs. 136.30 crores to Rs. 152.72 crores during the year.

4. COMPANY'S STRENGTH AND GROWTH DRIVERS

4.1 Manufacturing sites

The Company has 18 manufacturing sites spread at various places in the country.

4.2 Distribution Network

The Company considers its distributors as its partners in progress and has built up excellent relationship with them. The Company is continuously adding to the list of distributors. The Company provides training to its distributors and their team members to ensure proper service to the ultimate customers.

4.3 Growth Drivers

The Company is continuously innovating to increase share of specialty products in each products segment to meet demanding specifications from its end users. The proportion of such business is growing in each product segment.

5. OPERATIONAL PERFORMANCE

5.1 PLASTICS PIPING SYSTEMS

PLASTIC PIPING DIVISION

The Financial Year under review 2007-2008 has been an eventful year in the history of Plastic Piping Division.

The Company received the power supply of 132 KVA power line at Gadegaon mega plastics complex by end October'07, which will ensure least disruption of power supply. The Company could install and commission all the utilities by end of November'07. The Company started shifting of its existing Pipe plant from Jalgaon MIDC site to Gadegaon complex with effect from 1st Decemer'07. Entire shifting activities were completed within two weeks. However, commissioning of the plants at Gadegaon took nearly four weeks and by the time the normal production started, it was end January'08. Meanwhile the additional plants ordered towards capacity expansion were also arriving at sight. The Company commissioned them one after the other. The entire expansion activities were completed by end April'08.

The production of Piping Division was completely disrupted in the month of December'07 and by the time the normal production was established and sufficient level of inventory was created, it was end February'08. This had resulted into disruption in the supply chain for nearly three months. This not only has affected Company's business but also affected the channel partners who are solely dependant on the supply of Piping products from the Company.

After shifting of Pipe plant from Jalgaon MIDC, the Company has planned re-structuring and re-layout of Injection moulding Division at Jalgaon. The re-structuring activity at Jalgaon was completed by April'08. The additional machines which were ordered for augmenting the Injection moulding capacity were also commissioned in the month of April'08.

While the Company was busy in commissioning the new plant, the raw material situation started to become very volatile. The Government of India imposed anti-dumping duty effective 21st January'08 on imports from several countries which were major exporters of PVC resin to India. This has severely affected the availability of PVC resin and the costs soared. Beginning of March'08 the local raw material prices started to increase and continued upto end of June'08. The total price increase was nearly Rs.16,000/- PMT i.e. 35% in a span of 4 months. Such a steep increase in such a short time was

unparallel in the history of plastics raw material pricing. This has led to stagnation and uncertainty at market place. The PVC resin consumption which increased by 8% to 9% between April'07 to March'08 was reduced to zero in the quarter April to June'08.

The disruption in supply chain during December'07 to February'08 and the phenomenal rise in the raw material prices between March'08 to June'08 affected the business volume severely. The Plastic Piping Division has ended up the year with a nominal volume growth of 6.27%.

NEW LAUNCHES

i) CPVC SYSTEM

The Company has launched CPVC, Hot & Cold Water plumbing system under the brand name of LIFELINE during the plumbing exhibition at Mumbai in February'08. Initially the Company launched the product only in South India and then started feeding rest of India by June'08. The product was received well on All India basis at the market place. Currently the Company has launched only plumbing system upto 2 inch as per copper tube standard. The Company has plans to introduce CPVC system as per ASTM standard and increase the range upto 4" in the near future.

ii) HDPE PIPES SYSTEM

The Company has introduced PE pipes from 20 mm to 315 mm dia for various applications.

The Company has introduced products in PE 63, PE 80 & PE 100 grades depending on the nature of application and customer requirement. The Company is in the process of acquiring BIS certification for PE pipes upto 315 mm dia for water supply, sewage and sprinkler application which is expected to be received by September'08. The Company has also applied to Telecom authority for approval of the supply of PE Cable Duct pipes. The necessary formalities are completed. The approval is expected by September'08.

Meanwhile, the company is also exploring the possibility of expanding the range upto 400 mm dia. This will enable the company to participate in the majority of Infrastructure, water supply and sewage projects. The Company is also exploring the use of PE pipes for Irrigation/sprinklers and Bore Well – column pipe etc. To supply complete system inclusive of fittings, Company has undertaken a plan to launch Injection moulded and fabricated fittings in the year 2008-2009.

iii) INJECTION MOULDED INSPECTION CHAMBERS.

The Company has launched Injection moulded Inspection Chambers under the brand name of Ultra. In 315 mm dia. The Company will be able to give 5 different configurations while in 250 mm dia the Company has two configurations which can meet the Housing requirements.

The Company has also launched 450 mm dia Inspection Chambers which can find usage in large Housing complexes and multi storied apartments. The product has been well received at the market place and the Company will be able to supply complete product line for Under Ground Sewage system based on the Ultra Chambers and Ecodrain pipes.

iv) ROTATIONAL MOULDING

The Company has installed a pilot plant to develop products related to Under Ground Drainage and Sewage

system. 600 mm dia Inspection Chambers with the relevant configurations have already been launched. The Company has plans to develop large dia meter manhole and septic tank by Rotational Moulding to make NU-Drain system complete in all aspects.

In Building and installation category of products the plumbing products have shown significant growth. With the increase in metal prices, plastic plumbing products are finding more and more acceptance and the Company expects good growth in plumbing as well as in Hot & Cold water plumbing segment.

Similarly PE Pipes will boost the supply in Civil & Infrastructure segment replacing expensive metal pipes with better properties to meet critical functional requirements.

The Company aims to increase the capacity of PE pipes as the market develops.

The Turnover of specialty products increased from 12.70% to 13.90% during the year under review. The Company is investing monies and augmenting marketing resources to increase this to 18% in the next two years.

The working of Kanpur plant has been quite satisfactory. The plant has achieved around 90% of its capacity utilization. The entire production was sold in the North Indian market so that the product can reach at a lower transport cost with a short time gap.

The Company continues its thrust on exports. The Company received the prestigious Top Exporters Award once again in the segment of Pipes & Fittings.

5.2 CONSUMER PRODUCTS

FURNITURE

Turnover of Furniture Business has gone up from Rs. 138 Crores to Rs. 147 Crores. The Company has restricted its furniture manufacturing activity at three locations only viz: Pondicherry (U.T.), Durgapur (West Bengal), Lalru (Punjab). North East market will be catered from Durgapur and Pondy factories. There was a steep increase of almost Rs. 27 per Kg i.e 40% in raw material prices within a short span of two months.

The Company is focusing to broaden the range of value added furniture products, which help to build the superior brand image of Company's products for its durability and aesthetics. Such products command better price realization and are relatively less affected by raw material cost volatility. Company has planned to further increase the Premium Item Range by launching new products. Company is the only supplier of Painted Upholstered Plastics Chairs. The share of such products sale was 19% in value during the year under review. The Company intends to increase share of such products by another 3% in value during next twelve months.

The Company has now more than 160 Exclusive Franchisee Show Rooms on All-India basis displaying entire range of Supreme Furniture to a customer in a comfortable ambience. The Company's furniture products enjoy good acceptance in the market for its quality, design, color and range. Supreme brand is also perceived as a premium brand in the country.

The Company also intends to explore the addition of certain related items for trading through existing channel partners.

MAT BUSINESS

Business was down by around 6% in the year. Demand continued to be good in the export market. However, continuous labour unrest at our ancillary manufacturers plant, reduced the availability of product. Our ancillary unit now confirms that they have arrived at an appropriate settlement with their workers and would be in a position to regulate the supply from hereon. In view of good demand and adequate supplies we hope to fare much better this year.

5.3 INDUSTRIAL PRODUCTS

The Division grew over 7% in value term over previous year. Business from the Auto sector for the Company almost remained at the levels of last year. However, Appliances sector (i.e Air conditioning etc.) performed exceedingly well. Consumer electronics demand was less in comparison to previous year.

The Company expects better growth this year. Company has received new business from existing customers and has added new customers as well. The Company has bagged order from Tata Motors for their prestigious Global Truck Project constituting more than 65 parts. A dedicated plant is being set up at Jamshedpur with a Capital Outlay of about Rs. 17 Crores to meet this demand. The plant will go into production coinciding with start of Tatas world Truck project at Jamshedpur. The business from this plant is likely to exceed Rs 200Cr in 4 to 5 years after it goes in to production. Apart from this, Company also bagged order for parts for one new vehicle from Tata Motors to be manufactured at its Pune Plant. New business has been added in electronics segment also.

The Company has started an Assembly unit at Nasik to cater requirements of Dash Boards and few more assembled parts for Scorpio model of M&M. The Company has decided to modernize Durgapur plant for streamlining its operations for auto parts. This will be completed by December 08.

The supply from Khushkhera factory at Rajsthan has been fully streamlined and the unit has acquired all important certificates in the area of QMS (Quality Management System) EMS (Environment Management System) and Safety, Health and Hygiene. In line with the Company's policy, to implement QMS and EMS, drive has been taken to upgrade systems at all locations.

Paint shop at Noida factory has been upgraded to handle more volumes and improve Quality & Productivity and has been operationalised successfully. Augmentation of paint shop at Talegaon has been completed and will go into production during this year.

In order to meet requirement of high gloss with increased Aesthetic value for TV front cabinets of LCD Models, Company has acquired a new technology of Steam Moulding. This process eliminates need for painting of moulded parts. We expect good growth in this during current year.

The Company has taken and is in the process of taking various actions to become solution provider from just part supplier. Towards this move, the Company has established a centralized Technical Centre at its Talegaon unit. This will improve Company's Design and Engineering capabilities and is expected to become a

catalyst in getting additional business from Automotive OEM's with initial orders already received from M & M.

The Company is aggressively pursuing its Re-engineering efforts to the suppliers of World Class plastics parts and Assembly System. Towards achieving this goal, following actions have been initiated for taking up in future.

- a) Technical Tie-up with International Design Houses to improve design and Engineering capability.
- b) Acquiring new technologies to graduate from Parts Supplier to Assembly System Supplier to Industries.
- c) Capability enhancement by acquiring latest technology machines.
- d) Replacement of old and inefficient machines by modern and efficient machines.
- e) Establishing modern Quality Control Labs to facilitate in house testing and validation of Industrial parts.
- f) Installation of improved material handling and storage systems to facilitate effective Inventory Management.
- g) Improving soft as well as technical skills of Human Resources.
- h) Effective space utilization by better Inventory Management, re- laying of factories to have single piece flow concept and pursuing Lean Management practices.

MATERIAL HANDLING DIVISION

This Division achieved a growth of about 56% in value terms & 27% in volume terms during last year for Material Handling business.

The Company launched 25 new moulds of Crates for varying applications during the year from different manufacturing locations. Ours is the only Company giving variety of Crates from six manufacturing sites spread across the country to cater the All India Market and none of the competitors has so many of their own production facilities. This helps our Company in servicing the clients in least lead time at most economical cost.

The Company has set up fabrication facility to cater to tailor made needs of customers not only at the manufacturing location but also at other places. These are value added products. The Company expects to do business of value added products to the tune of 20% which was 13% last year.

The Company has become main supplier of material handling system to majority of Retail Chain and Logistic companies. The Company is planning to launch few more models of Crates for which order for the necessary moulds have been placed.

The Company has started a new production facility at our mega complex at Gadegaon near Jalgaon. This facility is now fully operational. Geographically it is the most suitable site to service all India market effectively.

The Company has also installed a Roto Moulding machine at Gadegaon and has organized moulds of Crates and Dust Bins to be launched during Sept'08. The Company has also plans to launch Roto Moulded Pallets.

Your Company is also the first Company to Launch Injection Moulded Pallets in India successfully by installing bigger capacity Injection Moulding Machine of 2800 Ton. We have also broadened the range by introducing five newer models to cater to specific needs for a variety of applications.

The Company has started marketing of mobile garbage bins.

The Company also intends to market other material handling products in this year. At appropriate time the Company may decide to manufacture these products in the country.

5.4 PACKAGING PRODUCTS

PACKAGING FILMS

Volume grew by 2% while value sale grew by over 17%. Business for Multilayer films grew by 35%. However, businesses for commodity products were down. The Company also reduced its dependence on doing job work for a certain customer. Films for several new applications were developed in this year which will enhance the customer base and reduce the job work being done.

The Company has planned to divest this business as it is an insignificant player in this business.

PROTECTIVE PACKAGING PRODUCTS

The division recorded a value growth of 15 % & a volume growth of 10% in the year.

Vanilla products such as EPE & Air bubble, suffered growth as competition from the unorganized sector was intense. However the division has taken several measures to overcome this problem and is set on a growth path.

Cross linked PE block foam capacity was increased in line with increase in demand & high capacity utilization. A growth of 23% was recorded & further growth of over 20% is expected in this year. The division has introduced several new grades to meet the technical requirements of its customers. The process of developing new products continue to bring higher value to the division.

As certain environmental clearances were not received for our Urse plant, extruded cross linked foam could not be started on schedule. Due to further expected delay the division shifted this plant from Urse to Malanpur & commenced production by March 08. It is to the credit of the technical team that the equipment could produce saleable product from day one incurring a wastage of only 1 MT comparable to international standards. The product has been well accepted. The process of validation of our product is on and we hope that most HVAC (Heat Ventilation & air-conditioning) consultants would be approving this product before the end of this calendar year. We hope that the plant's capacity of 500 Tons per annum will be fully utilized by then. The division would then extend this product manufacturing in other regional locations.

The division continues with its commitment to be an innovative cost effective solution provider in the areas of protective packaging , civil & insulation. To enhance this effort, the division has added & is adding several new converting equipments to make specialized end products for the customer. Alongwith our packaging designing & product up gradation capabilities , these new facilities will add great value to the customer as well as the bottom line of the division.

Also the division has made a modest beginning of offering turnkey packaging solutions to its customers. Besides offering packaging design & product, the division will also source other packaging materials from other manufacturers & become a one source supplier for all packaging needs of its customer along with doing the packaging physically.

The division has also tied up with several world renowned manufacturers of speciality foams to market their products. After seed marketing and assessing the potential market of these products, the Company would look to manufacture these products, with know how from those companies. The Company is also in talks with several other world leaders to further enhance its product portfolio. The division is also undergoing market studies to identify new products to meet the demanding expectations of its customers.

The division has in-house designed & developed a PE foam extruder to manufacture 0.5 density foam in 25 kg m³ density, unique not only in the country, but also internationally. The benefits of this development should accrue in the coming year.

The division has also developed recently a speciality product made from airbubble film for underdeck insulation. This material was hitherto imported in the country. This product is gaining acceptance & should soon be a well established product for this application.

Its Hosur unit has successfully worked on saving power & fuel. By incorporating boiler condensed hot water recovery system & necessary modification in the process profile, this unit would save 52,000 litres of diesel consumption against a consumption of 210,000 litres last year. This system has been adapted at Malanpur unit and would further reduce the consumption of diesel.

By improving efficiencies & process improvements the power consumption dropped from 0.79 units per kg to 0.73 units per kg & is expected to drop further in this year.

Urse unit could not be started due to delays in getting environmental clearances. This is however expected shortly & manufacturing should commence by the second quarter of this financial year.

Due to a very steep rise in prices of polymers in the last quarter of the financial year and the non acceptance of OE customers to accept any price increase, margins were under severe pressure. In spite of that the division maintained its operating profit. Price increases are now getting in place & this will restore the previous profitability of the division. With several of the above mentioned efforts the division is poised for a growth of over 15% in volume in this year

CROSS LAMINATED FILM

The Company uses cross laminated film for making Tarpaulins, bags, rainwater harvesting systems, fumigation covers and for varieties of agricultural applications.

The product sales increased by 35% during the year. The Company sold 8948 tons of products against 6639 tons during the previous year. The increased installed capacity was fully utilised during the year. The fabrication capacity was also increased with new sites at Gadegaon in Maharashtra and at Pondicherry. However demand for the product outpaced the supply and the orders to the tune of Rs. 14 crores have been carried forward to the next year. Export increased to 1392 tons against 1072 tons of the previous year. The volume in export was restricted due to non-availability of the product.

Encouraged by the overwhelming demand for the product and to increase market share, the Company has decided to further increase the installed capacity by 4000 MT with capital outlay of Rs.25 Crores. Orders for the equipments have already been placed and the capacity will be operational by the end of March 2009 in phases. The Company has taken further steps to install additional balancing equipments with an outlay of Rs 11 Crores in this year which will also be operational in the last quarter of 2008-09. It will enable the Company to produce around 13000 tons of products during 2008-09 & about 17000 tons during the year 2009-2010.

The Company's collaborators are in the advanced stage of inventing next generation XF film with further superior properties. The Company has entered into agreement with them to enjoy an exclusive right to produce the same in India and SAARC countries. The Company expects to launch one of the products of new technology i.e. Cross Line Bonded Film in the April/June 2009 quarter.

6. PLASTIC RAW MATERIAL

Starting the year 2008, Polymer prices in line with the increase in the crude oil prices started increasing. The prices of various raw materials between Jan 2008 to June 2008 have gone up between 27% to 46%. The increase in the raw material prices was more steep between April to June 2008. This has led to severe demand contraction for plastics products through out the country.

The world economy which had grown 4.9% in the year 2007 is slated to grow by around 4% in the current year due to high inflationary trend and recession in USA.

The demand for plastics raw material was outstripping the supply upto May 08. The Company is now seeing the trend of demand contraction.

The prices of Polymers stopped rising since July 08. The price of crude oil which has gone upto USD 147 per barrel has also come down to around USD 125 per barrel. It is expected that the oil prices may drop further in the near future. In turn, it may facilitate the reduction in polymer prices.

There was depreciation of Indian rupee by around 8% in last quarter ie. April/June 2008. This has exacerbated the cost of plastics raw material further where the local prices are fixed in line with the landed cost of imported material. The Company was able to transfer the increased cost of raw materials along with the operating margin within two to five weeks time lag for most of its products.

This increase in raw material costs and foreign exchange loss due to depreciation of Rupee have impacted operating margins by about 2% during the last quarter of the year under review.

7. FINANCE

Since January, 2008, the trend of hardening of interest rates continued, due to inflationary concerns and increase in benchmark rates (including Repo rates and CRR) by RBI at regular intervals putting constraint on credit growth and squeezing liquidity from the system.

The average interest rates of the outstanding interest bearing liabilities at the year end of the last three years i.e. as on 30.06.2006, 30.06.2007 and 30.06.2008 were

7.81%, 9.12% and 10.76% respectively. It clearly shows that the rates of interest have been increasing for the last three years and the trend is likely to remain firm in the near future also.

The unprecedented rise in crude oil prices and consequent increase in the polymer prices, particularly during the last quarter (from April 2008 to June 2008) has necessitated higher working capital requirements on account of higher values of inventories and Book debts, as compared to the previous year.

As per past practice, the Company continued to avail major part of its Working Capital through placement of CPs / NCDs at a considerable lower interest rates. In the prevailing circumstances, the Company has managed the interest cost reasonably well.

The Company enjoys excellent relations with its Bankers and has been able to negotiate various banking facilities favourably.

CRISIL has assigned A+/Stable Rating to Working Capital Borrowings which indicates adequate safety with regard to timely payment of interest and principal, for aggregate Fund Based and Non Fund Based facilities. In respect of the Short Term Debt Programme the Rating of "P1" has been assigned by CRISIL, which indicates that the degree of safety with regard to timely payment of interest and principal on the instrument is very strong.

8. INTERNAL CONTROL SYSTEM

The Company has adequate internal audit and control systems. Internal auditors comprising of professional firms of Chartered Accountants have been entrusted the job to conduct regular audits at all units/locations and report to the management the lapse, if any. Both internal auditors and statutory auditors independently evaluate the adequacy of internal control system. Based on the audit observations and suggestions, follow up and remedial measures are being taken including review and increase in the scope of coverage, if necessary. These reports together with remedial measures initiated are finally reviewed by the Audit Committee of Board of Directors. No serious lapse has been reported by any of the internal auditors for any of the units during the year.

9. HUMAN RESOURCES

Human resource is considered as key to the future growth strategy of the Company and looks upon to focus its efforts to further align human resource policies, processes and initiatives to meet its business needs. In order to focus on keeping employees abreast of technological and technical developments, the Company provides opportunity for training and learning within the country and abroad. Industrial relations at all the units and locations are very cordial.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that would influence the Company's operations include cost of raw materials, tax laws, interest and power cost and economic developments within the country and such other factors.

CORPORATE GOVERNANCE

PHILOSOPHY OF COMPANY ON CORPORATE GOVERNANCE

Good Governance ensures adoption of best business practice, and accountability of the persons in-charge of the company's operations. Your Directors are committed to good Governance practices and the company has been sharing all important information about its various business segments and operations of the company through Directors report, Quarterly Results, Chairman's Statement and Annual Reports. Further as required by the listing agreement, report on Corporate Governance is given below:

1. BOARD OF DIRECTORS:

(i) As at 30th June 2008 the Board comprised of 10 Directors.

Composition and Categories of Board of Directors :

Name of the Directors	Category	No. of outside Directorship		No. of Committees Directorship Chairpersonship/ Membership held including SIL*	
		Public	Private	Chairperson	Members
Shri B L Taparia	Promoter / Non Executive Chairman	2	2	-	-
Shri M P Taparia	Promoter / Executive (Managing) Director	6	2	1	-
Shri S J Taparia	Promoter / Executive Director	5	2	-	4
Shri V K Taparia	Promoter / Executive Director	-	1	-	-
Shri S. R. Taparia	Independent / Non Executive Director	2	4	-	2
Shri H. S. Parikh	Independent / Non Executive Director	3	1	5	6
Shri B. V. Bhargava	Independent / Non Executive Director	10	-	5	9
Shri N. N. Khandwala	Independent / Non Executive Director	-	-	1	1
Shri E. B. Desai	Independent / Non Executive Director	9	2	7	6
Shri Y. P. Trivedi	Independent / Non Executive Director	10	5	5	8

* "Audit Committee", "Remuneration Committee" and the "Shareholders / Investors Grievances Committee" are considered.

(ii) During the Financial Year 2007 – 2008 the Board met on Four occasions i.e. on 25th July, 2007, 10th October 2007, 8th January, 2008, & 21st April 2008,

Attendance of Directors at the Board Meetings held during 2007-08 and the last Annual General Meeting held on 10th October, 2007

Directors	Category	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the last AGM
Shri B L Taparia	Promoter / Non Executive Chairman	4	4	Yes
Shri M. P. Taparia	Promoter / Managing Director	4	4	Yes
Shri S. J. Taparia	Promoter / Executive Director	4	3	Yes
Shri V. K. Taparia	Promoter / Executive Director	4	4	Yes
Shri S. R. Taparia	Independent / Non Executive Director	4	4	Yes
Shri H. S. Parikh	Independent / Non Executive Director	4	4	Yes
Shri B. V. Bhargava	Independent / Non Executive Director	4	4	Yes
Shri N. N. Khandwala	Independent / Non Executive Director	4	4	Yes
Shri E. B. Desai	Independent / Non Executive Director	4	4	Yes
Shri Y. P. Trivedi	Independent / Non Executive Director	4	4	Yes

2. AUDIT COMMITTEE:

The Company has an independent audit committee. The composition, procedure, Role / Function of the committee comply with the requirements of the companies Act, 1956 as well as those of the listing agreement. The brief terms of

reference of the audit committee includes the following:

- Over seeing the company's Financial report process and the disclosure of its Financial informations.
- To review quarterly, half yearly and Annual Financial results before submission to the Board.
- To review the statement of significant related party transactions submitted by management.
- To review the adequacy of internal control systems with the management, external & internal auditors.
- Discussion with external auditors about the nature and scope of audit including their observation.
- To investigate into any matter referred to by the Board

Composition and Attendance of Members at the Meetings of the Audit Committee held during 2007 – 2008

Members	Category	Meetings held	Meetings attended
Shri H S Parikh - Chairman	Independent	4	4
Shri S R Taparia	Independent	4	4
Shri N N Khandwala	Independent	4	4

3. REMUNERATION COMMITTEE :

(i) Brief Terms of reference :

- To recommend to the Board, remuneration payable to whole time Directors and to decide the amount of salary, perquisites and commission to be paid to the Managing Director and Executive Directors within the overall ceiling fixed by the shareholders.

(ii) Composition :

Members	Category	Meetings held	Meetings attended
Shri H S Parikh - Chairman	Independent	1	1
Shri B. V. Bhargava	Independent	1	1
Shri N N Khandwala	Independent	1	1

4. SHAREHOLDERS / INVESTORS' GRIEVANCES COMMITTEE :

The company has constituted Shareholders / Investors' Grievances Committee of the Board of Directors to look into the specific complaints received from the share holders of the company

Composition :

Members	Category	Meetings held	Meetings attended
Shri N N Khandwala - Chairman	Independent	4	4
Shri S. R. Taparia	Independent	4	4

During the year, the company received 25 complaints / correspondence from Shareholders regarding non-receipt of Share Certificates / issuance of Duplicate Share Certificates / Dividend Warrants all of which have been duly resolved in time.

5. (A) Remuneration paid to Directors during 2007 – 2008 :

Sr. No.	Names	Category	Sitting Fees	Salary & Perquisites	Commission	Total
1	Shri B L Taparia	Promoter / Non Executive Chairman	40000	-	-	40000
2	Shri M P Taparia	Promoter / Executive Director	-	4405425	7804889	12210314
3	Shri S J Taparia	Promoter / Executive Director	-	7306031	7804889	15110920
4	Shri V K Taparia	Promoter / Executive Director	-	3054700	7804889	10859589
5	Shri S R Taparia	Independent / Non Executive Director	120000	-	-	120000
6	Shri H S Parikh	Independent / Non Executive Director	90000	-	-	90000
7	Shri B V Bhargava	Independent / Non Executive Director	50000	-	-	50000
8	Shri N N Khandwala	Independent / Non Executive Director	130000	-	-	130000
9	Shri E.B. Desai	Independent / Non Executive Director	40000	-	-	40000
10	Shri. Y P Trivedi	Independent / Non Executive Director	40000	-	-	40000
	Total		510000	14766156	23414667	38690823

(B) EQUITY SHAREHOLDING OF THE NON-EXECUTIVE DIRECTORS IN THE COMPANY AS ON 30TH JUNE 2008:

Sr. No.	Name of the Non-Executive Director	No. of Shares
1)	Shri B. L. Taparia	76100
2)	Shri S. R. Taparia	526
3)	Shri H. S. Parikh	18382
4)	Shri B. V. Bhargava	1000
5)	Shri N. N. Khandwala	62900
6)	Shri E. B. Desai	12150
7)	Shri Y. P. Trivedi	4002

6. CEO / CFO CERTIFICATION :

The Managing Director and the Sr. Vice-President (Finance) & Secretary heading the finance function have certified to the Board that :

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the company, pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the Auditors and the Audit Committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

The above Certificate was placed before the Board Meeting held on 4th August, 2008.

7. GENERAL BODY MEETINGS.

Location and time of last Three AGM's held :

Year	Location	Date	Time
2005 – 63 rd AGM	Walchand Hirachand Hall, I.M.C., Near Churchgate Station, Mumbai –400 020	30 th September, 2005	4.00 p.m.
2006 – 64 th AGM	Walchand Hirachand Hall, I.M.C., Near Churchgate Station, Mumbai –400 020	05 th October, 2006	4.00 p.m.
2007 – 65 th AGM	Walchand Hirachand Hall, I.M.C., Near Churchgate Station, Mumbai –400 020	10 th October, 2007	4.00 p.m.

8. MEANS OF COMMUNICATION:

The Quarterly results of the company are published in widely circulated newspapers such as *The Economic Times* (English) & *Maharashtra Times* (Marathi). The result are also displayed on the company's websites : <http://www.supreme.co.in>

9. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES :

In compliance with the SEBI Regulations on prevention of Insider Trading, the Company has adopted a code of conduct for its Directors and designated employees. The code lays down guidelines which included procedures to be followed and disclosures to be made while dealing into the shares of the Company.

10. MANAGEMENT DISCUSSION AND ANALYSIS :

The management discussion and analysis is a part of the Annual report and annexed separately.

11. Disclosure regarding appointment / re-appointment of Directors

During the financial year 2007-08, there was no change in the composition of the Board of the Company. Particulars of Directors as required under clause 49 VI(G), of the listing Agreement, seeking re-appointment are given here in below:

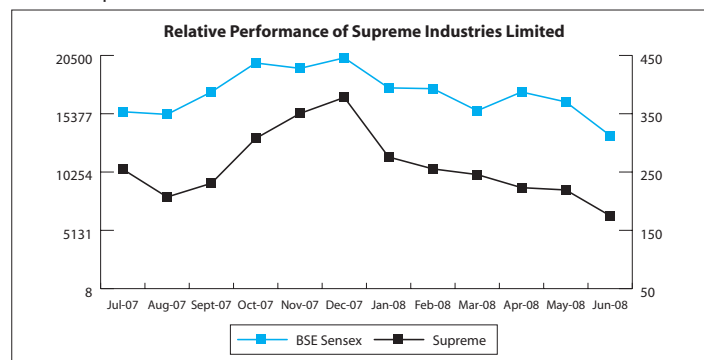
Name of the Directors	Shri S. R. Taparia	Shri B. L. Taparia	Shri M. P. Taparia
Date of Birth	24/10/1928	25/11/1934	22/10/1937
Date of Appointment	10/9/1966	15/06/1977	2/8/1966
Qualifications	B.A.	B. Com.	B. A.
Chairman / Director of other companies	1. Permanent Magnets Ltd. 2. Venu Plantations Ltd.	1. Supreme Petrochem Ltd. 2. Supreme Capital Management Ltd. 3. Varali Investment & Trading Co. Pvt. Ltd. 4. Multilayer Films Pvt. Ltd.	1. Supreme Petrochem Ltd. 2. Supreme Capital Management Ltd. 3. Rama Newsprint & Paper Ltd. 4. SPL Industrial Park Ltd. 5. SPL Industrial Support Services Ltd. 6. Kabra Extrusion Technik Ltd. 7. Multilayer Films Pvt. Ltd. 8. Jagatguru Investment & Trading Co. Pvt. Ltd.

12. DISCLOSURES

- (i) The Company did not have any related party transactions which may have potential conflict with the interests of Company. Nature and other particulars of such transactions have been disclosed and are forming part of the notes to the accounts.
- (ii) The Company has paid during the year Rs 3.10 lacs towards professional fees to M/s. Mulla & Mulla & Craigie & Blunt & Caroe, a firm in which Shri E. B. Desai (a Director of the Company) is a partner.
- (iii) During the year the Company has paid Interim Dividend @ 35% i.e. Rs. 3.50 per share.

13. GENERAL SHAREHOLDER INFORMATION

- (i) Registered Office : 612, Raheja Chambers, Nariman Point, Mumbai 400 021.
- (ii) Book Closure Date : From 7th October, 2008 to 14th October, 2008 (Both days inclusive)
- (iii) AGM Date & Venue : On Tuesday the 14th October, 2008 at 4.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai – 400 020.
- (iv) Dividend payment : Within the statutory time limit.
- (v) Listing on Stock Exchanges : (i) Bombay Stock Exchange (BSE),
(ii) National Stock Exchange of India Ltd., (NSE),
- (vi) Listing Fees : Annual Listing Fees for the year 2008 – 2009 has been paid to both the Stock Exchanges.
- (vii) Trading Group : (i) BSE : "B-1" Group,
(ii) NSE : "Other Securities"
- (viii) Stock Codes : (i) BSE : 509930
(ii) NSE : SUPREMEIND
- (ix) Relative performance of Supreme Share Price v/s. BSE Sensex :



- (x) Key Financial Reporting Dates F.Y. 2008 – 2009.
- Unaudited Results for the First Quarter ended September 30, 2008. : On or before End October, 2008
 - Unaudited Results for the Second Quarter ended December 31, 2008. : On or before End January, 2009
 - Unaudited Results for the Third Quarter ended March 31, 2009. : On or before End April, 2009
 - Audited Results for the F.Y. 2008 - 2009 : *On or before End September, 2009*
- (xi) Shareholders Assistance : Shares Department
Investors Service Department : The Supreme Industries Limited,
Regd. Office : 612, Raheja Chambers,
Nariman Point, Mumbai 400 021.
- Phone Nos. : 22820072, 22851656, 22851159-60
Fax No. : 22851657
E-mail : investor@supreme.co.in

14. Distribution of Shareholding (As on June 30th, 2008)

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentages of Shareholdings
Upto 500	24,837	90.96	19,14,105	6.93
501 – 1000	1,162	4.26	8,75,385	3.17
1001 – 2000	610	2.23	9,00,845	3.26
2001 – 3000	208	0.76	5,24,323	1.90
3001 – 4000	114	0.42	4,07,383	1.48
4001 – 5000	78	0.29	3,64,788	1.32
5001 – 10000	123	0.45	8,82,238	3.19
Over 10000	172	0.63	2,17,52,607	78.75
Total	27304	100.00	2,76,21,674	100.00

15. Categories of Shareholders (As on June 30th 2008)

Category	No. of Shareholders	Voting Strength (Percentage)	Number of Shares held
Promoters	17	44.98	1,24,24,878
Non Residents Individuals / OCB	587	2.37	6,53,707
Companies	449	13.65	37,71,357
FII's / FI's / Mutual Fund / Bank	24	3.16	8,73,237
Individuals	26,227	35.84	98,98,495
Total	27,304	100.00	2,76,21,674

16. Registrar & Transfer Agent (For Physical & Demat Shares) : M/s. Bigshare Services Pvt.Ltd
E-2/3 Ansa Industrial Estate
Saki Vihar Road, Sakinaka, Andheri (E)
Mumbai 400 072.
Tel No. 28473474, 28473747
Fax No. 28475207
E-mail : bigshare@bom7vsnl.net.in
17. Dematerialisation of Shares (as on 30.06.2008) : 2,58,27,159 Shares are dematerialised (93.50% of total Shares viz. 27621674 shares)
18. Additional information regarding the Company is also available on the Company's Website at. : <http://www.supreme.co.in>

19. Market Price Data : High / Low during each month in the last Financial Year.

Month	BSE		NSE	
	High	Low	High	Low
July – 2007	285.00	228.10	288.00	224.05
August – 2007	254.90	194.00	259.00	194.00
September – 2007	255.00	205.00	263.00	205.00
October – 2007	321.50	215.30	321.00	219.50
November – 2007	364.00	303.00	365.00	302.50
December – 2007	420.00	322.75	420.15	328.15
January – 2008	385.00	227.00	389.90	217.00
February – 2008	329.90	221.00	307.90	218.00
March – 2008	275.00	187.00	271.90	191.05
April – 2008	272.90	216.60	254.90	215.50
May – 2008	243.50	214.10	247.90	208.20
June – 2008	220.00	172.00	220.00	170.00

20. Code of Conduct

The Board has adopted the Code of Conduct for members of the Board and Senior Management personnel of the Company. The Code lays down, in details, the standards of business conduct, ethics and governance. The compliance of the same has been affirmed and a declaration signed by the Managing Director to this affect is given below. Code of Conduct has also been posted on the Company's Website. www.supreme.co.in

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with "The Supreme Industries Limited - Code of Conduct" for the year ended 30th June, 2008.

For The Supreme Industries Limited

Mumbai : 4th August, 2008

M. P. Taparia
Managing Director

AUDITOR'S CERTIFICATE

To the Members of

M/s. The Supreme Industries Limited

We have examined the compliance of conditions of corporate governance by M/s. The Supreme Industries Limited for the year ended on 30th June, 2008, as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investors' grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders / Investors' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **CHHOGMAL & CO.,**
Chartered Accountants

Chintan Shah
Partner
M. No. 107490

Mumbai : 4th August, 2008

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed Balance Sheet of THE SUPREME INDUSTRIES LTD., Mumbai as at 30th June 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, our comments on the matters specified in the paragraphs 4 and 5 of the said order are annexed herewith.
2. Further to our comments in the Auditor's Report referred to in paragraph 1 above:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. The reports on the accounts of Branches audited under Section 228 of the Companies Act, 1956 by persons other than ourselves, have been forwarded to us, as required by Clause (c) Sub - Section (3) of the said section and that we have taken due notice in our report of the points raised in the reports of the said Branch Auditors.
3. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of the books.
4. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
5. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
6. On the basis of information and explanations given to us and representations received from the directors as on 30th June 2008 and taken on record by the board, we report that no director is disqualified from being appointed as director of the company under Section 274 (1) (g) of the Companies Act, 1956.
7. In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the Significant Accounting Policies and Notes thereon, give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet of the state of affairs of the company as at 30th June 2008
 - ii. in the case of the Profit and Loss Account of the profit for the year ended on that date and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

ANNEXURE TO THE AUDITORS' REPORT

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us the Company has a phased program for physical verification of the fixed assets of the company to cover all locations. In our opinion, the frequency of verification is reasonable, considering the size of the Company. No serious discrepancies were noticed on such verification as compared with the available records.
- c. During the year there is no disposal of substantial part of fixed assets, affecting going concern assumption.

2. a. The stock of finished goods, raw materials, components, stores and spare parts except those lying with third parties, in bonded warehouse and in transit, has been physically verified by the management at regular intervals, which we consider to be reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company has maintained proper records of inventory, no material discrepancies were noticed on physical verification of stocks as compared to book records and the discrepancies noticed have been properly dealt with in books of account.
3. In respect of loans, secured or unsecured, granted or taken by the company from / to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956:
 - a. The Company has granted unsecured interest free deposit for use of office premises without payment of rent to a company, listed in the register maintained under section 301 of the Companies Act 1956, and maximum amount involved during the year was Rs. 61.43 Lakhs and outstanding at the end of the year was Rs. 55.00 Lakhs. The Company has vacated the office premises during the earlier years and the balance would be recovered as per agreed terms.

The Company has not granted any other unsecured loans to parties listed in the register maintained under section 301 of the Companies Act 1956.
 - b. The terms and conditions of unsecured deposit & loan given by the company are prima facie not prejudicial to the interest of the company.
 - c. Recovery of the deposit & loan is as per agreed terms.
 - d. As per the agreed stipulations amount is not overdue.
 - e. The Company has not accepted unsecured loans from companies, listed in the register maintained under section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purpose of inventory and fixed assets and also for the sale of goods and services, As per the information given to us, no major weaknesses in internal control have been identified by the management or the internal auditors of the company during the year. During the course of audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the company.
5. In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions with Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other provision of the Act and the rules framed there under, for acceptance of public deposits.
7. The company has an internal audit system commensurate with size and nature of its business.
8. The Central Government has not prescribed for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act.
9. a. According to the records of the Company and information and explanations given to us, Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Custom Duty, Cess, Excise Duty, Service Tax and other statutory dues have been deposited regularly during the year with the appropriate authorities.
- b. According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect of Sales Tax, Excise Duty and Entry tax.

Name of the statute	Nature of dues	Amount Rs.in lacs	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty Excise Duty Excise Duty	12.46 205.10 183.91	1978 1994 to 2004 1995 to 2007	CESTAT CESTAT Com of CE (Appeals)
The Central Sales Tax Act, 1956	Sales Tax Sales Tax	16.83 183.16	1995-1996 2003 to 2005	Revisionary Board DC (ST, Appeals)
West Bengal Sales Tax Act, 1994	Sales Tax	55.15	2003 to 2005	Additional Commissioner
UP Trade Tax Act	Entry Tax Entry Tax Sales Tax	23.97 12.11 1.55	2000-2001 2002-2003 2002-2003	Hon' ble High Court Tribunal Tribunal
MP Commercial Tax Act	Sales Tax Sales Tax	0.68 56.23	1992-1998 2007-08	Deputy Commissioner Deputy Commissioner
TN Sales Tax	Entry Tax	18.77	2003 – 2008	Hon'ble High Court
	TOTAL	769.92		

10. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash loss during the current and immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and NBFC.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Schemes are not applicable to the Company.
14. In our opinion, the company is not a dealer in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for stated use.
17. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
18. The Company has not allotted any shares to parties & companies covered in the register maintained under Sec 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any secured debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanation given to us, no fraud by the Company and no significant fraud on the company was noticed or reported by the management during the year.

For **CHHOGMAL & CO.,**
Chartered Accountants

Chintan Shah
Partner
M.No: 107490
Mumbai, 4th August, 2008

Balance Sheet as on 30th June, 2008

Rs. in lacs

	Schedule	2007 - 2008		2006 - 2007	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	2762.17		2762.17	
Reserves & Surplus	2	22299.39	25061.56	19878.57	22640.74
LOAN FUNDS					
Secured Loans	3	27226.21		20128.57	
Unsecured Loans	4	2805.82	30032.03	2703.26	22831.83
DEFERRED TAX LIABILITY (Net)			5228.09		4733.20
			60321.68		50205.77
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	80289.99		66376.06	
Less : Depreciation		33881.31		32717.08	
Net Block		46408.68		33658.98	
Add : Capital Work - in - Progress		6841.29		8656.54	
Add: Assets held for disposal		2486.32	55736.29	3086.67	45402.19
INVESTMENTS			3395.35		3417.86
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	15669.48		11022.21	
Sundry Debtors	8	13682.23		12521.74	
Cash & Bank Balances	9	2833.55		1422.65	
Loans & Advances	10	8938.72		5562.80	
		41123.98		30529.40	
Less : CURRENT LIABILITIES & PROVISIONS					
Creditors	11	37865.55		27337.78	
Provisions	12	2068.39		1805.90	
		39933.94	1190.04	29143.68	1385.72
			60321.68		50205.77
Significant Accounting Policies					
Notes to the accounts					

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

Profit and Loss Account for the Year Ended 30th June, 2008

Rs. in lacs

		2007 - 2008	2006 - 2007
INCOME			
Sales	13	131022.10	116166.06
Other Income	14	893.91	666.76
		<u>131916.01</u>	<u>116832.82</u>
EXPENDITURE			
Cost of Materials	15	86749.44	77956.48
Manufacturing, Selling & Other Expenses	16	29894.53	25246.68
Interest & Financial Charges	17	3897.92	3300.57
Depreciation			
[Excluding transfer from Revaluation Reserve Rs 5.18 lacs (Previous year Rs 4.64 lacs)]		<u>3951.04</u>	<u>4024.59</u>
		<u>124492.93</u>	<u>110528.32</u>
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		7423.08	6304.50
Exceptional Income (Refer Note No. 8 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	130.00
		<u>2429.00</u>	<u>2334.00</u>
PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION		5110.83	5015.36
Appropriations Therefrom :			
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		<u>2525.55</u>	<u>2612.17</u>
		<u>5110.83</u>	<u>5015.36</u>
EARNINGS PER SHARE			
(Refer Note No. 13 of Schedule 19)			
Basic & Diluted Earning per share (Before Exceptional Income)		Rs. 18.49	Rs. 14.38
Basic & Diluted Earning per share (After Exceptional Income)		Rs. 18.50	Rs. 18.16
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**
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

Schedules to Balance Sheet

Rs. in lacs

	2007 - 2008	2006 - 2007
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	-	0.48
	<u>294.90</u>	<u>302.30</u>
	194.59	194.59
CAPITAL RESERVE		
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	-	261.08
	<u>7205.55</u>	<u>7205.55</u>
GENERAL RESERVE		
As per last Balance Sheet	12176.13	9563.96
Less: Provision for Gratuity Liability (Net of deferred Taxes)	97.33	-
(Refer Note No. 18 In Schedule 19)		
	<u>12078.80</u>	<u>9563.96</u>
Add : Transferred from Profit & Loss Account	2525.55	2612.17
	<u>14604.35</u>	<u>12176.13</u>
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	-	1120.00
1 share for every 1 share held)	-	-
	<u>22299.39</u>	<u>19878.57</u>

Schedules to Balance Sheet

Rs. in lacs

	2007 - 2008	2006 - 2007
SCHEDULE 3		
SECURED LOANS		
A. WORKING CAPITAL LOANS		
From Banks - Rupee Loans	-1727.94	153.20
(Surplus Balance in Cash Credit Accounts)		
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

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
ASSETS	As At 01.07.2007 Rs.	Additions During the Year Rs.	Deductions/ Adjustment During The Year Rs.	As At 30.6.2008 Rs.	As At 01.07.2007 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					862.07	
Leasehold Land	826.26		206.97	619.29					826.26	
Buildings	11421.41	4595.62	126.93	15890.10	3110.46	387.03	7.24	3490.25	8310.95	
Plant, Machinery & Electrical Installations	36722.63	9261.44	2278.92	43705.15	18024.81	1960.32	2242.15	17742.98	18697.82	
Moulds & Dies	13229.37	1876.61	495.85	14610.13	9852.31	1060.62	332.53	10580.40	3377.06	
Furniture, Fixture & Office Equipments	2262.99	578.87	168.52	2673.34	1201.73	399.76	131.13	1470.36	1061.26	
Vehicles	567.65	181.13	65.15	683.63	299.43	95.71	49.81	345.33	268.22	
Sundry Equipments	483.68	218.38	52.87	649.19	228.34	52.78	29.13	251.99	255.34	
Total	66376.06	17309.14	3395.21	80289.99	32717.08	3956.22	2791.99	33881.31	33658.98	
Previous Year	67061.16	9256.21	9941.31	66376.06	34384.40	4029.23	5696.55	32717.08	32676.76	
Capital Work - in -Progress (including advances on Capital Account).										
Assets held for Disposal (Refer Note No 7 of Schedule 19)										
				</						

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 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
(f) Supreme Industries Overseas (FZE), a wholly owned subsidiary incorporated in UAE	DHS 150000	1	1	18.88	18.88
	Sub Total			53.52	53.52
OTHERS - QUOTED & FULLY PAID UP					
Equity Shares					
(a) Supreme Petrochem Ltd. (an associate company)	10	28936400	28936400	3337.50	3337.50
(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			3341.69	3338.59
	Total			3395.35	3417.86
(a) Aggregate Value of Quoted Investments - at Cost				3341.69	3338.59
(a) Aggregate Value of Quoted Investments - at Market Value				5197.28	6613.70
(b) Aggregate Value of Unquoted Investments - at Cost				53.66	79.27

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 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	12893.47	11822.15
	<u>13682.23</u>	<u>12521.74</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	59.25	58.01
Cheques in hand	729.09	401.60
Remittance in Transit	85.23	6.72
Balance with Scheduled Banks in :		
Current Accounts	430.10	659.30
Deposit Accounts (Earmarked)	257.48	297.02
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>2833.55</u>	<u>1422.65</u>
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	*7204.74	4102.35
Security and other Deposits	1276.88	1104.69
Prepaid Expenses	457.10	355.76
	<u>8938.72</u>	<u>5562.80</u>

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

Schedules to 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	7641.58
Acceptances	18618.81	11397.09
Items covered by Investors Education & Protection Fund (Refer note No. 17 of Schedule 19)	158.59	145.53
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)])	10647.32	8010.08
	<u>37865.55</u>	<u>27337.78</u>
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	-
	<u>2068.39</u>	<u>1805.90</u>

Schedules to Profit and Loss Account

SCHEDULE 13		
TURNOVER (Net)		
Plastic Products	121307.38	108960.29
Others	9714.72	7205.77
	<u>131022.10</u>	<u>116166.06</u>
SCHEDULE 14		
OTHER INCOME		
Dividend	371.43	308.32
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
	<u>893.91</u>	<u>666.76</u>
SCHEDULE 15		
COST OF MATERIALS		
Raw Material Consumed	78719.63	70303.84
Cost of Goods Traded	9827.47	7469.78
(-)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
	<u>86749.44</u>	<u>77956.48</u>

Schedules to 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	3434.19
Contribution to Pension & Provident Fund	262.43	196.72
Staff & Labour Welfare	295.24	212.67
Managerial Remuneration	381.81	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	365.85	336.22
Insurance	170.17	222.13
Charity & Donations	72.11	39.04
Legal & Professional Fees	283.82	211.15
Travelling & Conveyance [Directors Rs.79.84 lacs (Previous year Rs. 31.23 lacs)]	852.94	678.23
Vehicle Expenses	179.50	152.99
Advertisement & Publicity	860.00	742.73
Packing, Freight and Transport Charges	6144.19	6090.51
Postage, Stationery & Telephone	596.82	520.48
Royalty, Commission & Discount	3368.59	2444.25
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	330.93	290.02
	<u>29894.53</u>	<u>25246.68</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	<u>681.01</u>	<u>967.69</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

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

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

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.

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

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.

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. 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.		
2. 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).		
3. 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.		
4. 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.		
5. (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.		
6. 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 it's 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.		

7. 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.
8. 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.
9. 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.
10. 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	121728.96	109211.50
(b)	Polymer Trading	9714.72	7205.77
(c)	Unallocated	472.33	415.55
	Total	131916.01	116832.82
2	SEGMENT RESULTS		
	Profit before tax and interest from each segment		
(a)	Plastics Products	10557.11	9015.57
(b)	Polymer Trading	347.17	204.50
(c)	Unallocated	416.72	385.00
	Total	11321.00	9605.07
	Less : Interest	3897.92	3300.57
	Total Profit Before Tax	7423.08	6304.50
3	CAPITAL EMPLOYED		
	Segment Assets - Segment Liabilities		
(a)	Plastics Products	50333.32	35545.85
(b)	Polymer Trading	476.65	466.55
	other than segments	8248.84	8458.69
	Total	59058.81	44471.09

11. Disclosure on related party transactions:

				(Rs. in lacs)
Nature of Transactions	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.

12. 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
13. Earning per Equity share – Basic / diluted		
Profit after tax (PAT) available for Equity shareholders (Rs. In lacs)		2007-08 5110.83 2006-07 5015.36
Weighted Average Number of Equity shares	Nos.	2,76,21,674 2,76,21,674
Nominal value of Equity shares	Rs.	10.00 10.00
Basic Earning per Equity Share (After Exceptional Income)	Rs.	18.50 18.16
Weighted Average for Potential Equity Shares	Nos.	Nil Nil
Diluted Earning per Equity Share (After Exceptional Income)	Rs.	18.50 18.16

14. (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).
15. Commitment charges / processing fee paid / payable on Borrowings is being amortised over the period of such borrowings.
16. 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.
17. 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)

18. 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			
Expected return on plan assets	28.95		
Actuarial Gain / (Loss) on Plan assets	3.94		
Actual return on plan assets	32.89		

As this being the first year of disclosure as per AS –15 previous year figures have not been disclosed.

19. 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.

20. 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)	

21. 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

22. 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 4 th August, 2008.	

23. Payment to Auditors (including fees to Branch Auditors):Excludes Service Tax Rs. In lacs

	2007-2008 Rs.	2006-2007 Rs.
Audit Fees	16.73	16.50
Tax Audit Fees	7.86	7.95
For Taxation Matters	0.25	1.90
In other capacity	19.44	14.32
	44.28	40.67

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

25. 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.

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

27. Additional information pursuant to the provisions of paragraphs 3,4C & 4D of Part II of Schedule VI of the Companies Act, 1956.

A. Details of Capacity, Products Manufactured, Turnover, Opening Stock, Closing Stock of Goods Produced for Sale and Traded.

		Rs. in lacs			
(i) TURNOVER	UNIT	2007 - 2008		2006 - 2007	
		Quantity	Value	Quantity	Value
MANUFACTURED PRODUCTS :					
Injection Moulded Products	MT	41445.955	47066.52	37903.792	41498.67
Extruded Products	MT	86652.514	71604.86	87858.464	65073.75
Machinery & Moulds	Nos	24	187.15	32	152.25
TRADING PRODUCTS					
Injection Moulded Products	MT	17.990	67.00	45.588	80.12
Extruded Products	MT	1124.830	664.60	1439.500	875.93
Polymers & Others		—	9962.82	—	7303.42
(ii) RAW MATERIALS & COMPONENTS CONSUMED :		2007 - 2008		2006 - 2007	
		Quantity	Value	Quantity	Value
PVC Resin	MT	65010.280	30820.60	65765.444	28709.12
Polyethylene	MT	29336.100	19809.82	23509.931	15510.80
Polystyrene	MT	4124.050	2855.45	5842.592	4026.96
Polypropylene	MT	21012.780	13537.67	19659.391	12402.55
Engineering Plastics	MT	1770.030	1826.21	1372.27	1418.49
Additives	MT	8914.230	4876.69	10708.838	5532.46
Others			4993.19		2703.46
			78719.63		70303.84

Consumption figures shown above are after adjusting excess / shortages on physical count.

(iii) STOCKS :		2007 - 2008		2006 - 2007	
		Quantity	Value	Quantity	Value
OPENING STOCK OF FINISHED GOODS :					
MANUFACTURED PRODUCTS :					
Injection Moulded Products	MT	2272.562	1948.14	2328.770	2023.71
Extruded Products	MT	2853.496	1950.71	3153.513	2127.04
Machinery & Moulds	Nos.	17	70.04	—	—
TRADING PRODUCTS :					
Injection Moulded Products	MT	3.470	3.48	—	—
Extruded Products	MT	12.499	3.62	0.526	0.33
Polymers & Others	MT	—	26.00	—	51.51
PURCHASES :					
TRADING PRODUCTS :					
Injection Moulding Items	MT	20.890	56.40	60.926	71.88
Extrusion Items	MT	1156.370	564.87	1451.470	589.27
Polymers & Others	MT		9316.12		6789.90
CLOSING STOCKS OF FINISHED GOODS :					
MANUFACTURED PRODUCTS					
Injection Moulded Products	MT	2319.831	2398.83	2272.562	1948.14
Extruded Products	MT	4278.675	3327.98	2853.496	1950.71
Machinery & Moulds	Nos.	8	39.74	17	70.04
TRADING PRODUCTS:					
Injection Moulded Products	MT	1.640	2.74	3.470	3.48
Extruded Products	MT	44.040	23.47	12.499	3.62
Polymers & Others	MT		116.81		26.00

(iv) CAPACITY AND PRODUCTION :

	Unit	2007 - 2008			2006 - 2007	
		Capacity Licensed	Capacity Installed*	Production	Capacity Installed*	Production
Injection Moulded Products	MT	N.A	67000	41493.224	61500	37847.584
Extruded Products	MT	N.A	173400	88077.693	119842	87558.447
Machinery & Moulds	Nos	N.A	N.A	15	N.A	860

NOTES :

- (1) * As certified by the Management and accepted by the auditors being a technical matter.
- (2) Production includes production achieved on labour job basis from outsiders.
- (3) Job work charges from outsiders Rs.889.26 lacs not included herein (Previous Year Rs.686.09 lacs).
- (4) The Turnover does not include Sale of Scrap for Rs.579.90 lacs (Previous Year Rs.495.85 lacs).
- (5) The above Turnover does not include Excise Duty on sales Rs 18860.35 lacs (Previous year Rs 16809.50 lacs).
- (6) Production Quantities shown herein are after adjustment of departmental consumption.
- (7) Turnover includes 24 nos. (Previous Year 32 nos.) of Machinery and Parts Rs.187.15 lacs (Previous Year Rs.152.25 lacs) and Packing Material & Components Rs. 351.42 lacs (Previous year Rs.377.74 lacs) transferred to other divisions for captive use.

B. Value of Imported and Indigenous Raw Material and Components Consumed :

Rs. in lacs

	2007 - 2008		2006 - 2007	
	Value	% of Total Consumption	Value	% of Total Consumption
Imported	29200.76	37.09	27273.74	38.79
Indigenous	49518.87	62.91	43030.10	61.21
	78719.63	100.00	70303.84	100.00

C. Value of Imported and Indigenous Stores & Spare Parts Consumed:

	2007 - 2008		2006 - 2007	
	Value	% of Total Consumption	Value	% of Total Consumption
Imported	64.95	5.32	71.10	5.21
Indigenous	1156.35	94.68	1294.53	94.79
	1221.30	100.00	1365.63	100.00

D. CIF Value of Imports :

	2007 - 2008	2006 - 2007
i) Raw Material & Components	52517.36	29005.89
ii) Stores & Spares	124.71	39.47
iii) Capital Goods	1784.59	2951.16
	54426.66	31996.52

E. Expenses and Remittances in Foreign Currency during the Financial Year :

	2007 - 2008	2006 - 2007
i) Interest	733.51	639.78
ii) Other Matters	315.08	391.20
	1048.59	1030.98

F. Details of Foreign Shareholding and Dividend Remitted Thereon :

	2007 - 2008		2006 - 2007	
	Final	Interim	Final	Interim
i) Number of Non-resident Shareholders	492	584	459	457
ii) Number of Shares held on which dividend were paid	999079	1438985	544589	1000293
iii) Gross Dividend (Rs. in lacs)	49.95	50.36	54.46	25.01

G. Earnings in Foreign Currency:

	2007 - 2008	2006 - 2007
Export (On FOB Basis)	6578.81	8359.00

28 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**I. REGISTRATION DETAILS**

Registration No.

3 5 5 4

State Code 1 1

Balance Sheet

3 0 0 6 2 0 0 8

Date Month Year

II. CAPITAL RAISED DURING THE YEAR : (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs.Thousands)

Total Liabilities

6 0 3 2 1 6 8

Total Assets

6 0 3 2 1 6 8

Sources of Funds

Paid Up Capital

2 7 6 2 1 7

Reserves & Surplus

2 2 2 9 9 3 9

Secured Loans

2 7 2 2 6 2 1

Unsecured Loans

2 8 0 5 8 2

Deferred Tax Liabilities

5 2 2 8 0 9

Application of Funds

Net Fixed Assets

5 5 7 3 6 2 9

Investments

3 3 9 5 3 5

Net Current Assets

1 1 9 0 0 4

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

IV. PERFORMANCE OF COMPANY : (Amount in Rs. Thousands)

Turnover

1 3 1 9 1 6 0 1

Total Expenditure

1 2 4 4 9 2 9 3

Profit Before Tax

+ 7 5 3 9 8 3

Profit After Tax

+ 5 1 1 0 8 3

Earning per Share in Rs.

1 8

Dividend Rate (%)

8 0

V. GENERIC NAME OF THE PRINCIPAL PRODUCTS OF THE COMPANY (as per monetary terms) :

Item Code No. (ITC Code)

3 9 1 7 2 3 0 9

3 9 1 7 4 0 0 0

Product Description

P V C P I P E S & F I T T I N G S

Item Code No. (ITC Code)

3 9 2 6 9 0 0 9

Product Description

C R O S S L A M I N A T E D F I L M

Item Code No. (ITC Code)

9 4 0 1 8 0 0 0

Product Description

P L A S T I C M O U L D E D C H A I R S

Note : Signatures to Schedules 1 to 19 forming part of Balance Sheet and Profit and Loss Account

As per our report of even date
For **CHHOGMAL & CO**
Chartered Accountants**Chintan Shah**
Partner
M No. 107490

Mumbai, 4th August, 2008

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**

Mumbai, 4th August, 2008

Directors

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	7423.08	6304.50
Adjustment For :		
Add : Depreciation	3951.04	4024.59
Leasehold Assets Premium W/off	6.41	5.46
Interest Net	3897.92	3300.57
(Profit) / Loss on sale of Investments	-	-
	<u>7855.37</u>	<u>7330.62</u>
	15278.45	13635.12
Less : Dividend Received	371.43	308.32
Profit /(Loss) on sale of Assets	-34.93	13.04
Lease Rent etc. Received	187.83	131.59
	<u>524.33</u>	<u>452.95</u>
Operating Profit before working capital changes	14754.12	13182.17
Adjustments for :		
Inventories	4647.27	1195.29
Trade & Other Receivable	4536.41	2667.00
Trade & Other Payable	-10532.93	-12213.80
	<u>-1349.25</u>	<u>-8351.51</u>
Cash Generated from Operations	16103.37	21533.68
Interest Paid	-4033.86	-3374.69
Direct Taxes Paid	-1499.04	-2258.16
Net Cash Flow from Operating Activities (A)	10570.47	15900.83
B Cash Flow from Investing activities		
Purchase of Fixed Assets	15493.89	14664.02
Sale of Fixed Assets	-1158.64	-1165.21
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	-371.43	-308.32
Lease Rent Received	-187.83	-131.59
	<u>13612.91</u>	<u>11969.95</u>
Net Cash Used in Investing Activities (B)	13612.91	11969.95
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
	<u>4453.34</u>	<u>-3279.02</u>
Net Cash Used in Financing Activities (C)	4453.34	-3279.02
Net Increase / (Decrease) in		
Cash & Cash Equivalents (A-B+C)	1410.90	651.86
Opening Balance as on 01.07.2007	1422.65	770.79
Closing Balance as on 30.06.2008	2833.55	1422.65

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

Statement Pursuant to Section 212 of The Companies Act, 1956 relating to Company's interest in the Subsidiary Company viz. The Supreme Industries Overseas (FZE)

1. The Financial Year of the Subsidiary Company ended on : 30th June 2008.
2. Date from which it became Subsidiary : 10th December, 2005.
3. a) No. of shares held by The Supreme Industries Ltd. (Holding Company) with it's nominees in the subsidiary at the end of the financial year of the subsidiary : 1 no. Equity Shares of UAE DHS 1,50,000 each fully paid up each.
- b) Extent of Interest of Holding Company at the end of the financial year of the subsidiary : 100 %
4. The net aggregate amount of the Subsidiary's profit less losses, so far as it concerns the members of the Holding Company.
 - a) Not dealt with in Holding Company's accounts.
 - i) For the Financial Year ended 30th June, 2008 : Rs. 0.22 lacs Profit
 - ii) For the Previous Financial years : Rs. 1.84 lacs Profit
 - b) Dealt with in Holding Company's accounts.
 - i) For the Financial Year ended 30th June, 2008 : Nil
 - ii) For the Previous Financial years : Nil
5. Changes in the Holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the Holding Company's financial year : None
6. Material changes between the end of the financial year of the subsidiary and the end of the Holding Company's financial year in respect of
 - a) Fixed Assets : Nil
 - b) Investments : Nil
 - c) Money lent by the subsidiary : Nil
 - d) Money borrowed by the subsidiary for any purpose other than meeting current liabilities : Nil

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

FINANCIAL SUMMARY

RELATING TO SUBSIDIARY COMPANY AS ON 30.06.2008

Rs. in lacs

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate as on 30.06.2008	Capital	Reserves	Total Asset	Total Liabilities	Investments	Turnover	Profit before Tax	Provision for Tax	Profit after Tax	Proposed Dividend
1	The Supreme Industries Overseas (FZE)	Dhs	11.3709	18.87	3.02	132.81	132.81	Nil	142.66	0.22	Nil	0.22	Nil

Note: The Balance Sheet, Profit and Loss Account, Directors' Report & Auditors' Report of the Subsidiary are not being attached in view of exemption application filed with Ministry of Company Affairs, Government of India, New Delhi. The accounts of the Subsidiary Company and its detailed information will be made available to the investors seeking such information at any point of time.