

67TH ANNUAL REPORT  
2008-2009



Adding Value...  
Enriching Lives

**Supreme**®  
People who know plastics best

THE SUPREME INDUSTRIES LIMITED

## **Adding Value** through sheer scale of operations

Processing over 1,70,000 tonnes of  
polymers every year,  
among the largest volumes in India.

Group turnover likely to cross  
Rs 50,000 million (US\$ 1 billion) by 2010.

The Supreme Industries Ltd  
poised to touch  
Rs 22,000 million by the same year.

Leading India's plastics industry from the front.  
Stimulating aspirations.  
Setting the pace. Spurring growth.



## **Adding Value** through diverse quality products

India's most comprehensive plastic  
products portfolio :

- Moulded furniture
- Cross laminated films
- Plastic piping systems
- Protective packaging products
- Material handling products
- Industrial moulded products
- Performance films

Each a leader in its category.

Each distinctly world class.

Meeting demanding customer requirements  
in a challenging business environment.

## **Adding Value** by research and innovation

Strong R&D and  
new product development.

Underground drainage systems, foil laminated  
furniture, injection moulded pallets,  
low density cross-linked polyethylene foam,  
multi-layer high barrier performance films,  
cross laminated films...

these are some of the many products pioneered  
in India by Supreme.

Products that unveiled new utility segments.

And changed the way India looked at plastics.

# Performance Highlights

(Rupees In Lacs)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Polymers Processed (MT)	67262	68413	83499	91913	100053	95439	118115	130547	139239	172746
Sales	56096.08	53487.76	67466.02	79241.62	90925.15	93150.04	113067.09	132963.00	149882.45	180900.03
Less: Excise Duty	8145.03	6960.63	8339.50	9904.92	11297.96	11740.33	14860.69	16796.94	18860.35	15707.16
Net Sales	47951.05	46527.13	59126.52	69336.70	79627.19	81409.71	98206.40	116166.06	131022.10	165192.87
Other Income	476.32	289.13	338.96	380.59	242.14	1003.30	466.61	666.76	893.91	904.53
Total Income	48427.37	46816.26	59465.48	69717.29	79869.33	82413.01	98673.01	116832.82	131916.01	166097.40
Operating Profit (PBITD + MISC.EXP/W/Off)	8032.27	7126.50	8795.02	8774.47	8908.42	9008.77	10193.24	13629.66	15272.04	24698.97
Interest	3805.26	4119.17	4234.08	3271.54	2560.43	2508.59	2696.04	3300.57	3897.92	5456.03
Gross Profit	4227.01	3007.33	4560.94	5502.93	6347.99	6500.18	7497.20	10329.09	11374.12	19242.94
Depreciation	2526.87	2570.60	3349.69	3647.87	4139.01	3929.84	4134.10	4024.59	3951.04	5251.74
Profit Before Tax & Exceptional Items	1700.14	436.73	1211.25	1855.06	2208.98	2570.34	3363.10	6304.50	7423.08	13991.20
Tax & Exceptional Items	117.00	160.64	94.00	353.75	110.09	205.00	-656.08	-1291.36	-2310.88	-4251.24
Profit after Tax	1583.14	276.09	1117.25	1501.31	2098.89	2365.34	4019.18	5013.14	5112.20	9739.96
Prior Years Adjustments	24.23	3.73	-2.45	-73.49	7.99	-0.85	-23.37	2.22	-1.37	-1.35
Net Profit	1607.37	279.82	1114.80	1427.82	2106.88	2364.49	3995.81	5015.36	5110.83	9738.61
Paid up Equity Capital	971.49	971.49	1001.23	1001.23	1339.08	1339.08	1381.08	2762.17	2762.17	2540.54
Reserves and Surplus*	12766.93	12730.58	12870.54	17069.45	18446.36	19409.84	18352.36	19576.27	22004.49	25990.94
Shareholders' Funds	13738.42	13702.07	13871.77	18070.68	19785.44	20748.92	19733.44	22338.44	24766.66	28531.48
Loans	21362.56	27655.27	24251.20	24099.87	20446.01	24653.54	23748.68	22831.83	30032.03	24874.07
Deferred Tax Liability (Net)	-	-	-	-	-	-	4283.20	4733.2	5228.09	6428.09
Capital Employed**	34658.18	41041.39	37843.43	42368.54	39659.68	45230.48	44516.59	41246.93	53185.49	50881.28
Net Fixed Assets***	23081.74	24793.30	29383.64	31178.11	28164.46	29759.72	32367.14	33356.68	46113.78	54024.26
Net Current Assets	5895.56	10554.68	5177.15	8312.48	8016.88	11992.43	8752.23	1385.72	1190.04	-6624.00
Earning Per Equity Share (Rs.)	16.55	2.88	11.13	14.26	15.73	17.66	28.93	18.16	18.50	38.33
Cash Earning Per Equity Share (Rs.)	41.09	29.30	44.52	38.48	46.60	47.01	59.04	32.72	32.81	59.01
Book Value (Rs.)	141.00	141.00	139.00	141.00	148.00	156.00	142.88	80.87	89.66	112.30
Dividend (%)	70.00	30.00	60.00	70.00	90.00	90.00	100.00	75.00	80.00	120.00
PBITD / Average Capital Employed	23.16	18.83	22.30	21.88	21.72	21.22	22.72	31.78	32.34	47.47
ROACE (%)	15.87	12.04	13.81	12.78	11.63	11.97	13.50	22.40	23.98	37.37
PBIT / Average Capital Employed										
ROANW (%) (PAT / Average Net Worth)	11.92	2.01	8.10	9.40	11.09	11.67	19.86	23.83	21.71	36.55
Debt : Equity (Long Term Debt / Total Net worth)	0.96	1.10	1.18	0.59	0.83	0.95	0.65	0.89	1.17	1.02
Debt: Equity (Total Debt / Total Net Worth)	1.55	2.02	1.75	1.33	1.03	1.19	1.20	1.02	1.21	0.87
Employee's Strength	1789	1676	1790	1939	1876	2113	2202	2349	3055	3245

\* excluding revaluation reserves & after reducing miscellaneous expenditure

\*\* excluding revaluation reserves, miscellaneous expenditure & capital work-in-progress

\*\*\* excluding revaluation reserves & Capital work in Progress & Assets held for disposal







Sri. M.P. Taparia, Managing Director, receiving "Life Time Achievement Award" at the hands of Sri Kumarmangalam Birla, bestowed on him by the Organisation of Plastic Processors of India (OPPI) during its Silver Jubilee Celebrations on 31st July, 2009.



Supreme at Plastindia Exhibition - 2009 at New Delhi.



## 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  
Axis Bank Ltd.  
BNP Paribas  
ICICI Bank Ltd.  
IDBI Bank Ltd.  
Standard Chartered Bank  
State Bank of India  
Vijaya Bank

## AUDITORS

M/s. Chhognal & 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](mailto:supremenpt@supreme.co.in)

## CORPORATE OFFICE

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](mailto: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)
19. Urse (Maharashtra)

## OFFICES

- |              |              |               |
|--------------|--------------|---------------|
| 1. Ahmedabad | 5. Hyderabad | 9. Mumbai     |
| 2. Bangalore | 6. Indore    | 10. New Delhi |
| 3. Chennai   | 7. Kanpur    | 11. Pune      |
| 4. Cochin    | 8. Kolkata   |               |

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## Notice

NOTICE is hereby given that the Sixty Seventh 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 Thursday the 10th September, 2009 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, 2009.
2. To declare dividend on Equity Shares for the Financial year ended 30th June, 2009.
3. To appoint a Director in place of Shri B. V. Bhargava, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. E. B. Desai, 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 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 S.J. Taparia, as Executive Director, for a further period of five years with effect from 15th June, 2010 to 14th June, 2015 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.3,35,000/- (Rupees Three Lakhs Thirty Five Thousand only) in the grade of Rs.3,35,000 - Rs.60,000 - Rs.6,35,000 per month, during his tenure of office (first increment falling due on 1st July, 2010).

#### (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 shall be 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."
- (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 Executive 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 Executive 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 and when there are more than one whole-time Director ten per cent for all of them together 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 Executive 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 Executive 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 Executive 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 Executive 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 Executive Director shall not as long as he continues to be Executive 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 No. 6 of the above Notice is annexed.

3. Register of Members and the Share transfer books of the Company will remain closed from Thursday, 3rd September, 2009 to Thursday, 10th September, 2009 (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 10th September, 2009. However, in respect of shares held in the electronic form, the dividend will be payable to the beneficial owners of shares as at the close of business on Wednesday, the 2nd September, 2009 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, 2002 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 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 : 20th July, 2009





## **EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956, REGARDING SPECIAL BUSINESS**

### **Item No. 6**

The existing term of the office of Shri S. J. Taparia, Executive Director, expires on 14th June, 2010. Shri S. J. Taparia is responsible for (1) all technical aspects of (i) operations, (ii) new product identification, development and introduction, and (iii) Plant, Machinery, Moulds and Equipments, including their selection, purchase, installation, running and maintenance, (2) marketing of industrial products and (3) to generally assist the Managing Director in day to day management and conduct of the business and affairs of the Company under the overall supervision, control and direction of the Board of Directors. Considering his association with the Company and resulting experience, it is desirable that the Company should continue to avail of his services for a further term of five years. Some of the relevant information as required by the Schedule is specifically set out in this Explanatory Statement. The other relevant information as required by the said Schedule is set out at one or the other place in the other documents forming part of the Annual Accounts which are being circulated to the members. Accordingly, subject to the approval of the members and such other approvals as may be necessary, the Board of Directors have proposed the re-appointment of Shri S. J. Taparia as Executive Director, for a further period of five years commencing from 15th June, 2010 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 envisaged growth in the activities of the Company and as compared to the remuneration presently being paid to persons in similar situations 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 just, fair and reasonable. The Resolution is accordingly commended for your approval.

The above may also be treated as an abstract of the terms of the appointment of Shri S.J. Taparia, as Executive Director, pursuant to Section 302 of the Companies Act, 1956.

Shri S.J. Taparia, is himself interested in the Resolution. Shri B.L. Taparia, Shri M. P. Taparia and Shri V. K. Taparia, Directors of the Company, being related to Shri S. J. Taparia, are also deemed to be interested in the Resolution. None of the other Directors are concerned and / or interested in the Resolution.

By order of the Board

**O.P. Roongta**

Sr. Vice-President (Finance) & Secretary

### **Registered Office**

612, Raheja Chambers,  
Nariman Point,  
Mumbai 400 021

Dated : 20th July, 2009





## Directors' Report

The Directors have great pleasure in presenting the 67th Annual Report together with the Audited Financial Statements for the financial year ended 30th June 2009.

### FINANCIAL RESULTS

	(Rs. in lacs)
	Current Year Rs.
	Previous Year Rs.
<b>Total Income (net)</b>	<b>166096.60</b>
<b>Profit before interest, depreciation and tax</b>	<b>24698.97</b>
Interest and financial charges	3897.92
Depreciation, Amortization and Impairment	3951.04
<b>Profit before Tax and Exceptional Income</b>	<b>7423.08</b>
Exceptional Income	4.63
<b>Profit Before Tax</b>	<b>7427.71</b>
Provision for Current Tax	1764.00
Deferred Tax	545.00
Fringe Benefit Tax	120.00
Excess provision of earlier years w/back	112.12
<b>Net Profit available for Appropriation</b>	<b>5110.83</b>
<b>Appropriation:</b>	
Interim Dividend	966.76
Proposed (final) Dividend	1242.98
Tax on Dividend	375.54
Transferred to General Reserve	2525.55
	<b>5110.83</b>

Exceptional Income (net) of Rs. 622.76 Lacs during the year consists of profit accrued on sale of land, Building and other assets held by the company at its erstwhile unit I at Pondicherry.

Company has recognized an impairment loss of Rs. 318.33 Lacs being estimated deficiency in Net recoverable amount of certain assets at Urse as compared to their Carrying amount as on Balance Sheet date.

### DIVIDEND

The Directors have recommended payment of dividend for the year ended 30th June, 2009, as under

	Rs.
(i) Dividend on 25405374 Equity Shares of Rs. 10 each @ 120% i.e. Rs. 12/- per share (Previous year on 27621674 Equity Shares of Rs. 10/- each @ 80% i.e. Rs. 8/- per share)	30,48,64,488
(ii) Corporate Dividend Tax as applicable	5,18,11,720
	<b>35,66,76,208</b>



## PROPERTY DEVELOPMENT

Presently the R.C.C. work of the Commercial Complex at Corporate Site is completed and the finishing work is in progress. All the services and utilities are under installation.

The Commercial Complex is expected to be ready for occupation by Oct. 2009.

The above project has been conceptualized and developed under the guidance of R. Raheja properties, one of the most reputed developers. The entire Commercial Complex has been constructed using energy efficient building material which will have tremendous benefits, prominent being conservation of energy and water thereby reducing the power costs and water costs throughout the whole life of the building. The LEED Gold Rating - Green Building named as "Supreme Chambers" will have many energy efficient features.

Supreme Chambers' will be an architectural marvel built in line with international standards to suit luxury of Corporate leaders presenting them with a vision of sheer grandeur. Its grand entrance lobby will make a lasting impression on every visitor. The 10 storied swanky Corporate Park with cutting edge technology, state of the art amenities, aesthetically pleasing landscape area and enriched by innovations "Supreme Chambers" will be a unique Master piece and the distinctive landmark of the perfect business centre. It will have 2 levels of car parking for over 400 cars with provisions for stacked parking.

Capital Expenditure on the project till 30th June, 2009, is Rs. 77.21 crores and the total cost of the project is likely to be around Rs. 115 crores.

## BUY-BACK OF EQUITY SHARES

The Company successfully completed on 9th February, 2009, its programme of buy-back of Equity Shares under SEBI (Buy - Back of Securities) Regulations, 1998. Company had bought back 22,16,300 nos. of Equity Shares of Rs.10/- each (F.V.) at an average price of Rs.110.86 per share for an aggregate amount of Rs. 24.57 crores. All the shares so bought back have been extinguished and Paid up Share Capital of the Company stands reduced to that extent.

## MANAGEMENT DISCUSSIONS AND ANALYSIS

The management's Discussions 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. 2,849.06 lakhs to Rs. 3,415.29 lakhs. Out of deposits which matured during the year, 279 deposits amounting to Rs. 59.18 lacs remained unclaimed as on 30th June, 2009 of which Rs. 17.20 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, 2009 and of the Profit and Loss Account for the year ended June 30, 2009;
- 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) jointly promoted by your company and R. Raheja Group completed the amalgamation of its Chennai based subsidiary SPL Polymers Limited with itself. SPL therefore has added Expandable Polystyrene (EPS) plastics raw material to its product portfolio and is in the process of expanding the EPS capacity at Chennai to 27000 TPA. SPL also completed the expansion of its compounded plastics capacity to 25000 TPA from 15000 TPA during the year. Its plant to produce 5000 TPA of extruded Polystyrene Foam Sheet is mechanically complete.

SPL, during the year, signed an MOU with NOVA Chemicals inc., U.S.A. for licensing technology for Cup Grade EPS Beads. SPL has thus joined a very select group of entities having access to this very restricted technology. The MOU also envisages product off take by Nova for a certain number of years and allows SPL to export the product to certain markets in addition to sales within India. The technical discussions are under progress. Barring unforeseen circumstances, the plant with an annual capacity of 20,400 tons is expected to be commissioned by the first quarter of 2011.

## 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 zone, UAE by investing a sum of AED 150,000 (equivalent to Rs. 18.88 lacs) Due to recessionary trend across the globe, this company could not achieve desired / targeted growth, hence incurred a cash loss of AED 103157 during the year.

The company has successfully got the approval of uPVC and HDPE pipes and fittings by Australian Consultant for ongoing American Red Cross Society's Tsunami Rehabilitation Project in Maldives. It has also been able to enlarge its market base and bagged orders from many new customers during the year.

In terms of Section 212 of the Companies Act, 1956, ("the Act") the accounts together with the Report of Directors and Auditors Report of your Company's subsidiary, forms a part of this report.

In line with the provisions of the Accounting Standards prescribed by the Institute of Chartered Accountants of India and the provisions of the Listing Agreement with the stock exchange(s), the duly audited Consolidated Financial Statement has been prepared after considering the financial statements of your Company's subsidiary.

## DIRECTORS

Shri B. V. Bhargava and Shri E. B. Desai, 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: 20th July, 2009



## Annexure to 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.

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

#### (ii) Technology Absorption

- (a) The Company has expanded the scope of knowhow from M/s. Wavin Overseas B.V., Netherlands. Apart from UPVC pipes and fittings, company has 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.
- (b) The Company has also taken knowhow for manufacture of Cross Laminated Films & products from Ole-Bendt Rasmussen, Switzerland and the technology is fully absorbed.
- (c) 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	:	6863.49
Foreign Exchange Used	:	50250.66

For and on behalf of the Board of Directors

**B. L. Taparia**  
Chairman

Place: Mumbai  
Date: 20th July, 2009.





## 1. OVERVIEW

Indian economy has shown lower GDP growth trend in 2008-09 compared to the preceding years due to weak economy of developed countries. However, Government of India took several proactive measures to stimulate the Indian economy. Government has announced stimulus packages to keep the economy on higher growth path and thus enabled the Indian GDP to grow by around 6.7% in 2008-09. Further stimulus continued in Government of India Budget for the year 2009-10, with an aim to boost the GDP to grow more than 7%.

Government of India has reduced the Excise duty in two stages from 14% to 8%. This has given fillip to the manufacturing sector and a boost to your Company's business also. In spite of the Company reporting de-growth in the first quarter of 08-09, with the boost to the rural economy which reflected increased demand from Tier II and Tier III towns along with lower prices of raw materials and reduction in excise duty enabled the Company to clock a volume growth of 28.82% in full year, in spite of degrowth in the first quarter.

All the product segments reported good performance and have contributed in a positive way during the year.

## 2. INDUSTRY STRUCTURE AND DEVELOPMENT

Due to wild fluctuations in the plastics raw material prices, the consumption of plastics raw material during the year April 08 March 09, has shown a slower growth of around 7% in the country's economy. For the current year, due to lower raw material prices and continuance of moderate excise duties, the consumption may grow at a faster pace. For several applications plastics still remain a choice in comparison with products made from conventional materials.

The reduction in the raw material costs has reduced our working capital requirements. This has enabled the Company to reduce its borrowing in the year 08-09. As the raw material situation is expected to remain comfortable, the Company's borrowings will go down still further in the current year.

Government has announced firm commitment to introduce Goods & Services Tax (GST) with effect from 1.4.2010. It will necessarily require withdrawal of Central Sales Tax and Octroi duty. This measure should invigorate country's economy and give further boost to your Company's business.

GST rates are still not known. Considering the lower per capita income of our country, the Company expects a moderate rate of GST on plastics goods when the rates are finally announced.

National Policy on Petrochemicals adopted by Cabinet in 2007, recommended moderate level of indirect taxes on plastics. The moderate rate can boost consumption of plastics in the economy which may result in considerable benefit to the Society.

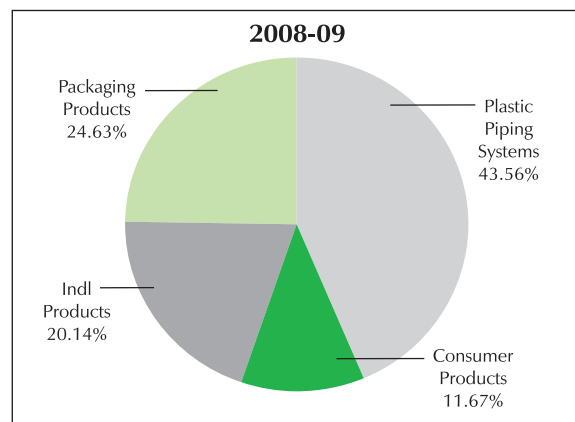
It is a requirement to provide potable water to several areas of the country, as also improve sanitation and develop housing construction at low cost. Plastics play a key role in all these segments, which can improve the quality of life of a majority of the country's population. Your Company is a prominent supplier of piping system to provide solutions in all these segments.

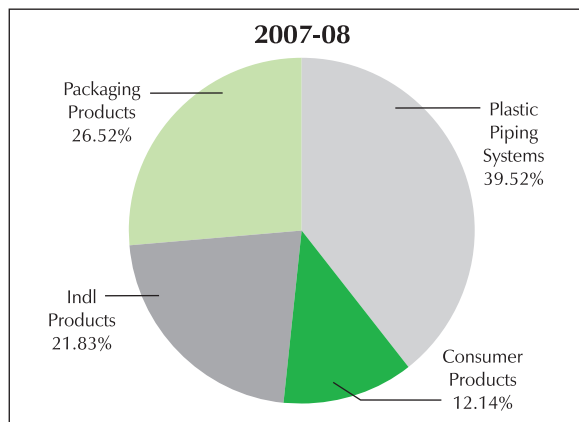
## 3. PRODUCT GROUPS

The product groups of the Company have been recast as follows:

Group	Products
Plastics Piping System	uPVC Pipes, Injection Moulded fittings and handmade fittings, Polypropylene Random Co-polymer pipes and fittings, HDPE Pipe Systems, CPVC Pipes Systems, LLDPE Tube and Inspection Chambers
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 (including other income) of the Company under review was Rs 1660.97 Crores (including Rs 94.33 Crores by way of trading in other related products) as against Rs. 1319.16 crores (including Rs. 97.15 crores by way of trading in other related products) of the previous year.

The Company has processed 1,71,364 tons of Polymers as against 1,33,026 tons of Polymers (excluding discontinued businesses) in the previous year, reflecting a growth of 28.82% in Polymer consumption.

The Company exported goods worth US \$ 15.01 million as against US \$ 16.83 million (excluding discontinued businesses) in the previous year registering a de-growth of 10.81%.

Profit before interest, depreciation and exceptional items and taxes during the year under review have gone up by 61.73% from Rs. 152.72 crores to Rs. 246.99 crores during the year.

#### **4. COMPANY'S STRENGTH AND GROWTH DRIVERS**

##### **4.1 Manufacturing sites**

The Company has 19 manufacturing sites spread throughout 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 product segment to meet demanding specifications from its end users. The Company intends to increase the proportion of such business in each product segment year after year.

## **5. OPERATIONAL PERFORMANCE**

### **5.1 PLASTIC PIPING SYSTEMS**

From 1st July 2008, which is commencement of our New Financial Year 2008-2009, onwards the polymer prices reached a peak, probably the highest ever in the history of polymer Industries in India. As a result, there was a lot of resistance from the consumers to buy plastics products at such unaffordable prices. There was obvious slump in demand and recessionary trends could be seen round the corner.

Sudden drop in oil prices and global melt down situation forced raw material suppliers to reduce the prices all over the World. The prices started falling in India from 13th August'08 and within a span of 10 weeks the raw material prices reached a level of between 40% to 60% of its peak level of 1st July'08. Such a vertical drop in raw material prices week after week forced the buyers to stay away from the market and plastics producers were left with heavy inventory losses. Most of the trading community were busy in clearing their stocks and therefore, for four months from July'08 to October'08, the overall business sentiment was quite low.

When the raw material prices reached its bottom, the picture suddenly started changing. Buyers returned to the market with new enthusiasm as the prices were unbelievably low, comparable to the prices prevailing about 5 years ago.

High yield of Kharif crops coupled with high supportive prices announced by the Government for Agricultural produce brought much cheer to the farming community. The farm loan waivers were announced by the Government in the Union Budget - 2008 and its implementation around September/October'08 was like an icing on the cake. The farmers were in a jubilant mood with ready cash in hand. The lowest ever prices of Plastic Pipes encouraged them to purchase the stocks ahead of season. The Company saw great spurt in demand from the farming community even in lean demand months.

The Union Government announced various stimulants to boost the falling economy in the beginning of December'08. The reduction in Excise Duty by 4% and another drop of 2% in the month of February'09 made plastics products still cheaper and more affordable compared to that of the pipes made from conventional and recycled materials.

The Government of India also announced several measures to boost the real estate sector. The easy disbursal of Housing loans and substantial drop in interest rates revived demand in Building Industry. This helped in improving the demand for various plastics piping products made by your Company which are utilized in Housing sectors.



Although the raw material prices started to climb up, the effect of rise in raw material prices was partially neutralized by reduced excise duty. The demand in Plastics Pipes consequently remained steady during the period November'08 to February'09.

March to June are normally peak season months for piping products. The Company experienced better situation in India while most of the developed countries were witnessing recession. The initial inventory losses made by your Company during the first half were more than recovered in the second half.

The continuous spurt in demand made the raw material situation tight especially for PVC resins. The local suppliers were not able to meet the demand and as a result, the industry had to heavily rely on imports. The recession in major developed markets helped the industry getting sufficient raw materials during the period November to May. Subsequently the markets started climbing up due to de-stocking by the suppliers from developed countries and the effect of tight supply will be felt more in the coming year. The prices in International market have hovered around US\$ 960 pmt. The Company expects the market to return to the volatile situation. The Company has to keep watching as the local producers can meet only 68% of industry requirement.

Due to recessionary trends in the International market, the Company saw demand falling for our products in Export market. However, the local growth in demand enabled the Company to grow around 45% on volume basis during the year under review. The Company supplied nearly 97.23 million mtrs of pipes and 72.79 million pcs of fittings.

The PPRC piping products registered a steady growth of 16%. The Company has now launched PPR pipes with multilayer concept and 100% UV stabilized with the same colour. The product is very well received by the market. The Company has also applied for BIS certification. The Company expects to receive ISI mark soon for its PPRC products. This will help us in meeting the growing demand of Government sectors.

Last year the Company saw its CPVC products gaining acceptance from market to market in India. There was increase in the sales month after month.

Presently, the Company supplies CPVC piping system for plumbing applications only. The Company intends to expand the range of CPVC system for other industrial applications in near future. Compared to GI pipes, these plastics pipe systems are lower in cost and are having longer life due to its superior properties. The Company, therefore, anticipates multifold growth in this plastic pipe system.

From the market feed back, the Company foresees a need for further superior variety of plastics piping for plumbing.

The Company intends to introduce plumbing system from an expensive plastics material than the current PPRC and CPVC system during the current year. This may serve the need of niche market which is looking for further superior variety in plumbing system.

The HD Polyethylene pipes have received approvals from various Government agencies. Cable Duct pipes are also accepted by the Telecom Authorities. These pipes are well established for use in water supply, Irrigation and Bore Well applications. The Company will launch HDPE pipes for SPRINKLER applications in July/Sep 09 quarter.

At present, your Company supplies HDPE pipes of 20mm dia to 400mm dia with a pressure rating ranging between 2.5 kg to 16 kg. After obtaining BIS certificate for certain products in the existing range, the Company intends to move towards manufacturing further larger dia HDPE pipes.

The Company is also about to launch lateral pipes of smaller dia made from Linear Low Density Polythene (LLDPE) in the current year to meet the quality needs of farmers.

All the varieties of Inspection Chambers alongwith Ecodrain pipes are now used in Underground Drainage system. The conceptual stage of selling is over. The Company expects these sales to grow many folds very soon.

The Company has also developed 1000 mm dia Inspection Chamber / Manhole which is under final stage of testing. The Company expects to launch this product immediately after the monsoon is over.

The Finance Minister in his 2009-10 Union Budget announced plan outlay of Rs 3,973 crores to construct more than 500,000 houses to make India slum free. Your Company enjoys the reputation of supplying complete piping system solutions under one roof for housing and is expected to reap rich benefits from the scheme.

The budget for the year 2009-2010 also announced that the outlay for Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for improving infrastructure in 63 urban cities has been stepped up by 87% i.e. to Rs. 12887 crores. The Government has further announced its intention to spend Rs. 100,000 crores over a period of 7 years to improve the infrastructure in these 63 urban cities. A large portion of this amount will be spent on improving the drinking water supply and sanitation facilities. Plastics pipes are increasingly used in these applications in urban areas. The Company anticipates further boost in its business by this Government initiative from this year onwards. 2009-10 budget also provides several measures to boost the rural economy further. This should give fillip to the plastics piping business as the same will be used for sanitation and drinking water supply.

The Company supplies system to provide complete solutions for drinking water supply, plumbing, sanitation,



rain water harvesting etc. At present, your Company supplies 17 systems with solutions for the required applications and intends to add further more systems in the coming years.

The turnover of the specialty products declined from 13.9% last year to 12.76% this year. This was due to the lull in realty sector and spurt in demand of Pipes System in Agriculture and Infrastructure sector. Thus the overall volume was comparably quite high leading to steep fall in percentage of specialties.

The realty sector shows signs of revival in the current year. Along with introduction of new specialty products, the Company anticipates an increase in the specialty product business percentage in the year 2009-10 from previous year level. The Company's focus continues to increase the ratio of specialty products to 18% of the turnover as early as possible.

Due to the recessionary trend prevalent in most parts of the world, the export of plastics pipe system has gone down from US\$ 5.78 million in the year 2007-08 to US\$ 4.11 Million in the year 2008-09. The number of countries the Company could export has also gone down from 21 to 19. The economy of some of the country's are now showing signs of revival. The Company expects that in the year 2009-10, it may be able to export its products to Six new countries and increase the export from US\$ 4.11 Million to around US\$ 6 Million

All the 4 units (Jalgaon - I, Jalgaon -II, Gadegaon & Kanpur) of the Company producing piping products have shown capacity utilization of over 90% during the year.

## 5.2 CONSUMER PRODUCTS FURNITURE

Turnover of Furniture Business grew over 18% in value terms. The same has gone up from Rs.147 Crores to Rs.176 Crores. The Company has decided to restart the Furniture manufacturing activity at Guwahati (Assam) and is developing moulds of exclusive models to cater to local demand. Hence the Company will now have its furniture manufacturing activity at 4 locations viz: Pondicherry (UT), Durgapur (West Bengal), Lalru (Punjab) and Guwahati (Assam). There was a steep decrease of almost 50% in raw material prices during first half of the financial year. The reduction was more than Rs. 45/- per Kg. Over and above the drop in raw material prices the excise duty was also reduced from 14% to 8% during the year under review. Both these factors reduced the price gap between quality brands like ours and local brands using reprocessed material. The customers now prefer our brand and business grew by more than 15% in volume.

The Company is focusing to broaden the range of value added furniture products, which helps to build the superior

brand image of Company's products for its durability and aesthetics. The Company launched first time in the country a Designer Chair having inbuilt metal legs for stability, gas moulded plastic seat for strength and transparent back for aesthetic beauty. Your Company is the only supplier of Painted Upholstered Plastics Chairs in India. The share of such products sale could be achieved as planned.

The Company plans to further increase the Specialty Item Range by launching new products. The specialty item sale was 22% in value, during the year under review. The Company intends to increase share of specialty products by another 3% in value during next 12 months.

The Company has 168 Exclusive Franchise Show Rooms on All-India basis displaying entire range of Supreme Furniture to the customer in a nice ambience. The Company's furniture products enjoy good acceptance in the market for its quality, design, color and range. "Supreme" brand is perceived as a premium brand in the country in plastics Furniture. The Company also plans to explore the addition of certain related items for trading through existing channel partners.

## MATS

Performance of Mat division was satisfactory. Business grew by 15.75%. Exports which is the main stay of this business, grew by 20%. Helped by the depreciating rupee operating margin showed a healthy growth over the previous year. We expect similar performance this year.

## 5.3 INDUSTRIAL PRODUCTS

During the year, auto sector was severely affected due to global recession and financial melt down. In spite of drop in Company's business with auto sector, this Division achieved a growth of over 10% in value terms and 3% in volume terms. The Company also increased business in Appliances and Entertainment Electronics sectors. Both these sectors are doing well and your Company expects good growth in these business in the current year. Auto sector business also is showing signs of improvement. Over all the Company expects reasonable increase in its business in the year 09-10.

Prestigious Global Truck of Tata Motors was unveiled in June end. Production for this in a small way is to commence from August 09. However the volume growth for this will take some time as per the present available indications. In view of this, Company will start its Jamshedpur plant at the appropriate time.

The Company modernized Durgapur plant to stream line its operations for automotive parts. The plant became operational from February 2009. During the year, Durgapur Unit got certified for TS 16949. In line with the Company's policy to implement Quality Management System (QMS) and Environmental Management System (EMS) together





with emphasize on Safety, Health and Hygiene, steps have been taken to implement the systems at all locations. In line with this, Noida plant also has been certified for ISO 14001 during the year.

During the year the Company took various steps to improve quality ratings with the customers. In terms of quality, the Company achieved better norms set by the customers. During the year Khushkhera unit received various recognitions in relation to its performance in addressing the problems through Quality Circles and its performance in Product Quality.

The Company is continuously working on the cost reduction by way of removing non value added activities, better inventory management and energy saving. Energy being our major cost, the Company has taken quite a few steps to reduce energy cost resulting in substantial benefit to the Company in the present year. Company expects to achieve more success on energy saving during the current year.

Steam moulding which was introduced by the Company in the previous year has been fully stabilized during this year. This business has also increased and the Company expects much better volumes in the current year. The Company has equipped itself with Vibration Welding to manufacture Auxiliary Water Tanks for the automotive industry to result in good volume growth in this product as well.

At its design and technology centre, the Company successfully completed some projects for auto as well as appliances.

In the current year the Company expects to do value engineering on some of its existing products which may result in cost saving to our valued customers.

During the year the Company added new customers and efforts are on to increase its customer base with introduction of new products to improve the Company's performance in the current year.

#### **MATERIAL HANDLING PRODUCTS**

The Company achieved a growth of 31% in value terms and 39% in volume terms during the last year for material handling business inspite of slow down of the Company's business with retail chains and auto part makers. Both these sectors were severely affected due to general recession. However the business of soft drink industry which was negligible in the previous two years has shown signs of revival. The Company has achieved reasonable growth in this segment during the year and is hopeful of improved business of soft drink crates in the ensuing year.

The Company introduced 16 new moulds of crates for varying applications during the year and placed at different manufacturing locations.

Production from the Company's modern site at Gadegaon was fully operational during the year. Ours is the only Company giving varieties of crates from six manufacturing sites spread across the country to cater to all Indian market. None of the competitors has so many of their own production facilities. This helps the Company in servicing its customers in least lead time at economical cost.

The Company has fabrication facility to cater to tailor made needs of the customers not only in the manufacturing locations but also in other places. These are value added products for your Company. The value added product business was 20% of the total turnover in value terms. We expect this to increase to 25% in the next 12 months.

The Company is planning to launch new models of crates and the orders for necessary moulds have been placed.

Your Company has added many new products from it's roto-moulding Division at Gadegaon. The Company is also planning to add more products in the current year. The Company expects to do much better business in this year.

Your Company is the first Company to launch injection moulded pallets in India. During the year, major break through was achieved by the Company for storing grains on plastic pallets replacing wooden pallets. The Company expects to achieve substantial growth for this application in the next year. Your Company now has a broad range of pallet models produced locally. The Company also imports pallets to cater to specific needs for variety of applications.

### **5.4 PACKAGING PRODUCTS**

#### **PACKAGING FILMS**

The performance of Films Division ended the year with a total business of 4569 tonnes. Overall volume growth was 11%. However, direct business grew by 23%. Business of specialty films (5 & 7 layer) grew by 21%. The dependence on conversion has been further reduced by 28%. New applications and products were developed during this year, some of them for the first time in the country. This includes thermoformable films for packaging of meat and marine products.

Several efforts have been made to improve manufacturing parameters. Power consumption has gone down from 0.95 units per kg to 0.89 units per kg and expected to reach 0.85 units per kg this year.

Being an insignificant player in this business, the Company continues with its plan of divesting the business to the right Company at the right price.

#### **PROTECTIVE PACKAGING PRODUCTS**

The Year 2008/09 was a year of turmoil for many customers of PPD. Export based companies IT companies, Automobile companies, Exporters and Construction companies ( all of



which contribute significantly to the business), reduced their off takes dramatically resulting in volume degrowth of 5%. However, the gross value growth was 1% despite reduction of Excise duty from 14.42% to 8.24%. This marginal turnover growth and improved profitability can be attributed to the following :

1. New business and product developments {part of our ongoing process}
2. Import of specialty product {not manufactured by us} and adding to our product offerings for various applications
3. Focus on increasing the sale of value added products which grew by over 20% to 1625 tonnes and is expected to further grow by over 40% in the coming year. This will take the sale of value added products from 20% to 25% of turnover.

Extruded XLPE Plant was commissioned in Malanpur last year. The product was primarily for under-deck and ducting insulation and is also used for piping insulation. The business of this product increased by 23%. More and more approvals from Consultants have been coming in view of the effort put in by our marketing team. This will result in growth of over 50% in this segment of business. This product is now being used for other applications as well and the response so far is encouraging. We believe that these applications will further help capacity utilization. We expect to reach optimum utilization of capacity during this year.

The Division has recently launched for the first time in India, a Polymer based water proofing membrane. This does not contain any bitumen as in most other water proofing membrane. The response to this product has been very encouraging and we expect to start getting project approvals very soon.

Our Air bubble based under-deck insulation product popularly known as "insureflector" is now catching the eyes of the Consultants and Architects. The excess capacity of bubble will be better utilized in the coming years with growth in this application. As we have bubble plants in 3 locations, we are better equipped than our competitors to service all markets effectively.

The production of low density crosslink foam block which started in the year 2007-08 with Japanese technology initially was not well accepted in the market. By continuous improvement in the product and application development, the business is now growing especially for sports application of export market. We feel that there should be a volume growth of over 30% in the year. We expect the full capacity utilization by 2010/11.

Many international companies such as Dell, HP & Lenovo have specified extruded EPE boards (as buffers) as their

preferred packaging material. The PPD has successfully developed an alternate laminated EPE board for the packaging applications of computer products and servers meeting all critical parameters. This has found acceptance and has been approved by the Global approval centers of these companies. This will prevent import of these materials saving foreign exchange for the country, besides enhancing the Company's reputation to be a cost effective solution provider.

Our Hosur unit has received NABL accreditation for their QA lab which is the first in India for testing PE foam.

The Division is continuously focused on environment. Some of the products are already certified for ROHS & REACH compliance & this year more products will be listed in this category. The Division has also initiated steps to develop more products with higher use of wastage of crosslink foam, which is otherwise non-recyclable. Several products for various applications have been developed, thereby consuming more than 50% of non-recyclable product. Further efforts are being made to take this to 75%.

In the field of energy conservation the Division is taking effective steps to reduce energy consumption. This is an ongoing process leading to saving of this invaluable resource, besides cost. Steps taken in Hosur, has resulted in further drop in the power consumption from .75 units per kg to .70 units per kg and we expect to reach .65 units per kg this year. Actions have been initiated at Malanpur resulting in fuel consumption saving of 60,000 litres. Further, steps have been taken to reduce the power consumption from over 1.0 units per kg to .94 units per kg in the coming year. The Urse unit is likely to start by Sept 2009. The overall business growth during the current year is expected to be over 20% from Rs. 147 crores to over Rs. 176 crores

### **CROSS LAMINATED FILM**

Cross Laminated Film is used for making Tarpaulins, bags, rainwater harvesting systems, fumigation covers & for varieties of agricultural applications.

Business for Cross Laminated film & products grew by 14% in volume terms & by 26% in value terms. The Company sold 10174 tons of products against 8948 tons during the previous year. The Company has successfully implemented the expansion program in phases during the year. The increased installed capacity of 17000 tons has become fully operational from June 2009. The Company also purchased a plot of land admeasuring 3280Sq. mtrs; along with structure adjacent to the plant at Halol. This structure after some modifications will be used for building additional fabrication capacity to match the increased installed capacity. With additional fabrication capacity available at Halol, the Company has decided to close down the fabrication site at Pondicherry.



The global economic crisis of unprecedented magnitude has had an adverse impact on the exports of Cross Laminated film products, which has gone down to 1281 tons from 1392 tons in the previous year. However, with increased capacity in place & some international market in recovery mode & introduction of these products in newer foreign markets, the Company expects substantial volume growth in exports. The overall business of the Division is likely to grow by 35% in the coming year.

The Company's collaborators are in the advanced stage of developing Cross Plastic film, which has superior properties & wide newer applications. As per the agreement entered into by the Company, the Company enjoys an exclusive right to produce the same in India & SAARC Countries & export to all countries in the world except Portugal, Spain & Switzerland. The collaborator has also agreed to part finance the Cross Plastic Project bearing cost to the extent of US\$ 420000. As per the agreement the Company will be entitled to 25% share in the licence income of the Collaborator from the present and future licence & option agreement including the agreement with the Company until the repayment of US\$ 420000 with compound interest of 12% . Thereafter the Company will get 10% share in licence income upto 31st December 2019.

## 6. OVERALL GROWTH PROSPECTS

In the last three years, your Company has made a capital expenditure in excess of Rs. 400 crores in all product segments.

With the investment made in the previous three years, coupled with the likely GDP growth of more than 7%, the Company expects volume growth of about 20% in the current year.

## 7. PLASTICS RAW MATERIAL

The year 2008-09 witnessed a sharp volatility in Polymer prices. This was in line with the steep fluctuations in the crude prices during the year. Same can be discerned from the data given under:

We are giving below the major plastics raw material prices used by the Company and their prices as on 1.7.2008, lowest price and prices as on 30th June 2009.

Price (Rs.)/ton

Price	PPHP	PVC pipe grade	LLDPE	HMHDPE
Price as on 1/7/2008	94900	63500	87660	89250
Lowest price	37400	34000	46660	41750
Price as on 30/6/2009	60900	47000	69160	69350

This steep fall in prices affected Company's working during

the first half of operations. However, the Company regained ground in the second half of 2008-09.

World economy had overall degrowth in the year 2008 and expect to have marginal growth in the year 2009. Economy in the developed countries is still going through a rough patch. Forecasts are negative and are indicating de-growth for developed economies in 2009 also.

Several new capacities of polymers were slated to start in the second quarter of 2009 in the Middle East areas. These capacities were all delayed for commissioning. However, it is expected that these capacities will be in operation by last quarter of 2009.

Certain Capacities to make Polymers are mothballed in USA and Europe due to their poor economies. However, overall there will be build up of PP and PE capacities and they will be available for the year 2010. The Company thus anticipates adequate availability of most of its raw material needs at affordable cost.

\$/Re parity has also seen wild swings during the year. Starting middle of May 09, Re has slightly become stronger. Your Company now keeps most of the foreign exchange exposure fully hedged.

## 8. FINANCE

The Company's working capital facilities with the Consortium of banks have increased during the year from Rs. 270 crores to Rs. 353 crores. The utilization of the working capital facilities was at a low level as the Company had resorted to Buyer's Credits for financing its imports of raw materials. Besides, the Company also placed CPs at considerably lower interest rates during the year. 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. The Company has also availed during the year a term loan of Rs. 50 crores from the State Bank of India.

The interest cost for the year is on higher side in absolute terms, since the interest rates were generally high and larger funds were deployed for the major period of the year. The outstanding interest bearing liabilities, as on 30th June 2009, bear average interest rate of 9.41% p.a.

The Company has incurred capital expenditure of Rs. 160.41 crores (including Rs. 33.02 crores for construction of Commercial Complex at Andheri (W), Mumbai) during the year. The Company deployed Rs. 24.57 crores towards Buy-back of 22,16,300 nos. of Equity Shares of the Company during the year.

The Long Term Debt to Equity Ratio has improved to 1.02 as compared to 1.17 at the end of the previous year. The Company's Cash Flow position shall very much strengthen



on sale of the Commercial Complex building at Andheri, Mumbai, and the gearing shall substantially improve.

CRISIL has assigned A+/Stable Rating to Working Capital Borrowings for aggregate Fund Based and Non Fund Based facilities and certain Term Loans, which indicates adequate safety with regard to timely payment of interest and principal. In respect of the Short Term Debt Programme of upto Rs.125 crores, 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.

## 9. 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, remedial measures are being taken including review and increase in the scope of coverage, if necessary. The Audit Committee of Directors, in its periodical meetings, review the adequacy of internal control systems and procedures and suggest areas of improvements. The Company has undertaken a detailed exercise to revisit its control systems in technical and other non financial areas to align them properly with Management Information Systems (MIS) to make MIS more efficient and result oriented. Information technology base

created by the Company over the period is providing a very useful helping hand in the process. Needless to mention, that ensuring maintenance of proper accounting records, safeguarding assets against loss and misappropriation, compliance of applicable laws, rules and regulations and providing reasonable assurance against fraud and errors will continue to remain central point of the entire control systems.

## 10. 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 and such other factors within the country and the international economic and financial developments.





## 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, 2009 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 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	1	4	–	2
Shri H. S. Parikh	Independent / Non-Executive Director	3	–	5	6
Shri B. V. Bhargava	Independent / Non-Executive Director	10	–	6	7
Shri N. N. Khandwala	Independent / Non-Executive Director	–	–	1	1
Shri E. B. Desai	Independent / Non-Executive Director	8	2	6	4
Shri Y. P. Trivedi	Independent / Non-Executive Director	9	4	5	9

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

(ii) During the Financial Year 2008 - 2009 the Board met on Six occasions i.e. on 4th August, 2008, 14th October 2008, 31st October, 2008, 26th November, 2008, 14th January, 2009, & 15th April, 2009.

*Attendance of Directors at the Board Meetings held during 2008-09 and the last Annual General Meeting held on 14th October, 2008*

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	6	6	Yes
Shri M. P. Taparia	Promoter / Managing Director	6	6	Yes
Shri S. J. Taparia	Promoter / Executive Director	6	6	Yes
Shri V. K. Taparia	Promoter / Executive Director	6	5	Yes



Directors	Category	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the last AGM
Shri S. R. Taparia	Independent / Non-Executive Director	6	5	Yes
Shri H. S. Parikh	Independent / Non-Executive Director	6	6	Yes
Shri B. V. Bhargava	Independent / Non-Executive Director	6	6	Yes
Shri N. N. Khandwala	Independent / Non-Executive Director	6	6	Yes
Shri E. B. Desai	Independent / Non-Executive Director	6	5	Yes
Shri Y. P. Trivedi	Independent / Non-Executive Director	6	6	No

## 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 2008 - 2009

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	2	2
Shri S. R. Taparia	Independent	2	2

During the year, the company received 24 complaints / correspondence from Shareholders regarding non-receipt of Share Certificates / issuance of Duplicate Share Certificates / Dividend Warrants etc. all of which have been duly resolved in time.



## 5. (A) Remuneration paid to Directors during 2008 - 2009:

Sr. No.	Names	Category	Sitting Fees	Salary & Perquisites	Commission	Total
1	Shri B. L. Taparia	Promoter / Non Executive Chairman	60000	0	0	60000
2	Shri M. P. Taparia	Promoter / Executive Director	0	4823440	14563724	19387164
3	Shri S. J. Taparia	Promoter / Executive Director	0	4786794	14563724	19350518
4	Shri V. K. Taparia	Promoter / Executive Director	0	3951249	14563724	18514973
5	Shri S. R. Taparia	Independent / Non-Executive Director	110000	0	0	110000
6	Shri H. S. Parikh	Independent / Non-Executive Director	110000	0	0	110000
7	Shri B. V. Bhargava	Independent / Non-Executive Director	70000	0	0	70000
8	Shri N. N. Khandwala	Independent / Non-Executive Director	130000	0	0	130000
9	Shri E. B. Desai	Independent / Non-Executive Director	50000	0	0	50000
10	Shri. Y. P. Trivedi	Independent / Non-Executive Director	60000	0	0	60000
	Total		590000	13561483	43691172	57842655

## (B) EQUITY SHAREHOLDING OF THE NON-EXECUTIVE DIRECTORS IN THE COMPANY AS ON 30th JUNE, 2009:

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	23382
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 :

- They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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.
- 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.
- 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 20th July, 2009.

## 7. GENERAL BODY MEETINGS

### **Location and time of last Three AGMs held:**

Year	Location	Date	Time
2006 - 64th AGM	Walchand Hirachand Hall, I.M.C., Near Churchgate Station, Mumbai - 400 020	05th October, 2006	4.00 p.m.
2007 - 65th AGM	Walchand Hirachand Hall, I.M.C., Near Churchgate Station, Mumbai - 400 020	10th October, 2007	4.00 p.m.
2008 - 66th AGM	Walchand Hirachand Hall, I.M.C., Near Churchgate Station, Mumbai - 400 020	14th October, 2008	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 results 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 2008-09, there was no change in the composition of the Board of the Company.*

*Particulars of Directors as required under clause 49 IV(G), of the listing Agreement, seeking re-appointment are given here in below:*

Name of the Directors	Mr. B. V. Bhargava	Mr. E. B. Desai	Mr. S. J. Taparia
Date of Birth	16/04/1936	01/04/1931	07/08/1945
Date of Appointment	25/09/1996	30/08/2003	15/06/1977
Qualifications	M. Com., L.L.B.	B.A. (Hons.), L.L.B.	B. E.
Chairman / Director of other companies	1. CRISIL Limited 2. Excel Crop Care Ltd. 3. Grasim Industries Ltd. 4. ICICI Lombard General Insurance Company Ltd. 5. J. K. Lakshmi Cement Ltd. 6. S I Group India Ltd. 7. National Commodity & Derivative Exchange Ltd. 8. L & T Infrastructure Finance Company Ltd. 9. Grasim Bhiwani Textiles Ltd.	1. Century Textiles & Industries Ltd. 2. Hercules Hoists Limited 3. Hindalco Industries Limited 4. ICICI Prudential Trust Ltd. 5. Panasonic Energy India Company Ltd. 6. Reliance Infratel Ltd. 7. The Sandur Manganese & Iron Ores Ltd. 8. Uni Abex Alloy Products Ltd. 9. Bekert Industries Pvt. Ltd. 10. Dolphin Fisheries & Trading Pvt. Ltd.	1. Supreme Petrochem Limited 2. Supreme Capital Management Limited 3. SPL Industrial Park Limited 4. SPL Industrial Support Services Limited 5. Oricon Enterprises Limited 6. Multilayer Films Pvt. Ltd. 7. Balabheem Investment & Trading Co. Pvt. Ltd.



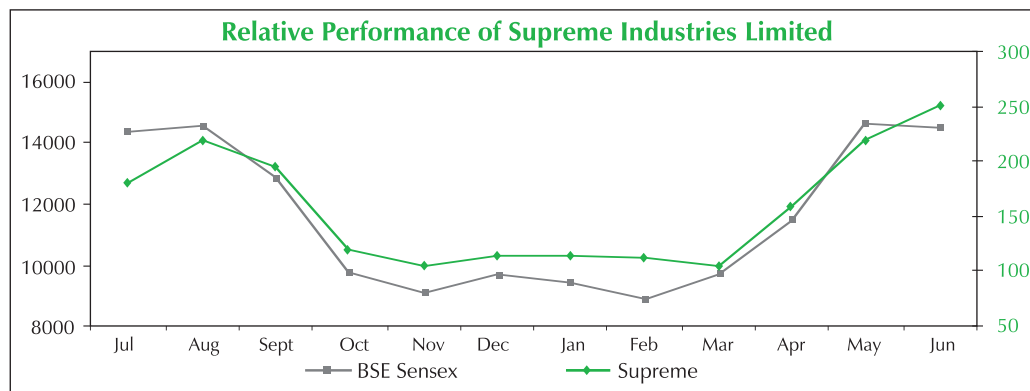


## 12. DISCLOSURES

- (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. 9.00 lacs towards professional fees to M/s. Mulla & Mulla & Craigie & Blunt & Caroe, a firm in which Shri E. B. Desai is a partner.

## 13. GENERAL SHAREHOLDER INFORMATION.

- (i) Registered Office : 612, Raheja Chambers, Nariman Point, Mumbai 400 021.
- (ii) Book Closure Date : From 3rd September, 2009 to 10th September, 2009. (Both days inclusive)
- (iii) AGM Date & Venue : On Thursday the 10th September, 2009 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 2009 - 2010 have 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. 2009 - 2010.

- Unaudited Results for the First Quarter ended September 30, 2009. : On or before End October 2009
- Unaudited Results for the Second Quarter ended December 31, 2009. : On or before End January 2010
- Unaudited Results for the Third Quarter ended March 31, 2010. : On or before End April 2010
- Audited Results for the F.Y. 2009-2010 : On or before End September 2010



- (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 30, 2009)

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentages of Shareholdings
Upto 500	25,062	91.13	19,84,418	7.81
501 - 1000	1,173	4.27	8,81,699	3.47
1001 - 2000	613	2.23	9,08,653	3.58
2001 - 3000	220	0.80	5,50,385	2.17
3001 - 4000	103	0.38	3,69,397	1.45
4001 - 5000	64	0.23	3,00,001	1.18
5001 - 10000	122	0.44	8,69,961	3.42
Over 10000	143	0.52	1,95,40,860	76.92
<b>Total</b>	<b>27500</b>	<b>100.00</b>	<b>2,54,05,374</b>	<b>100.00</b>

#### 15. Categories of Shareholders (As on June 30, 2009)

Category	No. of Shareholders	Voting Strength (Percentage)	Number of Shares held
Promoters	16	49.02	1,24,53,477
Non Residents Individuals / OCB	570	1.97	5,01,679
Companies	448	12.68	32,21,092
FIs / FIs / Mutual Fund / Bank	26	0.67	1,70,117
Individuals	26,440	35.66	90,59,009
<b>Total</b>	<b>27,500</b>	<b>100.00</b>	<b>2,54,05,374</b>

#### 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 : info@bigshareonline.com

#### 17. DEMATERIALISATION OF SHARES (as on 30.06.2009)

: 2,36,50,379 Shares are  
Dematerialised (93.09% of total Shares viz. 2,54,05,374 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 - 2008	187.00	152.60	185.95	146.50
August - 2008	226.75	171.00	226.00	173.00
September - 2008	228.00	172.05	225.00	165.15
October - 2008	200.90	105.00	204.40	104.90
November - 2008	127.75	100.00	129.00	102.20
December - 2008	141.00	99.00	137.00	98.15
January - 2009	129.00	104.00	129.00	105.05
February - 2009	131.00	105.25	131.70	105.25
March - 2009	111.50	92.55	112.35	92.20
April - 2009	176.00	107.00	177.60	105.60
May - 2009	232.00	157.50	233.50	159.00
June - 2009	257.50	220.00	255.60	222.50

## 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](http://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, 2009.

For The Supreme Industries Limited

Mumbai : 20th July, 2009

**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, 2009, 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, and the representations made by the directors and the management, 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 investor grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders / Investors Grievance 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: 20th July, 2009





## Auditors' Report to the Shareholders

We have audited the annexed Balance Sheet of THE SUPREME INDUSTRIES LTD., Mumbai as at 30th June, 2009 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 2009 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 2009
  - 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 Auditor's 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, 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 the 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:
- The Company had granted unsecured interest free deposit for use of office premises without payment of rent in the earlier year 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. 55.00 Lakhs and outstanding at the end of the year was Rs. NIL.  
Company's has not granted unsecured loans to parties listed in the register maintained under section 301 of the Companies Act 1956.
  - The terms and conditions of unsecured deposit & loan given by the company are *prima facie* not prejudicial to the interest of the company.
  - Recovery of the deposit & loan is as per agreed terms.
  - As per the agreed stipulations amount is recovered during the year.
  - The Company has accepted unsecured loans from two companies, listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year Rs. 255 lacs and the balance as the end of the year was Rs. NIL.
  - In our opinion the rate of interest and other terms and conditions of such loan is *prima facie* not prejudicial to the interest of the company.
  - In respect of aforesaid loan company is regular in repaying the principal amount and interest thereon.
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 purchase 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 and other provision of the Act and the rules framed there under, for acceptance of public deposits. Since the company has not defaulted in repayment of deposits, compliance of section 58AA or obtaining any order from the company law board, National Company Law Tribunal or RBI or any other court or tribunal does not arise.
7. On the basis of the internal audit reports reviewed by us, we are of the opinion that, 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 material statutory dues have been deposited regularly during the year with the appropriate authorities. According to the records of the Company and information and explanations given to us, no undisputed amounts payable in respect of 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 material statutory dues were in arrears as at 30th June, 2009 for a period of more than six months from the date they became payable.
- 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, Custom Duty, Excise Duty and Entry tax as at the last day of the financial year are as follows.

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	12.46 141.99 285.41	1978 1994 to 2006 1995 to 2006	CESTAT CESTAT Commissioner of CE (Appeals), LTU Mumbai
The Central Sales Tax Act, 1956	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



Name of the statute	Nature of dues	Amount Rs. in lacs	Period to which the amount relates	Forum where dispute is pending
UP Trade Tax Act	Entry Tax Entry Tax Sales Tax Sales Tax Sales Tax	23.97 12.11 1.55 3.64 23.50	2000-2001 2002-2003 2002-2003 2004-2005 2005 to 2007	Hon' ble High Court Tribunal Tribunal Joint Commissioner, Appeal Joint Commissioner, Appeal
MP Commercial Tax Act	Entry Tax Entry Tax	0.68 1.15	1995 to 1998 2007-2008	Deputy Commissioner Deputy Commissioner
TN Sales Tax	Entry Tax	48.89	2003 to 2009	Hon'ble High Court
The Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	18.62	2008-2009	Asst. Commissioner Provident Fund
Finance Act, 1994 (Service Tax)	Service Tax	6.89	2005 to 2007	Commissioner of CE (Appeals), LTU Mumbai
Employee State Insurance Act, 1948	ESIC	13.71	Prior to 1989-90	ESIC Court, Mumbai
Income Tax Act, 1961	Income Tax	59.12	AY 1997-98	Bombay High Court
	<b>TOTAL</b>	<b>908.83</b>		

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 loan 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 debenture 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, 20th July, 2009



## Balance Sheet as on 30th June, 2009

	Schedule		2008 - 2009		Rs. in lacs 2007 - 2008
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	1	2540.54		2762.17	
Reserves & Surplus	2	26267.03	28807.57	22299.39	25061.56
<b>LOAN FUNDS</b>					
Secured Loans	3	21517.97		27226.21	
Unsecured Loans	4	3356.10	24874.07	2805.82	30032.03
<b>DEFERRED TAX LIABILITY (Net)</b>			6428.09		5228.09
			60109.73		60321.68
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	5	90224.57		80289.99	
Less : Depreciation		35924.22		33881.31	
Net Block		54300.35		46408.68	
Add : Capital Work-in-Progress		8952.36		6841.29	
Add: Assets held for disposal		119.38	63372.09	2486.32	55736.29
<b>INVESTMENTS</b>		6	3361.63		3395.35
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	7	16829.11		15669.48	
Sundry Debtors	8	11563.80		13682.23	
Cash & Bank Balances	9	1041.42		2833.55	
Loans & Advances	10	7205.83		8938.72	
		36640.16		41123.98	
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>					
Creditors	11	37656.09		37865.55	
Provisions	12	5608.06		2068.39	
		43264.15	-6623.99	39933.94	1190.04
			60109.73		60321.68
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

**V. K. Taparia**  
Executive Director

**H. S. Parikh**  
**E. B. Desai**

**N. N. Khandwala**  
**B. V. Bhargava**  
**S. R. Taparia**  
**Y. P. Trivedi**

Directors

Mumbai, 20th July, 2009

Mumbai, 20th July, 2009





# Profit and Loss Account for the year ended 30th June, 2009

**Supreme**  
People who know plastics best

ANNUAL REPORT  
2008 - 2009

	Schedule	2008 - 2009	2007 - 2008
<b>INCOME</b>			
Sales	13	165192.87	131022.10
Other Income	14	904.53	893.91
<b>EXPENDITURE</b>			
Cost of Materials	15	105133.53	86749.44
Manufacturing, Selling & Other Expenses	16	36264.90	29894.53
<b>PROFIT BEFORE INTEREST, DEPRECIATION &amp; TAX</b>		24698.97	15272.04
Interest & Financial Charges	17	5456.03	3897.92
Depreciation, Amortisation & Impairment	5266.73		
[Excluding transfer from Revaluation Reserve Rs. 14.99 lacs (Previous year Rs 5.18 lacs)]	14.99	5251.74	3951.04
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>		13991.20	7423.08
Exceptional Income (Refer Note No. 9 of Schedule 19)		622.76	4.63
Depreciation for Earlier Years Provided for (-)/(+) Written Back		-1.35	-1.37
Excess Provision of Income tax of earlier years w/back		0.00	113.49
<b>Provision for Taxation:</b>			
Corporate Tax		3554.00	1764.00
Deferred Tax		1200.00	545.00
Fringe Benefit Tax		120.00	120.00
<b>PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION</b>		9738.61	5110.83
Appropriations Therefrom :			
Interim Dividend Paid on Equity Shares		0.00	966.76
Proposed Dividend on Equity Shares		3048.64	1242.98
Corporate Dividend Tax Paid		0.00	164.30
Provision for Corporate Dividend Tax		518.12	211.24
Transferred to General Reserve		6171.85	2525.55
<b>EARNINGS PER SHARE</b>			
(Refer Note No. 14 of Schedule 19)			
Basic & Diluted Earning per share (before Exceptional Income)		Rs. 34.30	Rs. 18.49
Basic & Diluted Earning per share (after Exceptional Income)		Rs. 36.64	Rs. 18.50
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)  
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**N. N. Khandwala**  
**B. V. Bhargava**  
**S. R. Taparia**  
**Y. P. Trivedi**

Directors

Mumbai, 20th July, 2009

Mumbai, 20th July, 2009



## Schedules to Balance Sheet

### SCHEDULE 1 SHARE CAPITAL AUTHORISED

3,00,00,000	(Previous Year 3,00,00,000) Equity Shares of Rs. 10 each	<b>3000.00</b>	3000.00
1,12,00,000	(Previous Year 1,12,00,000) Preference Shares of Rs. 10 each	<b>1120.00</b>	1120.00
3,38,00,000	(Previous Year 3,38,00,000) Unclassified Shares of Rs. 10 each	<b>3380.00</b>	3380.00
		<b>7500.00</b>	7500.00

### ISSUED AND SUBSCRIBED

2,76,21,674	Nos. (Previous Year 2,76,21,674 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)	<b>2762.17</b>	2762.17
Less:			
22,16,300	Nos. (Previous Year Nil) Equity Shares of Rs. 10 each fully paid up, bought back during the year and extinguished. (Refer Note No. 6 of Schedule 19)	<b>221.63</b>	—
		<b>2540.54</b>	2762.17

### SCHEDULE 2

#### RESERVES AND SURPLUS

##### REVALUATION RESERVE

As per last Balance Sheet	<b>294.90</b>	302.30
Less: (1) Transferred to Profit & Loss Account	<b>14.99</b>	5.18
(2) Transferred to Leasehold Land	<b>2.22</b>	2.22
(3) Assets sold off / discarded	<b>1.60</b>	294.90

##### CAPITAL RESERVE

As per last Balance Sheet	<b>194.59</b>	194.59
Add: Capital subsidy received during the year	<b>50.00</b>	—
	<b>244.59</b>	194.59

##### SECURITIES PREMIUM ACCOUNT

As per last Balance Sheet	<b>7205.55</b>	7205.55
Less: Transferred to Capital Redemption Reserve being amount equal to face value of 22,16,300 Nos. Equity Shares of Rs. 10 each fully paid bought back and extinguished during the year (Refer note no. 6 of Schedule 19)	<b>221.63</b>	—
Less: Utilised for premium paid on 22,16,300 Nos. Equity Shares of Rs. 10 each fully paid bought back and extinguished during the year (Refer note no. 6 of Schedule 19)	<b>2235.40</b>	—
	<b>4748.52</b>	7205.55

##### GENERAL RESERVE

As per last Balance Sheet	<b>14604.35</b>	12176.13
Less: Provision for Gratuity Liability (Net of deferred Taxes)		97.33
	<b>14604.35</b>	12078.80
Add : Transferred from Profit & Loss Account	<b>6171.85</b>	2525.55
	<b>20776.20</b>	14604.35

##### CAPITAL REDEMPTION RESERVE

As per last Balance Sheet	—	—
Add: Transferred from Securities Premium Account (Refer note no. 6 of Schedule 19)	<b>221.63</b>	—
	<b>221.63</b>	—
	<b>26267.03</b>	22299.39



## Schedules to Balance Sheet

2008 - 2009

2007 - 2008

### SCHEDULE 3

#### SECURED LOANS

##### A. WORKING CAPITAL LOANS

From Banks - Rupee Loans	-7623.96	-1727.94
(Surplus Balance in Cash Credit Accounts )		

##### B. TERM LOANS

(a) State Bank of India - Rupee Loan	5000.00	—
(b) ICICI Bank Ltd. - Foreign Currency Loan	372.63	663.91
(c) ABN Amro Bank - Foreign Currency Loan	2985.00	2388.00
(d) HSBC Bank - Foreign Currency Loan	3031.38	4268.00
(e) Federal Bank Ltd. - Rupee Loan	1500.00	1547.60
(f) Vijaya Bank - Rupee Loan	3375.00	4500.00
(g) GE Capital Services of India - Rupee Loan	3259.26	8200.00
(h) Axis Bank Ltd - Rupee Loan	7050.00	4000.00
(i) State Bank of Hyderabad - Rupee Loan	1685.62	2058.47
(j) State Bank of Mysore - Rupee Loan	883.04	1328.17
	<u>21517.97</u>	<u>27226.21</u>

#### NOTES :

- Working Capital Loans from Banks (A) above, are secured / to be secured against hypothecation of stocks and Book Debts, second / subservient charge on all movable plant, machineries and moulds (except plant, machineries and moulds at PVC Film, Malanpur and Khopoli unit) and immovable properties of the Company situated at various locations (except properties at Andheri, Jalgaon, PVC Film Unit at Malanpur and Khopoli), both present and future.
- Term Loans from financial institutions and banks [B(a) to B(h)] 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 in Clause 1 above.
  - Movable properties viz. plant, machineries & moulds of the Company, both present and future, subject to the exclusions as mentioned in Clause 1 above and second / subservient charge on Current Assets viz. stocks and book debts of the Company.
  - Term loans from Banks [B(i) and B(j)] 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.

### SCHEDULE 4

#### UNSECURED LOANS

Fixed Deposits	3356.10	2805.82
Commercial Papers (maximum amount during the year Rs. 2500 lacs) (Previous year Rs. 6000 lacs).	—	—
	<u>3356.10</u>	<u>2805.82</u>





## Schedules to Balance Sheet

### SCHEDULE 5 FIXED ASSETS

Rs. in lacs

	GROSS BLOCK				DEPRECIATION				NET BLOCK		
ASSETS	As At 01.07.2008	Additions During the Year	Deductions/ Adjustment During The Year Rs.	As At 30.6.2009	As At 01.07.2008	For The Year	Impairment During The Year *	Deductions/ Adjustment During The Year Rs.	As At 30.06.2009	As At 30.06.2009	As At 30.06.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land	1459.16	48.31	272.06	1235.41					1235.41	1459.16	
Leasehold Land	619.29	44.35	9.40	654.24					654.24	619.29	
Buildings	15890.10	4160.77	421.59	19629.28	3490.25	558.23	182.06	291.07	3939.47	12399.85	
Plant, Machinery & Electrical Installations	43705.15	7737.78	1697.05	49745.88	17742.98	2631.89	136.27	1398.08	19113.06	25962.17	
Moulds & Dies	14610.13	1310.33	1375.22	14545.24	10580.41	1177.41		1342.62	10415.20	4029.72	
Furniture, Fixture & Office Equipments	2673.34	293.37	152.95	2813.76	1470.38	399.58		141.13	1728.83	1202.96	
Vehicles	683.63	54.34	36.40	701.57	345.33	94.56		27.96	411.93	338.30	
Sundry Equipments	649.19	280.82	30.82	899.19	251.98	86.73		22.98	315.73	397.21	
Total	80289.99	13930.07	3995.49	90224.57	33881.33	4948.40	318.33	3223.84	35924.22	46408.66	
Previous Year	66376.06	17309.14	3395.21	80289.99	32717.08	3956.22	–	2791.99	33881.31	33658.98	
Capital Work - in -Progress ( including advances on Capital Account)											
Assets held for Disposal (Refer Note No 7 of Schedule 19)											
									8952.36	6841.29	
									119.38	2486.32	
									63372.09	55736.27	

\* Refer note no. 8 of Schedule 19.

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

2. Freehold land includes acquisition aggregating to Rs. 25.00 lacs pending transfer in the name of the Company.

3. The Company has commenced development of it's property at Andheri in Mumbai. The expenses incurred till date amounting to Rs. 7721.05 lacs (Previous Year Rs. 4419.10 lacs) has been included under Capital Work-in-Progress.

## Schedules to Balance Sheet

### SCHEDULE 6 INVESTMENTS

Investment in	Face Value	Quantity	As At 30.6.2009	As At 30.6.2008	Amount
			As At 30.6.2009	As At 30.6.2008	As At 30.6.2008
<b>GOVERNMENT &amp; TRUST SECURITIES</b>					
(a) National Saving Certificate	Rs.				0.14
Sub Total				<b>0.11</b>	0.14
<b>OTHERS - UNQUOTED AND FULLY PAID UP</b>					
<b>Equity Shares</b>					
(a) Saraswat Co-op. Bank Ltd.	10	<b>1000</b>	1000	<b>0.10</b>	0.10
(b) Samarpan Fabricators Ltd.	100	<b>1350</b>	1350	<b>0.75</b>	0.75
(c) Super Bazar Co-op. Stores Ltd.	10	<b>1000</b>	1000	<b>0.10</b>	0.10
(d) SICOM Ltd.	10		50000	<b>0.00</b>	12.50
(e) Malanpur Captive Power Ltd.	10		211885	<b>0.00</b>	21.19
(f) Supreme Industries Overseas (FZE), a wholly owned subsidiary incorporated in UAE	DHS 150000	<b>1</b>	1	<b>18.88</b>	18.88
Sub Total				<b>19.83</b>	53.52
<b>OTHERS - QUOTED &amp; FULLY PAID UP</b>					
<b>Equity Shares</b>					
(a) Supreme Petrochem Ltd. (an associate company)	10	<b>28936400</b>	28936400	<b>3337.50</b>	3337.50
(b) Symphony Comfort Systems Ltd.	10	<b>600</b>	600	<b>0.27</b>	0.27
(c) Vijaya Bank Ltd.	10	<b>3200</b>	3200	<b>0.77</b>	0.77
(d) Central Bank of India	10	<b>3050</b>	3050	<b>3.10</b>	3.10
(e) Unimers India Ltd.	10	<b>37</b>	37	<b>0.05</b>	0.05
Sub Total				<b>3341.69</b>	3341.69
Total				<b>3361.63</b>	3395.35
(a) Aggregate Value of Quoted Investments - at Cost				<b>3341.69</b>	3341.69
- at Market Value				<b>5748.53</b>	5197.28
(b) Aggregate Value of Unquoted Investments - at Cost				<b>19.94</b>	53.66

2008 - 2009

Rs. in lacs  
2007 - 2008

### SCHEDULE 7 INVENTORIES

(As certified by the Management)

Stores, Spare parts, Packing Materials, etc.	<b>634.06</b>	749.64
Raw Materials and Components	<b>9854.09</b>	7981.06
Reusable Material	<b>532.90</b>	1029.20
Finished / Semi-Finished Goods	<b>5497.44</b>	5766.56
Finished Goods for Resale	<b>310.62</b>	143.02
	<b>16829.11</b>	15669.48





## Schedules to Balance Sheet

	2008 - 2009	Rs. in lacs 2007 - 2008
<b>SCHEDULE 8</b>		
<b>DEBTORS</b>		
(Unsecured, considered good unless otherwise specified)		
Over Six months		
Considered Good	694.98	788.76
Considered Doubtful	73.50	10.03
	<u>768.48</u>	<u>798.79</u>
Less : Provision for Doubtful Debts	73.50	10.03
	<u>694.98</u>	<u>788.76</u>
Add: Others (includes Rs. 131.91 lacs (Previous year Rs.Nil ) due from subsidiary, [maximum amount receivable during the year Rs. 131.91 lacs (Previous year Nil)]	10868.82	12893.47
	<u><u>11563.80</u></u>	<u><u>13682.23</u></u>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	66.70	59.25
Cheques in hand	95.67	729.09
Remittance in Transit	90.66	85.23
Balance with Scheduled Banks in :		
Current Accounts	527.14	430.10
Deposit Accounts (Earmarked)	261.25	257.48
Balance with Non Scheduled Banks in : (ABN Amro Bank Singapore)		
Current Accounts in Foreign Currency	—	0.91
(Maximum balance during the year Rs. 0.91 lacs)		
Deposit Accounts in Foreign Currency	—	1271.49
(Maximum balance during the year Rs. 1271.49 lacs)		
	<u><u>1041.42</u></u>	<u><u>2833.55</u></u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received *	5114.30	7204.74
Security and other Deposits	1596.92	1276.88
Prepaid Expenses	494.61	457.10
	<u><u>7205.83</u></u>	<u><u>8938.72</u></u>
* includes amount of Rs. Nil (Previous year Rs. 37.71 lacs) interest free loan to wholly owned subsidiary The Supreme Industries Overseas FZE [maximum amount outstanding during the year Rs. 37.71 lacs (Previous year Rs.37.71 lacs)]		
<b>SCHEDULE 11</b>		
<b>CREDITORS</b>		
Sundry Creditors	8757.16	8166.32
Acceptances	18448.42	18618.81
Items covered by Investors Education & Protection Fund (Refer note No. 18 of Schedule 19)	146.37	158.59
Interest Accrued but not due on		
(i) Secured Loans	20.52	175.54
(ii) Unsecured Loans	127.08	98.97
	<u>147.60</u>	<u>274.51</u>
Other Liabilities (includes Rs. 35.92 lacs (Previous year Rs. 26.99 lacs) due to subsidiary [maximum amount payable during the year Rs. 35.92 lacs (Previous year Rs. 26.99 lacs)]	10156.54	10647.32
	<u><u>37656.09</u></u>	<u><u>37865.55</u></u>



## Schedules to Balance Sheet

2008 - 2009

2007 - 2008

### SCHEDULE 12

#### PROVISIONS

Provision for Income Tax (Net of advances)	1978.35	457.57
Provision for Wealth Tax	4.54	4.00
Proposed Dividend	3048.64	1242.98
Provision for Corporate Dividend Tax	518.12	211.24
Provision for Gratuity Liability	58.41	152.60
	<u>5608.06</u>	<u>2068.39</u>

## Schedules to Profit and Loss Account

2008 - 2009

Rs. in lacs  
2007 - 2008

### SCHEDULE 13

#### TURNOVER (Net)

Plastic Products	155760.14	121307.38
Others	9432.73	9714.72
	<u>165192.87</u>	<u>131022.10</u>

### SCHEDULE 14

#### OTHER INCOME

Dividend	289.76	371.43
Claims & Refunds	53.51	43.88
Sundry Receipts	352.55	235.83
Liabilities no longer required written back	—	54.94
Lease Rent Received	142.06	187.83
Gain on Sale / Discard of Assets (Net)	14.15	—
Profit on sale of Investments	52.50	—
	<u>904.53</u>	<u>893.91</u>

### SCHEDULE 15

#### COST OF MATERIALS

Raw Material Consumed	95047.81	78719.63
Cost of Goods Traded	9816.60	9827.47
(-)Increase / Decrease in Stocks		
Opening Stocks of Finished / Semi Finished Goods	5766.56	3968.89
Less: Closing Stocks of Finished / Semi Finished Goods	<u>5497.44</u>	<u>5766.55</u>
	<u>105133.53</u>	<u>86749.44</u>



## Schedules to Profit and Loss Account

### SCHEDULE 16

#### MANUFACTURING, SELLING & OTHER EXPENSES

	2008 - 2009	Rs. in lacs 2007 - 2008
Stores & Spare Parts Consumed	1656.95	1221.30
Labour Charges	3263.12	2764.60
Power & Fuel	6800.84	5803.85
Water Charges	58.64	45.78
Salaries, Wages & Bonus	5420.77	4502.27
Contribution to Pension & Provident Fund	314.14	262.43
Staff & Labour Welfare	375.23	295.24
Managerial Remuneration	572.53	381.81
Directors' Fees	5.90	5.10
Repairs & Maintenance of Building	184.40	90.34
Repairs & Maintenance of Plant & Machinery	723.15	752.25
Repairs & Maintenance (Others)	175.75	114.74
Rent, Rates & Taxes	450.20	365.85
Insurance	124.60	170.17
Charity & Donations	48.81	72.11
Legal & Professional Fees	415.80	283.82
Travelling & Conveyance [Directors Rs. 64.57 lacs (Previous year Rs. 79.84 lacs)]	852.82	852.94
Vehicle Expenses	205.06	179.50
Advertisement & Publicity	1080.24	860.00
Packing, Freight and Transport Charges	5832.25	6144.19
Postage, Stationery & Telephone	593.55	596.82
Royalty, Commission & Discount	5003.35	3368.59
Sales Tax etc.	34.26	52.94
Bad Debts / Provision for Doubtful Debts	174.11	35.19
Plant Security Services	178.66	148.54
Loss on Sale / Discard of Assets (Net)	—	34.93
Share Buyback Expenses	52.77	—
Foreign Currency Exchange Fluctuation (Net)	1225.14	158.31
Miscellaneous Expenses	441.86	330.92
	<b>36264.90</b>	<b>29894.53</b>

### SCHEDULE 17

#### INTEREST & OTHER FINANCIAL EXPENSES

INTEREST				
(i) On Term Loans	3128.65		2507.66	
(ii) On Fixed Deposits	286.88		261.74	
(iii) On Debentures	—		283.62	
(iv) Other Interest	1796.39	5211.92	681.01	3734.03
Bank Charges, Guarantee Commission and Other Financial Expenses		369.11		299.83
		<b>5581.03</b>		<b>4033.86</b>
Less : Interest Received [TDS Rs. 15.61 lacs (Previous Year Rs. 20.76 lacs)]		125.00		135.94
		<b>5456.03</b>		<b>3897.92</b>



## 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.
- ii. The preparation of financial statements requires estimates and assumptions to be made that affects the reported amount of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported year. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized

### B. REVENUE RECOGNITION

- i Sales & Services are accounted for net of excise duty, service tax, 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 / installation 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 PRE OPERATIVE 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 a decline other than temporary in the opinion of the management.

## **G. INVENTORIES**

Inventories are valued as under:

- i. Raw Material & Components - at cost using identified lot basis / First in first out (FIFO) 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 either 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, 2009.

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, 2009 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	
	2008-09	2007-08
a. Bills / Cheques discounted	1515.18	1751.85
b. Guarantees given by Banks	766.10	388.99
c. Disputed demand of Lease rent differential not acknowledged as debt	NIL	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	897.68	823.21
e. Disputed Income Tax Demands	1923.32	1356.55
f. Disputed Sales Tax / Entry Tax Demands	375.85	349.84
g. Other claims against the company not acknowledged as debts	85.28	90.36



- 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. 8265.29 lacs (Previous Year Rs. 8766.95 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. 2412.26 lacs (Previous year Rs. 3786.29 lacs).
3. The company has capitalised interest amounting to Rs. 697.77 lacs (Previous year Rs. 773.69 lacs) on payments made towards various projects under construction.
4. (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 on such assets.  
(b) Depreciation on incremental value due to revaluation is provided at the rates specified in Schedule XIV to the Companies Act, 1956. The additional charge of depreciation due to such revaluation is Rs. 14.99 lacs (Previous year Rs. 5.18 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.
5. 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. 234.52 lacs (Previous year Rs. 35.72 lacs) and correspondingly the profit for the year is lower by a similar amount.
6. The company has bought back 22,16,300 equity shares of Rs 10 each during the year through open market operations and utilized an aggregate sum of Rs. 2457.03 lacs from its Securities Premium account. As required by Section 77AA of the Companies Act, 1956 Capital Redemption reserve for a sum of Rs. 221.63 lacs being the nominal value of shares bought back has also been created.
7. The Company had entered into an arrangement during March, 2007 with M/s. Kloeckner Pentaplast India Pvt. Ltd., for proposed sale of certain capital assets pertaining to its Rigid PVC Film unit at Malanpur (Madhya Pradesh). However ultimately the arrangement did not materialize and pursuant to a settlement reached between the parties during January, 2009, the company forfeited unadjusted advance received (in respect of the said proposed sale) of Rs. 1981.58 lacs and the same has been adjusted against the value of assets held for disposal.
8. The company has carried its assessment of recoverable amounts of the assets as on Balance Sheet date and based on such assessment it has recognized an impairment loss of Rs 318.33 lacs being estimate deficiency in net recoverable amount of certain assets at Urse unit as compared to the carrying amount and the same has been included under the head Depreciation, amortization and impairment.
9. Exceptional Income of Rs. 622.76 Lacs consists of profit on sale of land and building and other assets held by the company at its erstwhile Unit I at Puducherry.
10. 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.
11. 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.



12. Disclosure on related party transactions:

Nature of Transactions	Holding & Subsidiaries	Associates	Key Management Personnel & Relatives	Total
Purchase of goods	— (—)	3519.24 (4280.39)	— (—)	3519.24 (4280.39)
Sale of goods	290.12 (67.14)	— (—)	— (—)	290.12 (67.14)
Interest expense	— (—)	5.33 (—)	— (—)	5.33 (—)
Rendering of services - Paid	44.48 (59.60)	12.00 (—)	— (—)	56.48 (59.60)
Dividend Received	— (—)	289.36 (289.36)	— (—)	289.36 (289.36)
Dividend Paid	— (—)	527.08 (995.49)	27.68 (52.29)	554.76 (1047.78)
Inter Corporate Deposits received	— (—)	255.00 (—)	— (—)	255.00 (—)
Remuneration	— (—)	— (—)	576.71 (385.81)	576.71 (385.81)
Outstanding at year-end				
– Sundry Debtors	131.91 (58.35)	— (—)	— (—)	131.91 (58.35)
– Sundry Creditors	— (—)	538.65 (620.38)	— (—)	538.65 (620.38)
– Other Payable	35.92 (26.99)	13.12 (—)	436.91 (234.15)	485.95 (261.14)
– Other Receivables	— (37.71)	— (55.00)	— (—)	— (92.71)

\* 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 and their relatives.

13. The Company has taken premises under cancelable operating lease. These lease agreements are normally renewed on expiry. The rental 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 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		210.00
Future lease rental obligation later than one year but not later than five years		147.20
Future lease rental obligation later than five years		—
<b>14. Earning per Equity share - Basic / diluted</b>	<b>2008-09</b>	2007-08
Profit after tax (PAT) available for Equity shareholders (Rs. In lakhs)	<b>9738.61</b>	5110.83
Weighted Average Number of Equity shares Nos.	<b>2,65,77,837</b>	2,76,21,674
Nominal value of Equity shares Rs.	<b>10.00</b>	10.00
Basic earning per Equity Share Rs.	<b>36.64</b>	18.50
Weighted Average for Potential Equity Shares Nos.	<b>Nil</b>	Nil
Diluted earning per Equity Share Rs.	<b>36.64</b>	18.50
<b>15. (a) Provision for Income Tax liability has been made in the accounts based on the income for the period 1.4.2008 to 31.3.2009 (A/Y: 2009-10). The tax liability for the period 1.4.2009 to 30.6.2009 shall be determined on the basis of the income / expenditure for the year ended 31st March, 2010 (A.Y 2010-11).</b>		
<b>(b) The Company has recognised deferred tax provision for the year aggregating to Rs.1200.00 lacs in the Profit &amp; Loss Account (Previous Year Rs. 545.00 lacs).</b>		
<b>(c) The components for Deferred Tax Liability as on 31st March, 2009 consist of timing differences in depreciation.</b>		
<b>(d) Corporate Tax includes provision for wealth tax Rs. 4.00 lacs (Previous year Rs. 4.00 lacs).</b>		
<b>16. Commitment charges / processing fee paid / payable on Borrowings is being amortised over the period of such borrowings.</b>		
<b>17. 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 and interest paid/ payable to these parties cannot be determined.</b>		
<b>18. Items covered by Investor Education &amp; Protection Fund shown under Schedule 11 includes:</b>		
a. Unclaimed Dividend	Rs. 66.57 lacs	(Previous Year Rs. 62.20 lacs)
b. Debenture Application Money	Rs. 0.14 lacs	(Previous Year Rs. 0.14 lacs)
c. Unclaimed Matured Deposits & Interest	Rs. 77.39 lacs	(Previous Year Rs. 91.53 lacs)
d. Unpaid Matured Debentures & Interest	Rs. 2.27 lacs	(Previous Year Rs. 4.72 lacs)
Total	<u>Rs.146.37 lacs</u>	<u>(Previous Year Rs.158.59 lacs)</u>
Amount due and outstanding to be credited to Investor Education & Protection Fund as on 30.06.2009 is Rs. Nil (Previous Year Rs. Nil).		
<b>19. Disclosure pursuant to Accounting Standard -15- "Employee Benefits"</b>		
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, 2009 and has been provided accordingly.		



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

	As on 31/03/2009	As on 31/03/2008
1 Assumptions		
Discount Rate	7.80%	8.00%
Salary Escalation	6.00%	6.00%
2 Table showing changes in present value of obligations		
		(Rs. in lacs)
Present value of obligations as at beginning of the period	554.18	509.33
Interest cost	44.33	35.65
Current Service Cost	53.47	54.66
Benefits Paid	(42.90)	(39.05)
Actuarial (gain)/Loss on obligations	(36.76)	(6.41)
Present value of obligations as at end of period	572.32	554.18
3 Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	401.58	361.89
Expected return on plan assets	32.13	28.95
Contributions	117.86	45.85
Benefits paid	(42.90)	(39.05)
Actuarial Gain / (Loss) on Plan assets	5.24	3.94
Fair value of plan assets at the end of year	513.91	401.58
Total Actuarial Gain / (loss) to be recognized	42.01	10.35
4 Actual return on plan assets		
Expected return on plan assets	32.13	28.95
Actuarial Gain / (Loss) on Plan assets	5.24	3.94
Actual return on plan assets	37.37	32.89
5 Present value of obligations as at the end of year	572.32	554.18
Fair value of plan assets as at the end of the year	513.91	401.58
Funded status (shortfall)	58.41	152.60
Net Asset / (liability) recognized in Balance Sheet	(58.41)	(152.60)
6 Expenses Recognised in statement of Profit & Loss		
Current Service cost	53.47	54.66
Interest Cost	44.33	35.65
Expected return on plan assets	(32.13)	(28.95)
Net Actuarial (gain) / Loss recognised in the year	(42.01)	(10.35)
Expenses recognised in statement of Profit & Loss	23.66	51.01
7 Break up of Plan Assets as a percentage of total plan assets		
Insurer Managed Assets	100%	100%
8 Balance Sheet Reconciliation		
Opening Net Liability	152.61	147.44
Expenses as above	23.66	51.01
Employers Contribution Paid	(117.86)	(45.85)
Closing Net Liability	58.41	152.61





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

Name of the Instrument	Currency & Aggregate Amount	Purpose
a. Forward Purchase	US \$ 47.07 million (Previous Year US \$ 12.34 million)	Hedging
Currency Swap	US \$ 7.50 million (Previous Year US\$ 6.00 million )	Hedging
Interest Rate Swap	US \$ 6.25 million (Previous Year US \$ 10.00 million)	Hedging
b. Open Foreign Exchange Exposures		
Receivable	US \$ 1.10 million (Previous Year US\$ 2.04 million)	
Payable	US \$ 8.06 million (Previous Year US\$ 43.86 million)	

21. Remuneration to Managing Director and Executive Director's is as follows:

Rs. in lacs

	Managing Director M. P. Taparia		Executive Director S. J. Taparia		Executive Director V. K. Taparia	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
A Salaries	36.00	30.00	33.00	27.16	30.00	24.00
B Commission	145.64	78.05	145.64	78.05	145.64	78.05
C Contribution to PF etc.	4.32	3.60	3.96	3.26	3.60	2.88
D Other Allowances & Perquisites	7.91	10.45	10.91	42.64	5.91	3.67
Total	193.87	122.10	193.51	151.11	185.15	108.60

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.

Rs. in lacs

	2008-09	2007-08
Profit as per Profit and Loss Account before Exceptional Items	13991.20	7423.08
Add: Managing and Executive Directors' Remuneration	572.53	381.81
Net Profit for Commission	14563.73	7804.89
i) Commission to Mr. M. P. Taparia, Managing Director @ 1% of the Profit for the year*	145.64	78.05
ii) Commission to Mr. S. J. Taparia, Executive Director @ 1% of the Profit for the year*	145.64	78.05
iii) Commission to Mr. V. K. Taparia, Executive Director @ 1% of the Profit for the year*	145.64	78.05

\* As approved by the Board of Directors in their Meeting held on 20th July, 2009.

23. Payment to Auditors (including Branch Auditors) excluding Service Tax:

Rs. In lacs

	2008-2009 Rs.	2007-2008 Rs.
Audit Fees	17.89	16.73
Tax Audit Fees	9.88	7.86
For Taxation Matters	0.25	0.25
In other capacity	20.33	19.44
	48.35	44.28

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	2008 - 2009		2007 - 2008	
		Quantity	Value	Quantity	Value
MANUFACTURED PRODUCTS :					
Injection Moulded Products	MT	48475.420	56126.23	41424.995	47066.52
Extruded Products	MT	121622.760	96744.91	86673.474	71604.86
Machinery & Moulds	Nos.	16	108.16	24	187.15
TRADING PRODUCTS					
Injection Moulded Products	MT	73.241	139.17	17.990	67.00
Extruded Products	MT	1075.840	814.96	1124.830	664.60
Others			9974.17	–	9962.82
(ii) RAW MATERIALS & COMPONENTS CONSUMED :		2008 - 2009		2007 - 2008	
		Quantity	Value	Quantity	Value
Commodity Plastics	MT	154056.925	79762.77	119483.210	67023.54
Engineering Plastics	MT	1430.430	1523.35	1770.030	1826.21
Additives	MT	15688.099	8753.10	8914.230	4876.69
Others			5008.58		4993.19
			95047.80		78719.63

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

(iii) STOCKS :		2008 - 2009		2007 - 2008	
		Quantity	Value	Quantity	Value
OPENING STOCK OF FINISHED GOODS :					
MANUFACTURED PRODUCTS :					
Injection Moulded Products	MT	2319.831	2398.83	2272.562	1948.14
Extruded Products	MT	4278.675	3327.99	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
Others			116.81		26.00



		(Rs. in lacs)				
PURCHASES :	UNIT	2008 - 2009		2007 - 2008		
		Quantity	Value	Quantity	Value	
TRADING PRODUCTS :						
Injection Moulding Items	MT	82.499	129.67	20.890	56.40	
Extrusion Items	MT	1060.880	583.49	1156.370	564.87	
Others			9271.05		9316.12	
CLOSING STOCKS OF FINISHED GOODS :		2008 - 2009		2007 - 2008		
		Quantity	Value	Quantity	Value	
MANUFACTURED PRODUCTS:						
Injection Moulded Products	MT	2870.404	2552.85	2319.831	2398.83	
Extruded Products	MT	3789.901	2935.42	4278.675	3327.99	
Machinery & Moulds	Nos.	3	9.17	8	39.74	
TRADING PRODUCTS:						
Injection Moulded Products	MT	10.897	18.04	1.640	2.74	
Extruded Products	MT	29.080	21.19	44.040	23.47	
Others			271.39		116.81	
(iv) CAPACITY AND PRODUCTION :	UNIT	2008 - 2009			2007 - 2008	
		Capacity Licensed	Capacity Installed *	Production	Capacity Installed *	Production
Injection Moulded Products	MT	N.A.	78400	49025.993	67000	41493.224
Extruded Products	MT	N.A.	197550	121133.986	173400	88077.693
Machinery & Moulds	Nos.	N.A.	N.A.	11	N.A.	15

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. 770.38 lacs not included herein (Previous Year Rs.889.26 lacs).
- (4) The Turnover does not include Sale of Scrap for Rs. 514.90 lacs (Previous Year Rs.579.90 lacs).
- (5) The above Turnover does not include Excise Duty on sales Rs. 15707.16 lacs (Previous year Rs 18860.35 lacs).
- (6) Production Quantities shown herein are after adjustment of departmental consumption.
- (7) Turnover includes 6 nos. (Previous Year 24 nos.) of Machinery and Parts Rs. 108.16 lacs (Previous Year Rs.187.15 lacs) and Packing Material & Components Rs. 225.01 lacs ( Previous year Rs.351.42 lacs) transferred to other divisions for captive use.

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

		(Rs. in lacs)			
		2008 - 2009		2007 - 2008	
		Value	% of Total Consumption	Value	% of Total Consumption
Imported		44136.13	46.44	29200.76	37.09
Indigenous		50911.68	53.56	49518.87	62.91
		95047.81	100.00	78719.63	100.00



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

	<b>2008 - 2009</b>		<b>2007 - 2008</b>	
	<b>Value</b>	<b>% of Total Consumption</b>	<b>Value</b>	<b>% of Total Consumption</b>
Imported	28.53	1.72	64.95	5.32
Indigenous	1628.42	98.28	1156.35	94.68
	<u>1656.95</u>	<u>100.00</u>	<u>1221.30</u>	<u>100.00</u>

**D. CIF Value of Imports :**

	<b>2008 - 2009</b>	<b>2007 - 2008</b>
i) Raw Material & Components	45649.41	38164.18
ii) Stores & Spares	38.52	124.71
iii) Capital Goods	3131.83	1784.59
	<u>48819.76</u>	<u>40073.48</u>

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

	<b>2008 - 2009</b>	<b>2007 - 2008</b>
i) Interest	908.50	733.51
ii) Other Matters	522.40	315.08
	<u>1430.90</u>	<u>1048.59</u>

**F. Details of Foreign Shareholding and Dividend Remitted Thereon :**

	<b>2008 - 2009</b>	<b>2007 - 2008</b>	
	<b>Final</b>	<b>Final</b>	<b>Interim</b>
i) Number of Non-resident Shareholders	592	492	584
ii) Number of Shares held on which dividend were paid	1547730	999079	1438985
iii) Gross Dividend (Rs. in lacs)	69.65	49.95	50.36

**G. Earnings in Foreign Currency:**

	<b>2008 - 2009</b>	<b>2007 - 2008</b>
Export (On FOB Basis)	6863.49	6578.81



## 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	9
---	---	---	---

  
Date Month Year

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

Public Issue	Rights Issue														
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									
Bonus Issue	Private Placement														
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									

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

Sources of Funds	Total Assets														
Total Liabilities	<table border="1" style="display: inline-table;"><tr><td>6</td><td>0</td><td>1</td><td>0</td><td>9</td><td>7</td><td>3</td></tr></table>	6	0	1	0	9	7	3							
6	0	1	0	9	7	3									
Paid Up Capital	Reserves & Surplus														
<table border="1" style="display: inline-table;"><tr><td></td><td>2</td><td>5</td><td>4</td><td>0</td><td>5</td><td>4</td></tr></table>		2	5	4	0	5	4	<table border="1" style="display: inline-table;"><tr><td>2</td><td>6</td><td>2</td><td>6</td><td>7</td><td>0</td><td>3</td></tr></table>	2	6	2	6	7	0	3
	2	5	4	0	5	4									
2	6	2	6	7	0	3									
Secured Loans	Unsecured Loans														
<table border="1" style="display: inline-table;"><tr><td>2</td><td>1</td><td>5</td><td>1</td><td>7</td><td>9</td><td>7</td></tr></table>	2	1	5	1	7	9	7	<table border="1" style="display: inline-table;"><tr><td></td><td>3</td><td>3</td><td>5</td><td>6</td><td>1</td><td>0</td></tr></table>		3	3	5	6	1	0
2	1	5	1	7	9	7									
	3	3	5	6	1	0									
Deferred Tax Liabilities															
<table border="1" style="display: inline-table;"><tr><td></td><td>6</td><td>4</td><td>2</td><td>8</td><td>0</td><td>9</td></tr></table>		6	4	2	8	0	9								
	6	4	2	8	0	9									
Application of Funds	Investments														
Net Fixed Assets	<table border="1" style="display: inline-table;"><tr><td></td><td>3</td><td>3</td><td>6</td><td>1</td><td>6</td><td>3</td></tr></table>		3	3	6	1	6	3							
	3	3	6	1	6	3									
<table border="1" style="display: inline-table;"><tr><td>6</td><td>3</td><td>3</td><td>7</td><td>2</td><td>0</td><td>9</td></tr></table>	6	3	3	7	2	0	9	Miscellaneous Expenditure							
6	3	3	7	2	0	9									
Net Current Assets	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L							
				N	I	L									
<table border="1" style="display: inline-table;"><tr><td>(-)</td><td>6</td><td>6</td><td>2</td><td>4</td><td>0</td><td>0</td></tr></table>	(-)	6	6	2	4	0	0								
(-)	6	6	2	4	0	0									
Accumulated Losses															
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L								
				N	I	L									

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

Turnover	Total Expenditure	Profit After Tax																							
<table border="1" style="display: inline-table;"><tr><td>1</td><td>6</td><td>6</td><td>0</td><td>9</td><td>7</td><td>4</td><td>0</td></tr></table>	1	6	6	0	9	7	4	0	<table border="1" style="display: inline-table;"><tr><td>1</td><td>5</td><td>2</td><td>1</td><td>0</td><td>7</td><td>5</td><td>5</td></tr></table>	1	5	2	1	0	7	5	5	<table border="1" style="display: inline-table;"><tr><td></td><td>9</td><td>7</td><td>3</td><td>8</td><td>6</td><td>1</td></tr></table>		9	7	3	8	6	1
1	6	6	0	9	7	4	0																		
1	5	2	1	0	7	5	5																		
	9	7	3	8	6	1																			
Profit Before Tax	Profit After Tax	Dividend Rate (%)																							
<table border="1" style="display: inline-table;"><tr><td>1</td><td>4</td><td>6</td><td>1</td><td>2</td><td>6</td><td>1</td></tr></table>	1	4	6	1	2	6	1	<table border="1" style="display: inline-table;"><tr><td></td><td>9</td><td>7</td><td>3</td><td>8</td><td>6</td><td>1</td></tr></table>		9	7	3	8	6	1	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>1</td><td>2</td><td>0</td></tr></table>					1	2	0		
1	4	6	1	2	6	1																			
	9	7	3	8	6	1																			
				1	2	0																			
Earning per Share in Rs.																									
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>3</td><td>7</td></tr></table>					3	7																			
				3	7																				

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

Item Code No. (ITC Code)	<table border="1" style="display: inline-table;"><tr><td></td><td>3</td><td>9</td><td>1</td><td>7</td><td>2</td><td>3</td><td>0</td><td>9</td></tr></table>		3	9	1	7	2	3	0	9	<table border="1" style="display: inline-table;"><tr><td></td><td>3</td><td>9</td><td>1</td><td>7</td><td>4</td><td>0</td><td>0</td><td>0</td></tr></table>		3	9	1	7	4	0	0	0
	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)	<table border="1" style="display: inline-table;"><tr><td></td><td>3</td><td>9</td><td>2</td><td>6</td><td>9</td><td>0</td><td>0</td><td>9</td></tr></table>			3	9	2	6	9	0	0	9									
	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)	<table border="1" style="display: inline-table;"><tr><td></td><td>9</td><td>4</td><td>0</td><td>1</td><td>8</td><td>0</td><td>0</td><td>0</td></tr></table>			9	4	0	1	8	0	0	0									
	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

**B L Taparia**  
Chairman

**S J Taparia**  
Executive Director

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

**M P Taparia**  
Managing Director

**V K Taparia**  
Executive Director

**H. S. Parikh**  
**E. B. Desai**  
**N. N. Khandwala**  
**B. V. Bhargava**  
**S. R. Taparia**  
**Y. P. Trivedi**

Directors

Mumbai, 20th July, 2009

Mumbai, 20th July, 2009





# Cash Flow Statement for the year ended 30th June, 2009

	For Year Ended 30.06.2009	For Year Ended 30.06.2008	Rs. in lacs
<b>A Cash Flow Arising From Operating Activities</b>			
Net Profit Before Tax	13991.20		7423.08
Adjustment For :			
Add : Depreciation	5251.74	3951.04	
Leasehold Assets Premium W/off	7.18	6.41	
Interest Net	5456.03	3897.92	
(Profit) / Loss on sale of Investments	-52.50	-	7855.37
	<b>24653.65</b>		<b>15278.45</b>
Less : Dividend Received	289.76	371.43	
Profit /(Loss) on sale of Assets	14.15	-34.93	
Lease Rent etc. Received	142.06	187.83	524.33
Operating Profit before working capital changes	<b>24207.68</b>		<b>14754.12</b>
Adjustments for :			
Inventories	1159.63	4647.27	
Trade & Other Receivable	-3851.32	4536.41	
Trade & Other Payable	303.65	-10532.93	-1349.25
Cash Generated from Operations	<b>26595.72</b>		<b>16103.37</b>
Interest Paid	-5581.03		-4033.86
Direct Taxes Paid	-2152.67		-1499.04
<b>Net Cash Flow from Operating Activities (A)</b>	<b>18862.02</b>		<b>10570.47</b>
<b>B Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets	16041.14		15493.89
Sale of Fixed Assets	-3140.40		-1158.64
Purchase of Investments	-		3.10
Sale of Investments	-86.22		-25.61
Buy Back of Shares	2457.03		
Capital Subsidy received	-50.00		
Exceptional Income	-622.76		-4.63
Interest Received	-125.00		-135.94
Dividend Received	-289.76		-371.43
Lease Rent Received	-142.06		-187.83
<b>Net Cash Used in Investing Activities (B)</b>	<b>14041.97</b>		<b>13612.91</b>
<b>C Cash Flow from Financing Activities</b>			
Proceeds from Long Term & Short Term Borrowings	-5157.96		7200.20
Dividend & Corporate Dividend Tax paid	-1454.22		-2746.86
<b>Net Cash Used in Financing Activities (C)</b>	<b>-6612.18</b>		<b>4453.34</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A-B-C)</b>	<b>-1792.13</b>		<b>1410.90</b>
Opening Balance as on 01.07.2008	2833.55		1422.65
Closing Balance as on 30.06.2009	<b>1041.42</b>		<b>2833.55</b>

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**  
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& Secretary

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**B. V. Bhargava**  
**S. R. Taparia**  
**Y. P. Trivedi**

Directors

Mumbai, 20th July, 2009

Mumbai, 20th July, 2009



## 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, 2009.  |
| 2. Date from which it became Subsidiary  | : 10th December, 2005.  |
| 3. a) No. of shares held by The Supreme Industries Ltd. (Holding Company) with its 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. |
| 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, 2009  | : Rs. 14.94 lacs Loss   |
| ii) For the Previous Financial years   | : Rs. 2.70 lacs Profit  |
| b) Dealt with in Holding Company's accounts.   |   |
| i) For the Financial Year ended 30th June, 2009  | : 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   |

**B. L. Taparia**  
*Chairman*

**S. J. Taparia**  
*Executive Director*

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

**M. P. Taparia**  
*Managing Director*

**V. K. Taparia**  
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**E. B. Desai**

**N. N. Khandwala**

**B. V. Bhargava**

**S. R. Taparia**

**Y. P. Trivedi**

} *Directors*

Mumbai, 20th July, 2009



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

We have examined the attached Consolidated Balance Sheet of The Supreme Industries Limited and its subsidiary (The Supreme Industries Ltd. Group), as at June 30, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Audited by other Auditors:	Total assets	Total revenues
Foreign subsidiary	Rs 175.16 lacs	Rs. 355.18 lacs

As stated in Note no. 3 of Notes forming part of consolidated accounts, the financial statements as on June 30, 2009 are not available in case of an associate. The investment in this associate has been stated at "equity method" as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

We further report that in respect of an associate, we did not carry out the audit. These financial statements have been certified by Management and have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the associates is based solely on these certified financial statements. Since the financial statements for the year ended March 31, 2009, which were compiled by Management of these companies, were not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements. The details of the net carrying cost of investment and current year's share of profit or (loss) in respect of these associates to the extent to which they are reflected in the consolidated financial statements are given below:

Certified by management:	Net carrying cost of investment	Current year / period share of profit / (loss)
Associate	Rs. 3337.50 lacs	Rs. (349.51) lacs

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

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

- a) in the case of the consolidated balance sheet, of the state of affairs of The Supreme Industries Limited Group as at June 30, 2009;
- b) in the case of the consolidated profit and loss account of the consolidated results of operations of The Supreme Industries Limited Group for the year ended on that date
- c) in the case of the consolidated cash flow statement, of the consolidated cash flows of The Supreme Industries Limited Group for the year ended on that date.

For **CHHOGMAL & Co.**  
Chartered Accountants

**Chintan Shah**  
Partner  
M. No. 107490  
Mumbai, 20th July, 2009.



## Consolidated Balance Sheet as on 30th June, 2009

	Schedule	2008 - 2009		Rs. in lacs 2007 - 2008	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	1	2540.54		2762.17	
Reserves & Surplus	2	27871.56	30412.10	24285.20	27047.37
<b>LOAN FUNDS</b>					
Secured Loans	3	21517.97		27226.21	
Unsecured Loans	4	3356.11	24874.08	2805.82	30032.03
<b>DEFERRED TAX LIABILITY (Net)</b>			6428.09		5228.09
			61714.27		62307.49
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
	5				
Gross Block		90235.24		80300.20	
Less : Depreciation		35929.00		33883.90	
Net Block		54306.24		46416.30	
Add : Capital Work-in-Progress		8952.36		6841.29	
Add: Assets held for disposal		119.38	63377.98	2486.32	55743.91
<b>INVESTMENTS</b>		6	4959.50		5359.22
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	7	16829.11		15669.48	
Sundry Debtors	8	11526.16		13729.67	
Cash & Bank Balances	9	1073.89		2873.66	
Loans & Advances	10	7213.67		8910.74	
		36642.83		41183.55	
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>					
Creditors	11	37657.98		37910.80	
Provisions	12	5608.06		2068.39	
		43266.04	-6623.21	39979.19	1204.36
			61714.27		62307.49
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**  
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**B. V. Bhargava**  
**S. R. Taparia**  
**Y. P. Trivedi**

Directors

Mumbai, 20th July, 2009

Mumbai, 20th July, 2009



# Consolidated Profit and Loss Account for the year ended 30th June, 2009

	Schedule	2008 - 2009	2007 - 2008
<b>INCOME</b>			
Sales	13	165493.66	131039.65
Other Income	14	615.17	604.55
<b>EXPENDITURE</b>			
Cost of Materials	15	105419.24	86756.67
Manufacturing, Selling & Other Expenses	16	36290.99	29902.59
<b>PROFIT BEFORE INTEREST, DEPRECIATION &amp; TAX</b>		24398.60	14984.94
Interest & Financial Charges	17	5457.74	3897.92
Depreciation, Amortisation & Impairment	5268.95		
[Excluding transfer from Revaluation Reserve	14.99	5253.96	3953.07
Rs. 14.99 lacs (Previous year Rs 5.18 lacs)]			7850.99
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>		13686.90	7133.95
Exceptional Income (Refer Note No. 10 of Schedule 19)		622.76	4.63
Depreciation for Earlier Years Provided for (-)/(+) Written Back		-1.35	-1.37
Excess Provision of Income tax of earlier years w/back		0.00	113.49
<b>Provision for Taxation:</b>			
Corporate Tax		3554.00	1764.00
Deferred Tax		1200.00	545.00
Fringe Benefit Tax		120.00	120.00
<b>PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION</b>		9434.31	4821.70
Share of Profit (+)/Loss(-) in associate for the period		-349.51	554.58
<b>GROUP PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION</b>		9084.80	5376.28
Appropriations Therefrom :			
Transfer to Capital Reserve		0.00	0.03
Interim Dividend Paid on Equity Shares		0.00	966.76
Proposed Dividend on Equity Shares		3048.64	1242.98
Corporate Dividend Tax Paid		518.12	164.30
Provision for Corporate Dividend Tax		0.00	211.24
Transferred to General Reserve		5518.04	2790.97
<b>EARNINGS PER SHARE</b>			
(Refer Note No. 15 of Schedule 19)			
Basic & Diluted Earning per share (Before Exceptional Income)		Rs. 31.84	Rs. 19.45
Basic & Diluted Earning per share (After Exceptional Income)		Rs. 34.18	Rs. 19.46
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

**V. K. Taparia**  
Executive Director

**H. S. Parikh**  
**E. B. Desai**  
**N. N. Khandwala**  
**B. V. Bhargava**  
**S. R. Taparia**  
**Y. P. Trivedi**

Directors

Mumbai, 20th July, 2009

Mumbai, 20th July, 2009



## Schedules to Consolidated Balance Sheet

	2008 - 2009		Rs. in lacs 2007 - 2008	
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
3,00,00,000 (Previous Year 3,00,00,000)	<b>3000.00</b>		3000.00	
Equity Shares of Rs. 10 each				
1,12,00,000 (Previous Year 1,12,00,000)	<b>1120.00</b>		1120.00	
Preference Shares of Rs. 10 each				
3,38,00,000 (Previous Year 3,38,00,000)	<b>3380.00</b>		3380.00	
Unclassified Shares of Rs. 10 each	<b>7500.00</b>		7500.00	
<b>ISSUED AND SUBSCRIBED</b>				
2,76,21,674 Nos. (Previous Year 2,76,21,674 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)	<b>2762.17</b>		2762.17	
Less: 22,16,300 Nos. (Previous Year Nil) Equity Shares				
of Rs. 10 each fully paid up, bought back during the	<b>221.63</b>		—	
year and extinguished. (Refer Note No. 7 of Schedule 19)	<b>2540.54</b>		2762.17	
<b>SCHEDULE 2</b>				
<b>RESERVES AND SURPLUS</b>				
<b>REVALUATION RESERVE</b>				
As per last Balance Sheet	<b>294.90</b>		302.30	
Less: (1) Transferred to Profit & Loss Account	<b>14.99</b>		5.18	
(2) Transferred to Leasehold Land	<b>2.22</b>		2.22	
(3) Assets sold off / discarded	<b>1.60</b>	<b>276.09</b>	—	294.90
<b>CAPITAL RESERVE</b>				
As per last Balance Sheet	<b>194.89</b>		194.86	
Add: Transfer from Profit & Loss Account	<b>—</b>		0.03	
Add: Capital subsidy received during the year	<b>50.00</b>	<b>244.89</b>	—	194.89
<b>SECURITIES PREMIUM ACCOUNT</b>				
As per last Balance Sheet	<b>7205.55</b>		7205.55	
Less: Transferred to Capital Redemption Reserve being				
amount equal to face value of 22,16,300 Nos.				
Equity Shares of Rs. 10 each fully paid bought back and				
extinguished during the year (Refer note no. 7 of Schedule 19)	<b>221.63</b>		—	
Less: Utilised for premium paid on 22,16,300 Nos.				
Equity Shares of Rs. 10 each fully paid bought back and				
extinguished during the year (Refer note no. 7 of Schedule 19)	<b>2235.40</b>	<b>4748.52</b>	—	7205.55
<b>GENERAL RESERVE</b>				
As per last Balance Sheet	<b>16589.93</b>		13891.53	
Less: Provision for Gratuity Liability (Net of deferred Taxes)	<b>—</b>		97.33	
	<b>16589.93</b>		13794.20	
Add: Adjustment due to Associate Grouping	<b>272.13</b>		4.76	
Add : Transferred from Profit & Loss Account	<b>5518.04</b>	<b>22380.10</b>	2790.97	16589.93
<b>CAPITAL REDEMPTION RESERVE</b>				
As per last Balance Sheet	<b>—</b>		—	
Add: Transferred from Securities Premium Account				
(Refer note no. 7 of Schedule 19)	<b>221.63</b>	<b>221.63</b>	—	
<b>FOREIGN EXCHANGE TRANSLATION RESERVE</b>				
	<b>0.33</b>		—	-0.07
	<b>27871.56</b>		24285.20	





## Schedules to Consolidated Balance Sheet

2008 - 2009

Rs. in lacs  
2007 - 2008

### SCHEDULE 3

#### SECURED LOANS

##### A. WORKING CAPITAL LOANS

From Banks - Rupee Loans	-7623.96	-1727.94
(Surplus Balance in Cash Credit Accounts)		

##### B. TERM LOANS

(a) State Bank of India - Rupee Loan	5000.00	—
(b) ICICI Bank Ltd. - Foreign Currency Loan	372.63	663.91
(c) ABN AMRO Bank - Foreign Currency Loan	2985.00	2388.00
(d) HSBC Bank - Foreign Currency Loan	3031.38	4268.00
(e) Federal Bank Ltd. - Rupee Loan	1500.00	1547.60
(f) Vijaya Bank - Rupee Loan	3375.00	4500.00
(g) GE Capital Services of India - Rupee Loan	3259.26	8200.00
(h) Axis Bank Ltd - Rupee Loan	7050.00	4000.00
(i) State Bank of Hyderabad - Rupee Loan	1685.62	2058.47
(j) State Bank of Mysore - Rupee Loan	883.04	1328.17
	<u>21517.97</u>	<u>27226.21</u>

#### NOTES :

- Working Capital Loans from Banks (A) above, are secured / to be secured against hypothecation of stocks and Book Debts, second / subservient charge on all movable plant, machineries and moulds (except plant, machineries and moulds at PVC Film, Malanpur and Khopoli unit) and immovable properties of the Company situated at various locations (except properties at Andheri, Jalgaon, PVC Film Unit at Malanpur and Khopoli), both present and future.
- Term Loans from financial institutions and banks [B(a) to B(h)] 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 in Clause 1 above.
  - Movable properties viz. plant, machineries & moulds of the Company, both present and future, subject to the exclusions as mentioned in Clause 1 above and second / subservient charge on Current Assets viz. stocks and book debts of the Company.
  - Term loans from Banks [B(i) and B(j)] 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.

2008 - 2009

Rs. in lacs  
2007 - 2008

### SCHEDULE 4

#### UNSECURED LOANS

Fixed Deposits	3356.11	2805.82
Commercial Papers (maximum amount during the year Rs. 2500 lacs) (Previous year Rs. 6000 lacs).	—	—
	<u>3356.11</u>	<u>2805.82</u>





## Schedules to Consolidated Balance Sheet

### SCHEDULE 5 FIXED ASSETS

Rs. in lacs

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.07.2008	Additions During the Year	Deductions/ Adjustment During The Year Rs.	As At 30.6.2009	As At 01.07.2008	For The Year Rs.	Impairment During The Year *	Deductions/ Adjustment During The Year Rs.	As At 30.06.2009	As At 30.06.2008
ASSETS	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.
Freehold Land	1459.16	48.31	272.06	1235.41					1235.41	1459.16
Leasehold Land	619.29	44.35	9.40	654.24					654.24	619.29
Buildings	15890.10	4160.77	421.59	19629.28	3490.25	558.23	182.06	291.07	3939.47	12399.85
Plant, Machinery & Electrical Installations	43705.15	7737.78	1697.05	49745.88	17742.98	2631.89	136.27	1398.08	19113.06	25962.17
Moulds & Dies	14610.13	1310.33	1375.22	14545.24	10580.39	1177.41		1342.62	10415.18	4029.74
Furniture, Fixture & Office Equipments	2674.42	293.84	152.95	2815.31	1470.75	399.90		141.13	1729.52	1203.67
Vehicles	692.75	54.34	36.40	710.69	347.53	96.46		27.96	416.03	345.22
Sundry Equipments	649.19	280.82	30.82	899.19	251.99	86.73		22.98	315.74	397.20
Total	80300.19	13930.54	3995.49	90235.24	33883.89	4950.62	318.33	3223.84	35929.00	46416.30
Previous Year	66386.27	17309.14	3395.21	80300.20	32717.64	3958.25		2791.99	33883.90	33668.63
Capital Work-in-Progress (including advances on Capital Account).										
Assets held for Disposal (Refer Note No. 8 of Schedule 19)										
									8952.36	6841.29
									119.38	2486.32
									63377.98	55743.91

\* Refer note no. 9 of Schedule 19.

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

2. Freehold land includes acquisition aggregating to Rs. 25.00 lacs pending transfer in the name of the Company.

3. The Company has commenced development of its property at Andheri in Mumbai. The expenses incurred till date amounting to Rs. 7721.05 lacs (Previous Year Rs. 4419.10 lacs) has been included under Capital Work-in-Progress.

## Schedules to Consolidated Balance Sheet

### SCHEDULE 6 INVESTMENTS

Investment in	Face Value	Quantity		Rs. in lacs	
		As At 30.6.2009	As At 30.6.2008	As At 30.6.2009	As At 30.6.2008
<b>GOVERNMENT &amp; TRUST SECURITIES</b>	Rs.				
(a) National Saving Certificate				<b>0.11</b>	0.14
Sub Total				<b>0.11</b>	0.14
<b>OTHERS - UNQUOTED AND FULLY PAID UP</b>					
<b>Equity Shares</b>					
(a) Saraswat Co-op. Bank Ltd.	10	<b>1000</b>	1000	<b>0.10</b>	0.10
(b) Samarpan Fabricators Ltd.	100	<b>1350</b>	1350	<b>0.75</b>	0.75
(c) Super Bazar Co-op. Stores Ltd.	10	<b>1000</b>	1000	<b>0.10</b>	0.10
(d) SICOM Ltd.	10		50000	<b>0.00</b>	12.50
(e) Malanpur Captive Power Ltd.	10		211885	<b>0.00</b>	21.19
(f) Supreme Industries Overseas (FZE), a wholly owned subsidiary incorporated in UAE	DHS 150000	<b>1</b>	1		
Sub Total				<b>0.95</b>	34.64
<b>OTHERS - QUOTED &amp; FULLY PAID UP</b>					
<b>Equity Shares</b>					
(a) Supreme Petrochem Ltd. (an associate company)	10	<b>28936400</b>	28936400	<b>2834.84</b>	2834.84
Add: Goodwill on acquisition				<b>502.66</b>	502.66
Add: Accumulated share in profit / (-) loss at the beginning of the year				<b>2255.61</b>	1717.52
Add: Share in profit / (-) loss - current year				<b>-342.89</b>	572.63
Less: Unrealised Profit for Stock in hand				<b>6.62</b>	18.04
Less: Dividend received during the year				<b>289.36</b>	289.36
(b) Symphony Comfort Systems Ltd.	10	<b>600</b>	600	<b>0.27</b>	0.27
(c) Vijaya Bank Ltd.	10	<b>3200</b>	3200	<b>0.77</b>	0.77
(d) Central Bank of India	10	<b>3050</b>	3050	<b>3.11</b>	3.10
(e) Unimers India Ltd.	10	<b>37</b>	37	<b>0.05</b>	0.05
Sub Total				<b>4958.44</b>	5324.44
Total				<b>4959.50</b>	5359.22
(a) Aggregate Value of Quoted Investments - at Cost				<b>4958.44</b>	5324.44
- at Market Value				<b>5748.53</b>	5197.28
(b) Aggregate Value of Unquoted Investments - at Cost				<b>1.06</b>	34.78

Rs. in lacs  
2008 - 2009                      2007 - 2008

### SCHEDULE 7 INVENTORIES

(As certified by the Management)		
Stores, Spare parts, Packing Materials, etc.	<b>634.06</b>	749.65
Raw Materials and Components	<b>9854.09</b>	7981.06
Reusable Material	<b>532.90</b>	1029.20
Finished / Semi-Finished Goods	<b>5497.44</b>	5766.55
Finished Goods for Resale	<b>310.62</b>	143.02
	<b>16829.11</b>	15669.48



## Schedules to Consolidated Balance Sheet

	2008 - 2009	Rs. in lacs 2007 - 2008
<b>SCHEDULE 8</b>		
<b>DEBTORS</b>		
(Unsecured, considered good unless otherwise specified)		
Over Six months		
Considered Good	694.98	788.76
Considered Doubtful	73.50	10.03
	<u>768.48</u>	<u>798.79</u>
Less : Provision for Doubtful Debts	73.50	10.03
	<u>694.98</u>	<u>788.76</u>
Add: Others (includes Rs. 131.91 lacs (Previous year Rs. Nil ) due from subsidiary, [maximum amount receivable during the year Rs. 131.91 lacs (Previous year Nil)])	10831.18	12940.91
	<u>11526.16</u>	<u>13729.67</u>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	67.92	59.53
Cheques in hand	95.67	729.09
Remittance in Transit	90.66	85.23
Balance with Scheduled Banks in :		
Current Accounts	558.39	469.93
Deposit Accounts (Earmarked)	261.25	257.48
Balance with Non Scheduled Banks in : (ABN Amro Bank Singapore)		
Current Accounts in Foreign Currency	—	0.91
(Maximum balance during the year Rs. 0.91 lacs)		
Deposit Accounts in Foreign Currency	—	1271.49
(Maximum balance during the year Rs. 1271.49 lacs)		
	<u>1073.89</u>	<u>2873.66</u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received *	5115.55	7169.86
Security and other Deposits	1598.32	1278.43
Prepaid Expenses	499.80	462.45
	<u>7213.67</u>	<u>8910.74</u>
* includes amount of Rs. Nil (Previous year Rs.37.71 lacs) interest free loan to wholly owned subsidiary The Supreme Industries Overseas FZE [maximum amount outstanding during the year Rs. 37.71 lacs (Previous year Rs.37.71 lacs)]		
<b>SCHEDULE 11</b>		
<b>CREDITORS</b>		
Sundry Creditors	8783.39	8166.32
Acceptances	18448.42	18618.81
Items covered by Investors Education & Protection Fund (Refer note No. 19 of Schedule 19)	146.37	158.59
Interest Accrued but not due on		
(i) Secured Loans	20.52	175.54
(ii) Unsecured Loans	127.08	98.97
	<u>147.60</u>	<u>274.51</u>
Other Liabilities (includes Rs. 35.92 lacs (Previous year Rs. 26.99 lacs) due to subsidiary [maximum amount payable during the year Rs. 35.92 lacs (Previous year Rs.26.99 lacs)])	10132.20	10692.57
	<u>37657.98</u>	<u>37910.80</u>



## Schedules to Consolidated Balance Sheet

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Rs. in lacs 2008 - 2009

2008 - 2009

2007 - 2008

### SCHEDULE 12

#### PROVISIONS

Provision for Income Tax (Net of advances)	1978.35	457.57
Provision for Wealth Tax (Net of advances)	4.54	4.00
Proposed Dividend	3048.64	1242.98
Provision for Corporate Dividend Tax	518.12	211.24
Provision for Gratuity Liability	58.41	152.60
	<u>5608.06</u>	<u>2068.39</u>

## Schedules to Consolidated Profit and Loss Account

2008 - 2009

Rs. in lacs  
2007 - 2008

### SCHEDULE 13

#### TURNOVER (Net)

Plastic Products	156060.92	121324.93
Others	9432.73	9714.72
	<u>165493.66</u>	<u>131039.65</u>

### SCHEDULE 14

#### OTHER INCOME

Dividend	0.40	82.07
Claims & Refunds	53.51	43.88
Sundry Receipts	352.55	235.83
Liabilities no longer required written back	—	54.94
Lease Rent Received	142.06	187.83
Gain on Sale / Discard of Assets (Net)	14.15	—
Profit on sale of Investments	52.50	—
	<u>615.17</u>	<u>604.55</u>

### SCHEDULE 15

#### COST OF MATERIALS

Raw Material Consumed	95047.81	78719.63
Cost of Goods Traded	10102.31	9834.70
(-)Increase / Decrease in Stocks		
Opening Stocks of Finished / Semi Finished Goods	5766.56	3968.89
Less: Closing Stocks of Finished / Semi Finished Goods	<u>5497.44</u>	<u>5766.55</u>
	<u>105419.24</u>	<u>86756.67</u>



## Schedules to Consolidated Profit and Loss Account

### SCHEDULE 16

#### MANUFACTURING, SELLING & OTHER EXPENSES

	2008 - 2009	Rs. in lacs 2007 - 2008
Stores & Spare Parts Consumed	1656.95	1221.30
Labour Charges	3263.12	2764.60
Power & Fuel	6800.84	5803.85
Water Charges	58.64	45.78
Salaries, Wages & Bonus	5420.77	4502.27
Contribution to Pension & Provident Fund	314.14	262.43
Staff & Labour Welfare	411.58	295.24
Managerial Remuneration	572.53	408.89
Directors' Fees	5.90	5.10
Repairs & Maintenance of Building	184.40	90.34
Repairs & Maintenance of Plant & Machinery	723.15	752.25
Repairs & Maintenance (Others)	168.45	114.74
Rent, Rates & Taxes	454.12	370.73
Insurance	124.60	170.17
Charity & Donations	48.81	72.11
Legal & Professional Fees	421.45	286.10
Travelling & Conveyance [Directors Rs. 64.57 lacs (Previous year Rs. 79.84 lacs)]	853.04	855.56
Vehicle Expenses	205.06	179.50
Advertisement & Publicity	1088.29	869.47
Packing, Freight and Transport Charges	5832.25	6144.19
Postage, Stationery & Telephone	601.45	604.99
Royalty, Commission & Discount	5054.04	3316.62
Sales Tax etc.	34.26	52.94
Bad Debts / Provision for Doubtful Debts	174.11	35.19
Plant Security Services	178.66	148.54
Loss on Sale / Discard of Assets (Net)	—	34.93
Share Buyback Expenses	52.77	—
Foreign Currency Exchange Fluctuation (Net)	1225.14	158.31
Miscellaneous Expenses	362.47	336.45
	<b>36290.99</b>	<b>29902.59</b>

### SCHEDULE 17

#### INTEREST & OTHER FINANCIAL EXPENSES

##### INTEREST

(i) On Term Loans	3128.65	2507.66
(ii) On Fixed Deposits	286.88	261.74
(iii) On Debentures	—	283.62
(iv) Other Interest	1796.39	681.01
Bank Charges, Guarantee Commission and Other Financial Expenses	370.82	299.83
	<b>5582.74</b>	<b>4033.86</b>
Less : Interest Received [TDS Rs.15.61 lacs (Previous Year Rs.20.76 lacs )]	125.00	135.94
	<b>5457.74</b>	<b>3897.92</b>





## 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.
- ii. The preparation of financial statements requires estimates and assumptions to be made that affects the reported amount of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported year. Differences between the actual results and the estimates are recognized in the year in which the results are known / materialized
- iii. The financial statements of the holding company and its subsidiaries have been consolidated on line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra -group transactions and any unrealized gain or losses on the balance remaining within the group in accordance with the Accounting Standard-21 on consolidated Financial Statements (AS-21).

### B. REVENUE RECOGNITION

- i. Sales & Services are accounted for net of excise duty, service tax, 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 / installation 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 PRE-OPERATIVE EXPENSES DURING CONSTRUCTION PERIOD

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

### E. DEPRECIATION & AMORTISATION

#### Indian Company

#### Tangible Assets

- i. Depreciation on Building, Plant & Machinery and Moulds & Dies is provided on Straight Line Method and on other assets on Written Down Value Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except certain specific assets on which depreciation is provided at higher rates based on useful life of the assets estimated by the management.
- ii. Depreciation on additions to the assets during the year is being provided on pro-rata basis from the date of acquisition / installation.



- iii. Depreciation on assets sold or discarded during the year is being provided on pro-rata basis upto the date on which such assets are sold or discarded.
- iv. Leasehold Land is amortised over the period of lease.
- v. Assets costing upto Rs. 5,000/- each are depreciated fully in the year of purchase.

#### Intangible Assets

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

#### **Foreign company**

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

### **F. INVESTMENTS**

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

### **G. INVENTORIES**

Inventories are valued as under:

- i. Raw Material & Components - at cost using identified lot basis / First in first out (FIFO) 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 either at works / factory costs of the transferor unit / division, plus transport and other charges.

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

### **H. FOREIGN CURRENCY TRANSACTIONS**

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

Financial statements of overseas operations are translated as under.

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

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

### **I. EMPLOYEE BENEFITS**

- 1. Short Term Benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which related service is rendered.



2. Post Employment Benefits:

(a) Defined Contribution Plan:

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

(b) Defined Benefit Plan:

– Gratuity

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

– Provident Fund

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

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

3. Leave Liability

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

**J. RESEARCH & DEVELOPMENT EXPENDITURE**

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

**K. SHARE / DEBENTURE ISSUE EXPENSES AND DEBENTURE REDEMPTION RESERVE**

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

**L. TAXES ON INCOME**

**Indian Company**

Current tax is determined based on the amount of tax payable in respect of taxable income for the financial year ending 31st March, 2009.

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, 2009 as per Provisions of Income Tax Act.

**Foreign Company**

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

**M. PROVISIONS AND CONTINGENT LIABILITIES**

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



## SCHEDULE 19 : NOTES FORMING PART OF THE ACCOUNTS:

1. Basis of preparation: The consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21, "Consolidated Financial Statements" and AS 23, "Accounting for Investments in Associates in Consolidated Financial Statements".

2. The subsidiary and associate included in the consolidated financial statements are as under:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership As on 30th June, 2009.
The Supreme Industries Overseas (FZE)	Sharjah (UAE)	100%
Name of Associate	Country of Incorporation	Proportion of Ownership As on 30th June, 2009.
Supreme Petrochem Limited	India	29.88%

3. The accounts of the associates are not available as on 30th June, 2009. Financial statements as certified by the management for the 9 month period ending 31st March, 2009 have been considered for the preparation of the consolidated financial statements.

4. Contingent Liabilities not provided for:

	Rs. in lacs
	2008-09
a. Bills / Cheques discounted	1515.18
b. Guarantees given by Banks	766.10
c. Disputed demand of Lease rent differential not acknowledged as debt	NIL
d. Claims against the Company including Show Cause-cum-Demand Notices in relation to Central Excise and Service Tax not acknowledged as Debts	897.68
e. Disputed Income Tax Demands	1923.32
f. Disputed Sales Tax / Entry Tax Demands	375.85
g. Other claims against the company not acknowledged as debts.	85.28
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. 8265.29 lacs (Previous Year Rs. 8766.95 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.	90.36

5. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 2412.26 lacs (Previous year Rs. 3786.29 lacs).

6. The company has capitalised interest amounting to Rs. 697.77 lacs (Previous year Rs. 773.69 lacs) on payments made towards various projects under construction.

- (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 on such assets. 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. 234.52 lacs( previous year 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. The additional charge of depreciation due to such revaluation is Rs. 14.99 lacs (Previous year Rs. 5.18 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.



7. The company has bought back 22,16,300 equity shares of Rs. 10 each during the year through open market operations and utilized an aggregate sum of Rs. 2457.03 lacs from its Securities Premium account. As required by Section 77AA of the Companies Act, 1956 Capital Redemption reserve for a sum of Rs. 221.63 lacs being the nominal value of shares bought back has also been created.
8. The Company had entered into an arrangement during March, 2007 with M/s. Kloeckner Pentaplast India Pvt. Ltd., for proposed sale of certain capital assets pertaining to its Rigid PVC Film unit at Malanpur (Madhya Pradesh). However ultimately the arrangement did not materialize and pursuant to a settlement reached between the parties during January, 2009, the company forfeited unadjusted advance received (in respect of the said proposed sale) of Rs. 1981.58 lacs and the same has been adjusted against the value of assets held for disposal.
9. The company has carried its assessment of recoverable amounts of the assets as on Balance Sheet date and based on such assessment it has recognized an impairment loss of Rs. 318.33 lacs being estimate deficiency in net recoverable amount of certain assets at Urse unit as compared to the carrying amount and the same has been included under the head Depreciation, amortization and impairment.
10. Exceptional Income of Rs. 622.76 Lacs consists of profit on sale of land and building and other assets held by the company at its erstwhile Unit I at Puducherry.
11. 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.
12. 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 of total turnover.
13. Disclosure on related party transactions:

(Rs. in lacs)

Nature of Transactions	Holding & Subsidiaries	Associates	Key Management Personnel & Relatives	Total
Purchase of goods	— (—)	3519.24 (4280.39)	— (—)	3519.24 (4280.39)
Sale of goods	290.12 (67.14)	— (—)	— (—)	290.12 (67.14)
Interest expense	— (—)	5.33 (—)	— (—)	5.33 (—)
Rendering of services - Paid	44.48 (59.60)	12.00 (—)	— (—)	56.48 (59.60)
Dividend Received	— (—)	289.36 (289.36)	— (—)	289.36 (289.36)
Dividend Paid	— (—)	527.08 (995.49)	27.68 (52.29)	554.76 (1047.78)
Inter Corporate Deposits received	— (—)	255.00 (—)	— (—)	255.00 (—)
Remuneration	— (—)	— (—)	576.71 (385.81)	576.71 (385.81)
Outstanding at year-end				
– Sundry Debtors	131.91 (58.35)	— (—)	— (—)	131.91 (58.35)



Nature of Transactions	Holding & Subsidiaries	Associates	Key Management Personnel & Relatives	Total
– Sundry Creditors	(–)	538.65 (620.38)	– (–)	538.65 (620.38)
– Other Payable	35.92 (26.99)	13.12 (–)	436.91 (234.15)	485.95 (261.14)
– Other Receivables	– (37.71)	– (55.00)	– (–)	– (92.71)

\* 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 and their relatives.

The related party transactions have been reported without eliminating inter group transactions.

14. The Company has taken premises under cancelable operating lease. These lease agreements are normally renewed on expiry. The rental 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 company has taken office premises on non-cancelable operating lease. Lease obligations under non-cancelable periods are as follows:

	Rs. in lakhs
Future lease rental obligation not later than one year	210.00
Future lease rental obligation later than one year but not later than five years	147.20
Future lease rental obligation later than five years	–

15. Earning per Equity share - Basic / diluted

	2008-09	2007-08
Profit after tax (PAT) available for Equity shareholders ( Rs. In lakhs)	9084.80	5376.28
Weighted Average Number of Equity shares Nos.	2,65,77,837	2,76,21,674
Nominal value of Equity shares Rs.	10.00	10.00
Basic earning per Equity Share Rs.	34.18	19.46
Weighted Average for Potential Equity Shares Nos.	Nil	Nil
Diluted earning per Equity Share Rs.	34.18	19.46

16. (a) Provision for Income Tax liability has been made in the accounts based on the income for the period 1.4.2008 to 31.3.2009 (A/Y: 2009-10). The tax liability for the period 1.4.2009 to 30.6.2009 shall be determined on the basis of the income / expenditure for the year ended 31st March, 2010 (A.Y 2010-11).
- (b) The Company has recognised deferred tax provision for the year aggregating to Rs.1200.00 lacs in the Profit & Loss Account (Previous Year Rs. 545.00 lacs).





(c) The components for Deferred Tax Liability as on 31st March, 2009 consist of timing differences in depreciation.

(d) Corporate Tax includes provision for wealth tax Rs. 4.00 lacs (Previous year Rs. 4.00 lacs).

The foreign subsidiary is not liable for taxes on income.

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

18. 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 and interest paid / payable to these parties cannot be determined.

19. Items covered by Investor Education & Protection Fund shown under Schedule 11 includes:

a. Unclaimed Dividend	Rs. 66.57 lacs	(Previous Year Rs. 62.20 lacs)
b. Debenture Application Money	Rs. 0.14 lacs	(Previous Year Rs. 0.14 lacs)
c. Unclaimed Matured Deposits & Interest	Rs. 77.39 lacs	(Previous Year Rs. 91.53 lacs)
d. Unpaid Matured Debentures & Interest	Rs. 2.27 lacs	(Previous Year Rs. 4.72 lacs)
Total	<u>Rs.146.37 lacs</u>	<u>(Previous Year Rs.158.59 lacs)</u>

Amount due and outstanding to be credited to Investor Education & Protection Fund as on 30.06.2009 is Rs. Nil (Previous Year Rs. Nil)

20. Disclosure pursuant to Accounting Standard -15- "Employee Benefits"

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, 2009 and has been provided accordingly.

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

	As on 31/03/2009	As on 31/03/2008
<b>1 Assumptions</b>		
Discount Rate	7.80%	8.00%
Salary Escalation	6.00%	6.00%
<b>2 Table showing changes in present value of obligations</b>		(Rs. in lacs)
Present value of obligations as at beginning of the period	554.18	509.33
Interest cost	44.33	35.65
Current Service Cost	53.47	54.66
Benefits Paid	(42.90)	(39.05)
Actuarial (gain) / Loss on obligations	(36.76)	(6.41)
Present value of obligations as at end of period	572.32	554.18
<b>3 Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	401.58	361.89
Expected return on plan assets	32.13	28.95
Contributions	117.86	45.85
Benefits paid	(42.90)	(39.05)
Actuarial Gain / (Loss) on Plan assets	5.24	3.94
<b>Fair value of plan assets at the end of year</b>	<b>513.91</b>	<b>401.58</b>
<b>Total Actuarial Gain / (loss) to be recognized</b>	<b>42.01</b>	<b>10.35</b>



	As on 31/03/2009	Rs. In lacs As on 31/03/2008
<b>4 Actual return on plan assets</b>		
Expected return on plan assets	<b>32.13</b>	28.95
Actuarial Gain / (Loss) on Plan assets	<b>5.24</b>	3.94
<b>Actual return on plan assets</b>	<b>37.37</b>	32.89
<b>5 Present value of obligations as at the end of year</b>	<b>572.32</b>	554.18
Fair value of plan assets as at the end of the year	<b>513.91</b>	401.58
Funded status (shortfall)	<b>58.41</b>	152.60
<b>Net Asset / (liability) recognized in balance sheet</b>	<b>(58.41)</b>	(152.60)
<b>6 Expenses Recognised in statement of Profit &amp; Loss</b>		
Current Service cost	<b>53.47</b>	54.66
Interest Cost	<b>44.33</b>	35.65
Expected return on plan assets	<b>(32.13)</b>	(28.95)
Net Actuarial (gain) / Loss recognised in the year	<b>(42.01)</b>	(10.35)
<b>Expenses recognised in statement of Profit &amp; Loss</b>	<b>23.66</b>	51.01
<b>7 Break up of Plan Assets as a percentage of total plan assets</b>		
Insurer Managed Assets	<b>100%</b>	100%
<b>8 Balance Sheet Reconciliation</b>		
Opening Net Liability	<b>152.61</b>	147.44
Expenses as above	<b>23.66</b>	51.01
Employers Contribution Paid	<b>(117.86)</b>	(45.85)
<b>Closing Net Liability</b>	<b>58.41</b>	152.61

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

Name of the Instrument	Currency & Aggregate Amount	Purpose
a. Forward Purchase	US \$ 47.07 million (Previous Year US \$ 12.34 million)	Hedging
Currency Swap	US \$ 7.50 million (Previous Year US\$ 6.00 million)	Hedging
Interest Rate Swap	US \$ 6.25 million (Previous Year US \$ 10.00 million)	Hedging
b. Open Foreign Exchange Exposures		
Receivable	US \$ 1.10 million (Previous Year US\$ 2.04 million)	
Payable	US \$ 8.06 million (Previous Year US\$ 43.86 million)	

22. Payment to Auditors (including Branch Auditors): excluding Service Tax

	2008-2009 Rs.	Rs. In lacs 2007-2008 Rs.
Audit Fees	<b>18.26</b>	16.73
Tax Audit Fees	<b>9.88</b>	7.86
For Taxation Matters	<b>0.25</b>	0.25
In other capacity	<b>20.33</b>	19.44
	<b>48.72</b>	44.28

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

24. 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.

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



# Consolidated Cash Flow Statement for the year ended 30th June, 2009

**Supreme**  
People who know plastics best

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	For Year Ended 30.06.2009	For Year Ended 30.06.2008	Rs. in lacs
<b>A Cash Flow Arising From Operating Activities</b>			
Net Profit Before Tax	13686.26		7135.76
Adjustment For :			
Add : Depreciation	5253.96	3953.07	
Leasehold Assets Premium W/off	7.18	6.41	
Interest Net	5457.74	3897.92	
(Profit) / Loss on sale of Investments	-52.50		7857.40
	<b>24352.64</b>		<b>14993.16</b>
Less : Dividend Received	0.40	82.07	
Profit /(Loss) on sale of Assets	14.15	-34.93	
Lease Rent etc. Received	142.06	187.83	234.97
Operating Profit before working capital changes	<b>24196.03</b>		<b>14758.19</b>
Adjustments for :			
Inventories	1159.63	4647.27	
Trade & Other Receivable	-3900.58	4563.59	
Trade & Other Payable	347.01	-10579.37	-1368.51
	<b>26589.97</b>		<b>16126.70</b>
Cash Generated from Operations			
Interest Paid	-5582.74		-4033.86
Direct Taxes Paid	-2152.67		-1499.04
<b>Net Cash Flow from Operating Activities (A)</b>	<b>18854.56</b>		<b>10593.80</b>
<b>B Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets	16041.61		15493.89
Sale of Fixed Assets	-3140.69		-1158.64
Purchase of Investments	0.00		3.10
Sale of Investments	-86.22		-25.61
Buy Back of Shares	2457.03		0.00
Capital Subsidy Received	-50.00		0.00
Exceptional Income	-622.76		-4.63
Interest Received	-125.00		-135.94
Dividend Received	-0.40		-82.07
Dividend Received from Associate Company	-289.36		-289.36
Lease Rent Received	-142.06		-187.83
<b>Net Cash Used in Investing Activities</b>	<b>14042.15</b>		<b>13612.91</b>
<b>C Cash Flow from Financing Activities</b>			
Proceeds from Issue of Equity Shares			
Proceeds from Long Term & Short Term Borrowings	-5157.96		7200.20
Dividend & Corporate Dividend Tax paid	-1454.22		-2746.86
Redemption of Debentures			
<b>Net Cash Used in Financing Activities</b>	<b>-6612.18</b>		<b>4453.34</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A-B-C)</b>	<b>-1799.77</b>		<b>1434.23</b>
Opening Balance as on 01.07.2008	2873.66		1439.43
Closing Balance as on 30.06.2009	<b>1073.89</b>		<b>2873.66</b>

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

**V. K. Taparia**  
Executive Director

**H. S. Parikh**  
**E. B. Desai**  
**N. N. Khandwala**  
**B. V. Bhargava**  
**S. R. Taparia**  
**Y. P. Trivedi**

Directors

Mumbai, 20th July, 2009

Mumbai, 20th July, 2009



## **The Supreme Industries Overseas (FZE)**

### **Manager's Report**

The Manager of the Company has pleasure in submitting this report along with the financial statements of The Supreme Industries Overseas (FZE), SAIF Zone, Sharjah (U.A.E.) for the year 1st July 2008 to 30th June 2009.

#### **Legal Status & Shareholder:**

The company is registered as a Free Zone Establishment with limited liability in the Sharjah Airport International Free Zone (SAIF Zone) in the Emirate of Sharjah under commercial license no. 01-01-03490 and Certificate of Incorporation No. 2173.

M/s The Supreme Industries Limited, a limited company registered under Certificate of Incorporation No. 3554 under the Indian Companies Act of 1913, is the sole shareholder of the company holding 1 share of AED 150,000/-. The registered address of M/s The Supreme Industries Limited is 612, Raheja Chambers, Nariman Point, Mumbai, India.

#### **Operations of the Company:**

The company's principal activity is trading of pipes & pipe fittings. It has also acted as an agent for supply of pipes & pipe fittings. During the year under review, the company has achieved a turnover (including commission income) of AED 2,882,952/- (previous year AED 1,254,577/-) and incurred a total comprehensive loss of AED 123,424/- (previous year total comprehensive income of AED 2,613/-).

The company has accumulated losses of AED 99,530/- as at 30th June 2009, which exceeds 50% of its Share Capital. The continuance of the Company's operation is dependent on sufficient funds being made available by the shareholder. The shareholder has confirmed that necessary financial assistance will be provided to the company vide letter dated 29th June 2009. Hence the financial statements have been prepared on a going concern basis.

#### **Result and Dividends:**

In view of losses during the year under review, appropriation to Statutory Reserve has not been made which has to be @ 10% of net profit as per the provisions of UAE Commercial Companies Law. Total Comprehensive Loss is proposed to be carried forward as Accumulated Losses to be set off against future profits.

#### **Events Occurring After the Statement of Financial Position Date:**

There were no important events occurring after the Statement of Financial Position date that would materially affect the working or the financial statements of the company.

#### **Auditors:**

A resolution to appoint Messrs Kothari Auditors & Accountants, Post Box 4706, Sharjah (U.A.E.), as Auditors for the year 2009-10 and to fix their remuneration would be put up before the Shareholder at the Annual General Meeting.

For **The Supreme Industries Overseas (FZE)**

Sd/-

**Narendra Krishnarao Bhagdikar**  
Manager

Place : Sharjah (U.A.E.)  
Date: July 15, 2009



The Supreme Industries Overseas (FZE)  
**Independent Auditor's Report**

To,  
The Shareholder  
The Supreme Industries Overseas (FZE)  
SAIF Zone, Sharjah (U.A.E.)

**1. Scope:**

We have audited the accompanying financial statements of The Supreme Industries Overseas (FZE), SAIF Zone, Sharjah (U.A.E.), for the financial year ended 30th June 2009 comprising of Statement of Financial Position as at 30th June 2009, related Statement of Income, Changes in Equity and Cash Flows for the year ended 30th June 2009 read along with notes and schedule to the financial statements.

**2. Respective Responsibilities:**

These statements are the responsibility of the management and our responsibility is to express an opinion on these financial statements based on our audit and information & explanations that were considered necessary for the purpose of our audit.

**3. Basis of Opinion:**

Our audit was conducted in accordance with International Auditing Standards, which requires that we carry out the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our Audit thus included such tests of the accounting records and other auditing procedures, as we considered necessary in the circumstances. It also included assessment of the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

**4. Opinion:**

In our opinion, the aforesaid financial statements read along with the enclosed notes and schedule to the statements represent fairly, in all material respects, the financial position of The Supreme Industries Overseas (FZE), SAIF Zone, Sharjah (U.A.E.) as at 30th June 2009, the result of its operations, changes in equity and cash flows for the year ended 30th June 2009 and were prepared in conformity with International Financial Reporting Standards applied on a consistent basis.

**5. Other Matters:**

- a. Without qualifying our opinion, we would like to state that the company has accumulated losses of AED 99,530/- as at 30th June 2009, which exceeds 50% of its Share Capital. The continuance of the Company's operation is dependent on sufficient funds being made available by the shareholder. The shareholder has confirmed that necessary financial assistance will be provided to the company vide letter dated 29th June 2009. Hence the financial statements have been prepared on a going concern basis.
- b. We confirm that, in our opinion proper books of accounts have been maintained by the company and these financial statements and the contents of the Manager's Report are in agreement with the financial statements.
- c. We have obtained all information & explanations necessary for our audit and to the best of our knowledge and belief, there was no violation of the provisions of the U.A.E. Commercial Laws Free Zone Regulations and Memorandum & Articles of Association of the Company that would affect materially the working or the financial statements of the company.

Date: July 15, 2009  
Place: Sharjah (U.A.E.)

Kothari Auditors & Accountants  
Kothari Vipul R.  
Ministry of Economy Reg. No.159



**The Supreme Industries Overseas (FZE)**  
**Statement of Financial Position as at 30th June 2009**

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Sr. Particulars		Note No.	Amount in U.A.E. Dhs. (AED)	
			30.6.2009	30.6.2008
<b>Assets Employed:</b>				
<b>i Current Assets:</b>				
Cash & Bank Balances	5		249,965	344,331
Deposits, Prepayments & Advances	6		60,379	83,168
Receivables	7		992,919	647,180
			<u>1,303,263</u>	<u>1,074,679</u>
<b>ii Property, Plant &amp; Equipments</b>	Sch-1		50,084	64,267
<b>Total Assets Employed</b>			<u>1,353,347</u>	<u>1,138,946</u>
<b>Liabilities &amp; Equity:</b>				
<b>iii Current Liabilities:</b>				
Payables	8		1,220,223	592,806
Accrued Expenses & Staff Benefits			46,400	35,500
			<u>1,266,623</u>	<u>628,306</u>
<b>iv Non Current Liabilities:</b>				
Accrued End-of-Service Benefits			33,600	0
			<u>33,600</u>	<u>0</u>
<b>Total Liabilities (iii + iv)</b>			<u>1,300,223</u>	<u>628,306</u>
<b>v Equity:</b>				
Share Capital	9		150,000	150,000
Reserves & Surplus	10		(96,876)	26,548
Loan from Shareholder	11		0	334,092
			<u>53,124</u>	<u>510,640</u>
<b>Total Liabilities &amp; Equity</b>			<u>1,353,347</u>	<u>1,138,946</u>

The attached note nos. 1 to 16 and schedule 1 form an integral part of these financial statements.

For **The Supreme Industries Overseas (FZE)**

Sd/-

**Narendra Krishnarao Bhagdikar**  
Manager





## Statement of Comprehensive Income for the year ended 30th June 2009

Sr.	Particulars	Note No.	Amount in U.A.E. Dhs. (AED)	
			2008-09	2007-08
i	Revenue	12	<b>2,882,952</b>	1,254,577
ii	Less: Direct Costs	13	<b>(2,415,588)</b>	(706,820)
iii	Gross Profit		<b>467,364</b>	547,757
iv	Less: Administrative Expenses			
	Rent		<b>(31,850)</b>	(42,891)
	Salary & Staff Benefits		<b>(295,058)</b>	(238,179)
	General Administrative Expenses	14	<b>(242,882)</b>	(246,840)
	Depreciation		<b>(17,998)</b>	(17,234)
			<b>(587,788)</b>	(545,144)
v	Other Non-Operating Items:			
	Less : Prior Period Adjustments		<b>(3,000)</b>	0
			<b>(3,000)</b>	0
vi	Net Income (Loss)		<b>(123,424)</b>	2,613
vii	Add: Other Comprehensive Income		<b>0</b>	0
viii	Total Comprehensive Income (Loss)		<b>(123,424)</b>	2,613
ix	Appropriations:			
	Opening Balance of Retained Earnings		<b>23,894</b>	21,542
	Less: Transferred to Statutory Reserve		<b>0</b>	(261)
x	Closing Balance of Accumulated (Losses) / Earnings		<b>(99,530)</b>	23,894

The attached note nos. 1 to 16 and schedule 1 form an integral part of these financial statements.

For **The Supreme Industries Overseas (FZE)**

Sd/-

**Narendra Krishnarao Bhagdikar**  
Manager



## Statement of Changes in Equity for the year ended 30th June 2009

ANNUAL REPORT  
2008 - 2009

Particulars	Share Capital	Statutory Reserve	Accumulated Earnings (Losses)	Loan from Shareholder	Amount in U.A.E. Dhs. (AED) Total
As at 1.07.2007	150,000	2,393	21,542	255,267	429,202
Total Comp. Income (Loss)	0	0	2,613	0	2,613
Transfers	0	261	(261)	0	0
Net Movements	0	0	0	78,825	78,825
<b>As at 30.6.2008</b>	<b>150,000</b>	<b>2,654</b>	<b>23,894</b>	<b>334,092</b>	<b>510,640</b>
As at 1.07.2008	150,000	2,654	23,894	334,092	510,640
Total Comp. Income (Loss)	0	0	(123,424)	0	(123,424)
Transfers	0	0	0	0	0
Net Movements	0	0	0	(334,092)	(334,092)
<b>As at 30.6.2009</b>	<b>150,000</b>	<b>2,654</b>	<b>(99,530)</b>	<b>0</b>	<b>53,124</b>

The attached note nos. 1 to 16 and schedule 1 form an integral part of these financial statements.

For **The Supreme Industries Overseas (FZE)**

Sd/-

**Narendra Krishnarao Bhagdikar**  
Manager



**The Supreme Industries Overseas (FZE)**  
**Statement of Cash Flows for the year ended 30th June 2009**

Sr.	Particulars	Note No.	Amount in U.A.E. Dhs. (AED)	
			2008-09	2007-08
i	Cash Flows from Operating Activities :			
	Total Comprehensive Income (Loss)		(123,424)	2,613
	Adjustments for:			
	Depreciation		17,998	17,234
	Operating Profit (Loss)		(105,426)	19,847
	Changes in Operating Assets & Liabilities:			
	Decrease (Increase) in Deposits, Prepayments & Advances		22,789	(22,036)
	Decrease (Increase) in Receivables		(345,739)	(350,998)
	Increase (Decrease) in Payable		627,417	464,559
	Increase (Decrease) in Accrued Expenses & Staff Benefits		10,900	10,000
	Increase (Decrease) in Accrued End-of-Service Benefits		33,600	(7,000)
	<b>Cash Generated from Operations</b>		<b>243,541</b>	<b>114,372</b>
ii	Cash Flows from Investing Activities :			
	(Addition) to Property, Plant & Equipments		(3,815)	0
	<b>Cash (Used in) Investing</b>		<b>(3,815)</b>	<b>0</b>
iii	Cash Flows from Financing Activities :			
	Increase (Decrease) in Loan from Shareholder		(334,092)	78,825
	<b>Cash (Used in) / Generated from Financing</b>		<b>(334,092)</b>	<b>78,825</b>
	Add : Surplus (Deficit) for the year		(94,366)	193,197
	Opening Balance of Cash & Equivalents	5	344,331	151,134
	Closing Balance of Cash & Equivalents	5	249,965	344,331

The attached note nos. 1 to 16 and schedule 1 form an integral part of these financial statements.

For **The Supreme Industries Overseas (FZE)**

Sd/-

**Narendra Krishnarao Bhagdikar**  
Manager



## Notes to Financial Statements for the year ended 30th June 2009

### 1. Status and Activity:

- 1.1 The Supreme Industries Overseas (FZE) is registered as a Free Zone Establishment with limited liability in the Sharjah Airport International Free Zone (SAIF Zone) in the Emirate of Sharjah under commercial license no. 01-01-03490 and Certificate of Incorporation No. 2173.
- 1.2 M/s The Supreme Industries Limited, a limited company registered under Certificate of Incorporation No. 3554 under the Indian Companies Act of 1913, is the sole shareholder of the company holding 1 share of AED 150,000/-. The registered address of M/s The Supreme Industries Limited is 612, Raheja Chambers, Nariman Point, Mumbai, India.
- 1.3 The registered address of the company is Post Box 9158, Sharjah (U.A.E.).
- 1.4 The company's principal activity during the year was trading of pipes & pipe fittings and acting as agent for supply of pipes & pipe fittings.

### 2. Accounting Period & Currency:

The financial statement enclosed covers the period 1st July 2008 to 30th June 2009. Previous year figures are for the period 1st July 2007 to 30th June 2008 and have been regrouped where found necessary.

The figures of the statements are in UAE Dirhams and have been rounded off to the nearest UAE Dirham.

### 3. Significant Accounting Policies:

The following accounting policies have been consistently applied by the management in preparation of the financial statements except where stated here-under.

#### 3.1 Accounting Convention:

The enclosed financial statements have been prepared under historical cost convention and on going concern basis in accordance with International Financial Reporting Standards.

The company follows accrual basis of accounting wherein transactions and events are recognised as & when they occur and are recorded & reported in the financial statements of the period to which they relate to.

#### 3.2 Going Concern Assumption:

These financial Statements are prepared on a going concern basis which assumes that the company will continue to operate as a going concern in the foreseeable future. The company has accumulated losses of AED 99,530/- as at 30th June 2009, which exceeds 50% of its Share Capital. The continuance of the Company's operation is dependent on sufficient funds being made available by the shareholders. The shareholders have confirmed that necessary financial assistance will be provided to the company vide letter dated 29th June 2009.

#### 3.3 Property, Plant & Equipment:

Property, Plant & Equipment are stated at their cost of acquisition including any incidental expenses. Depreciation on property, plant & equipment has been provided based on straight line method at the understated annual rates which is estimated to write off the cost of the assets over its expected useful life:

Furniture & Fixtures	20.00% p.a.
Office Equipments	20.00% p.a.
Vehicles	20.00% p.a.

Where any indication of impairment exists, the carrying amount of property, plant & equipment is assessed and written down to its recoverable amount.

#### 3.4 Receivables:

Receivables are carried at anticipated realisable value. Bad debts are being written off/provided for based on review of outstanding receivables at the year end.

#### 3.5 Provisions:

Provisions are recognised when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle these obligations and a reliable estimate of the same can be made.



### 3.6 Employee Benefits:

Staff benefits have been provided for in accordance with UAE Labour Law requirements.

### 3.7 Statutory Reserves:

In view of losses during the year under review, appropriation to Statutory Reserve has not been made which has to be @ 10% of net profit as per the provisions of UAE Commercial Companies Law No. 8 of 1984 (as amended by Law No. 13 of 1988). Statutory Reserve is not a free reserve & is not available for distributions.

### 3.8 Revenue Recognition:

Revenue represents sales income, net of discounts & returns, if any & commission income. Sales income is recognised as and when goods are sold and the title of the goods passes on to the buyer. Commission income is recognised as and when the transaction is entered into between buyer & seller and a debit note is raised for the commission income.

### 3.9 Foreign Currency Transactions:

- Transactions in foreign currency if any are converted into UAE AED at prevailing exchange rate on the date such transactions are entered into.
- Foreign currency assets and/or liabilities outstanding as at the close of the year are recorded at exchange rate prevailing at the close of business on the statement of financial position date.
- Resultant loss or gain has been accounted in the year in which such assets are realized or liabilities are discharged.

### 3.10 Cash & Cash Equivalents:

Cash & Cash Equivalents for the purpose of cash flow statement comprise of cash on hand and balances in bank current account.

## 4. Other Significant Disclosures:

### 4.1 Related Party Transactions:

The company enters into transactions with another firm & / or persons that falls within the definitions of related party as contained in International Financial Reporting Standards. The Shareholder considers that the terms of trade with such a related party are similar to those extended to or received from third parties and are on an arms length basis. Related party comprises of Shareholder- The Supreme Industries Limited, India. During the year under review, the company has entered into the following transactions with related parties:

Nature of Transactions		2008-09	2007-08
Commission Income	AED	344,996/-	509,819/-
Purchases	AED	2,157,905/-	637,050/-

### 4.2 Financial Instruments:

#### A. Credit, Interest & Exchange Rate Risk:

##### 1. Credit Risk:

Financial assets which potentially subject the company to credit risk comprises mainly of bank balances, receivables from related party, advances and deposits.

Bank balances are with regulated financial institutions.

Receivables, as represented, are realisable at values stated herein. However 82.60% of total receivables (including related party receivables) are outstanding from 2 customers (previous year 76.34% from 1 customer and 1 related party) and hence the company has concentration of credit & consequent risk to that extent.

Advances & deposits are expected to be settled in the normal course of business.

##### 2. Interest Rate Risk:

The company does not have any interest bearing borrowings from bank or third parties outstanding as at statement of financial position date.

##### 3. Exchange Rate Risk:

There were no significant exchange rate risks as most of the financial assets and financial liabilities are denominated in UAE Dirhams.



4. Revenue Risk & Procurement risk:

During the year under review, 76.38% of the revenue was derived from 1 customer (previous year 57.82% from 1 customer) and hence the company has revenue risk to that extent. During the year under review, the company has 97.52% purchases from one related party (previous year 98.97% from 1 related party). Hence there is procurement risk to that extent.

B. Fair Value Information:

Fair value represents the amount at which an asset could be exchanged or a liability settled in an arm's length transaction. In respect of all the company's financial assets viz. cash & bank balances, receivables, advances, deposits and liabilities viz. payables, accruals & other non current liabilities, in the opinion of the management, the book value approximates to their carrying value.

**4.3 Number of Employees:**

Number of employees as on statement of financial position date was 1 (previous year 1).

	30.6.2009	30.6.2008
<b>5. Cash &amp; Bank Balances / Cash &amp; Cash Equivalents:</b>		
Cash on Hand	9,421	2,437
Balances with Bank in Current Accounts	240,544	341,894
	<b>249,965</b>	<b>344,331</b>
<b>6. Deposits, Prepayments &amp; Advances:</b>		
Deposits	10,800	13,300
Prepayments	39,970	45,935
Advance to Staff	0	3,500
Advance to Others	9,609	20,433
	<b>60,379</b>	<b>83,168</b>
Deposits includes AED 5,300/- (previous year AED 5,300/-) placed with SAIF Zone Authorities against employee visa guarantees issued.		
Advance to Others represents advance paid to SAIF Zone which is short term in nature & free of interest & in previous year it represented payment on behalf of The Supreme Industries Limited – India which was recoverable within one year and free of interest.		
<b>7. Receivables:</b>		
Trade Receivables	725,698	407,236
Commission Receivable from Related Party	267,221	239,944
	<b>992,919</b>	<b>647,180</b>
Age-wise Analysis of Receivables :		
Less than 3 months	725,698	529,284
More than 3 months but less than 6 months	267,221	117,896
	<b>992,919</b>	<b>647,180</b>
Geographical Analysis of Receivables:		
From within UAE	725,698	411,949
From India	267,221	235,231
	<b>992,919</b>	<b>647,180</b>
<b>8. Payables:</b>		
Trade Payables	1,025,290	521,355
Commission Payable	194,933	71,451
	<b>1,220,223</b>	<b>592,806</b>





	30.6.2009	30.6.2008
<b>9. Share Capital:</b>		
Share Capital comprises of 1 fully paid up equity share of AED 150,000/-.		
<b>10. Reserves &amp; Surplus:</b>		
Statutory Reserve	2,654	2,654
Accumulated (Losses) / Earnings	(99,530)	23,894
	<u>(96,876)</u>	<u>26,548</u>
<b>11. Loan from Shareholder:</b>		
Loan from Shareholder represented loan received from The Supreme Industries Limited, India. The same was short term in nature & free of interest.		
	<b>1.7.2008 to 30.6.2009</b>	<b>1.7.2007 to 30.6.2008</b>
<b>12. Revenue:</b>		
Sales	2,537,956	744,758
Commission Income	344,996	509,819
	<u>2,882,952</u>	<u>1,254,577</u>
<b>13. Direct Costs:</b>		
Purchases	2,212,801	643,692
Commission Expenses	174,908	52,746
Other Direct Costs	27,879	10,382
	<u>2,415,588</u>	<u>706,820</u>
<b>14. General Administrative Expenses:</b>		
Communication Expenses	64,093	71,880
Fees & Charges	33,228	20,057
Advertisement & Business Promotion	65,326	83,277
Travelling & Conveyance	1,775	23,073
Bank Charges	13,861	3,468
Office & Other Expenses	64,599	45,085
	<u>242,882</u>	<u>246,840</u>
	<b>30.6.2009</b>	<b>30.6.2008</b>
<b>15. Contingent Liabilities:</b>		
Employee Visa Guarantees	5,300	5,300
Except for ongoing business commitments for which company expects no losses, there were no liabilities of contingent nature or on capital account outstanding, as at statement of financial position date.		
<b>16. Significant Events After Statement of Financial Position Date:</b>		
There were no significant events occurring after the statement of financial position date which will have any material effect on the working or the financial statements of the company.		

Signature to notes & schedule to the financial statements  
For **The Supreme Industries Overseas (FZE)**

Sd/-

**Narendra Krishnarao Bhagdikar**  
Manager



**The Supreme Industries Overseas (FZE)**

**Schedule – 1 to Financial Statements for the year ended 30th June 2009**

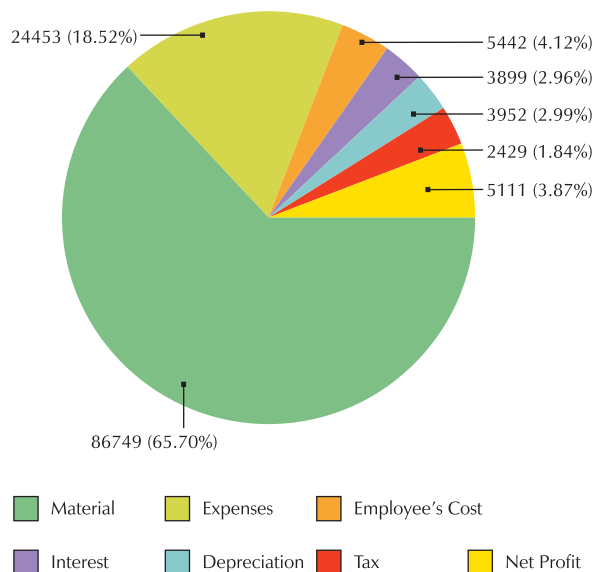
**Property & Equipments:**

Asset Type / Description	Furniture & Fixtures	Office Equipments	Vehicles	Total
<b>Gross Value:</b>				
As at 1.7.2008	2,450	6,624	77,100	86,174
Additions	0	3,815	0	3,815
As at 30.6.2009	2,450	10,439	77,100	89,989
<b>Accumulated Depreciation :</b>				
As at 1.07.2008	694	2,580	18,633	21,907
For the Year	490	2,088	15,420	17,998
As at 30.6.2009	1,184	4,668	34,053	39,905
Net Value – 30.6.2009	1,266	5,771	43,047	50,084
Net Value – 30.6.2008	1,756	4,044	58,467	64,267



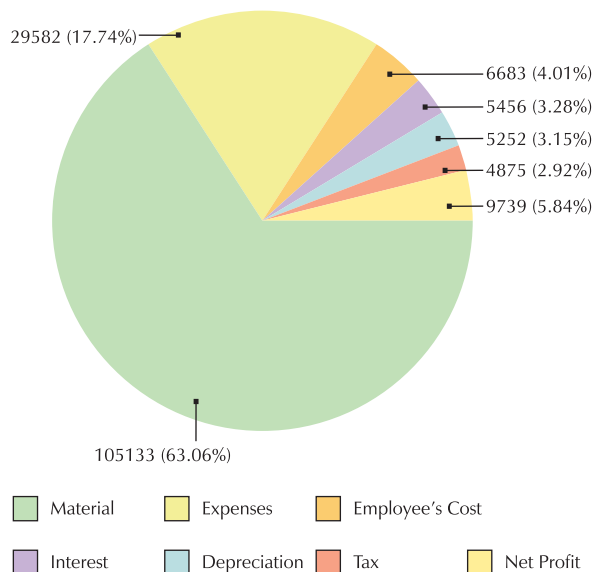
## DISTRIBUTION OF REVENUE 2007-08

Rs. in Lacs

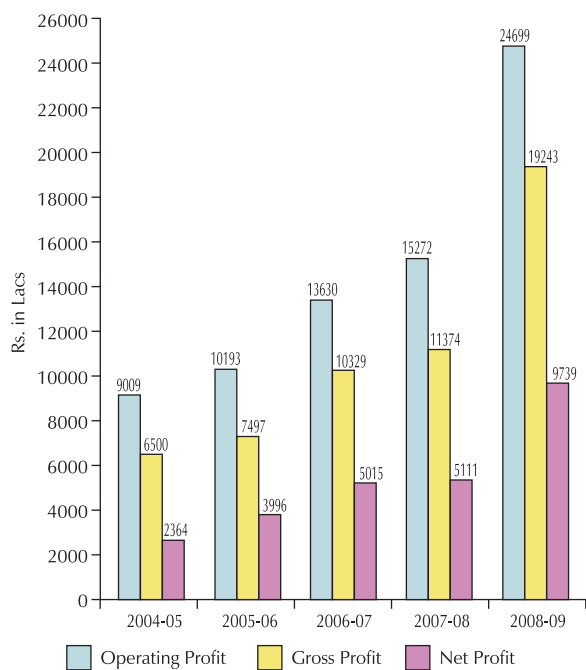


## DISTRIBUTION OF REVENUE 2008-09

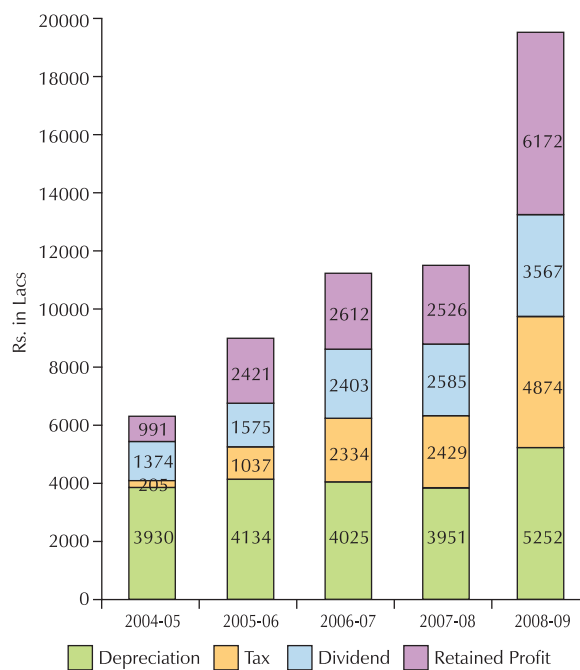
Rs. in Lacs

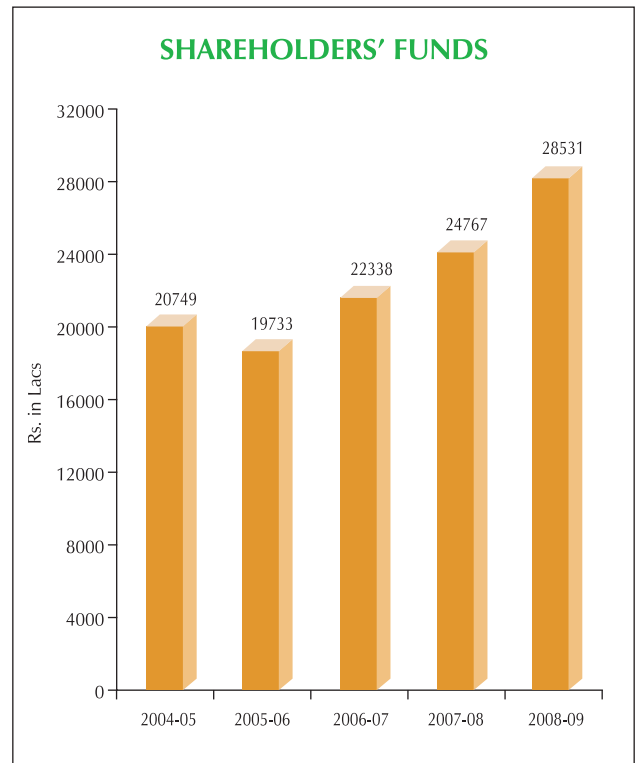
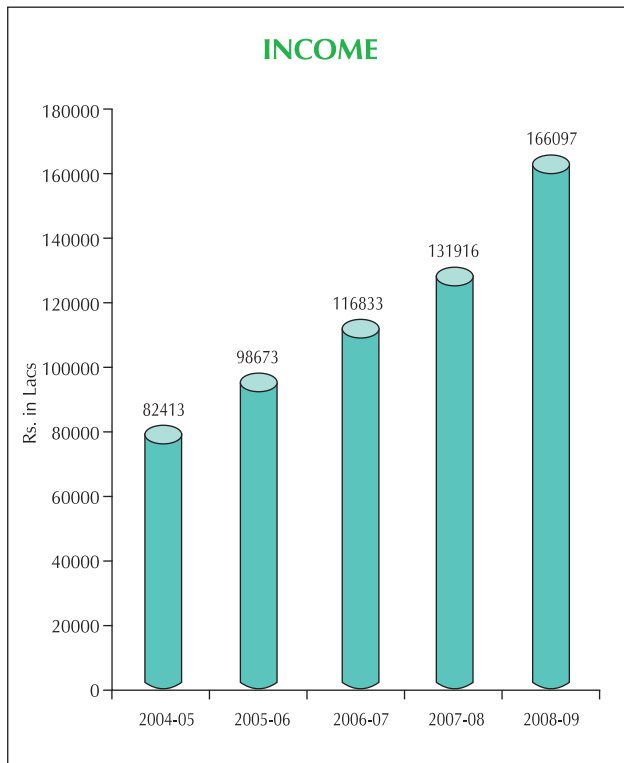
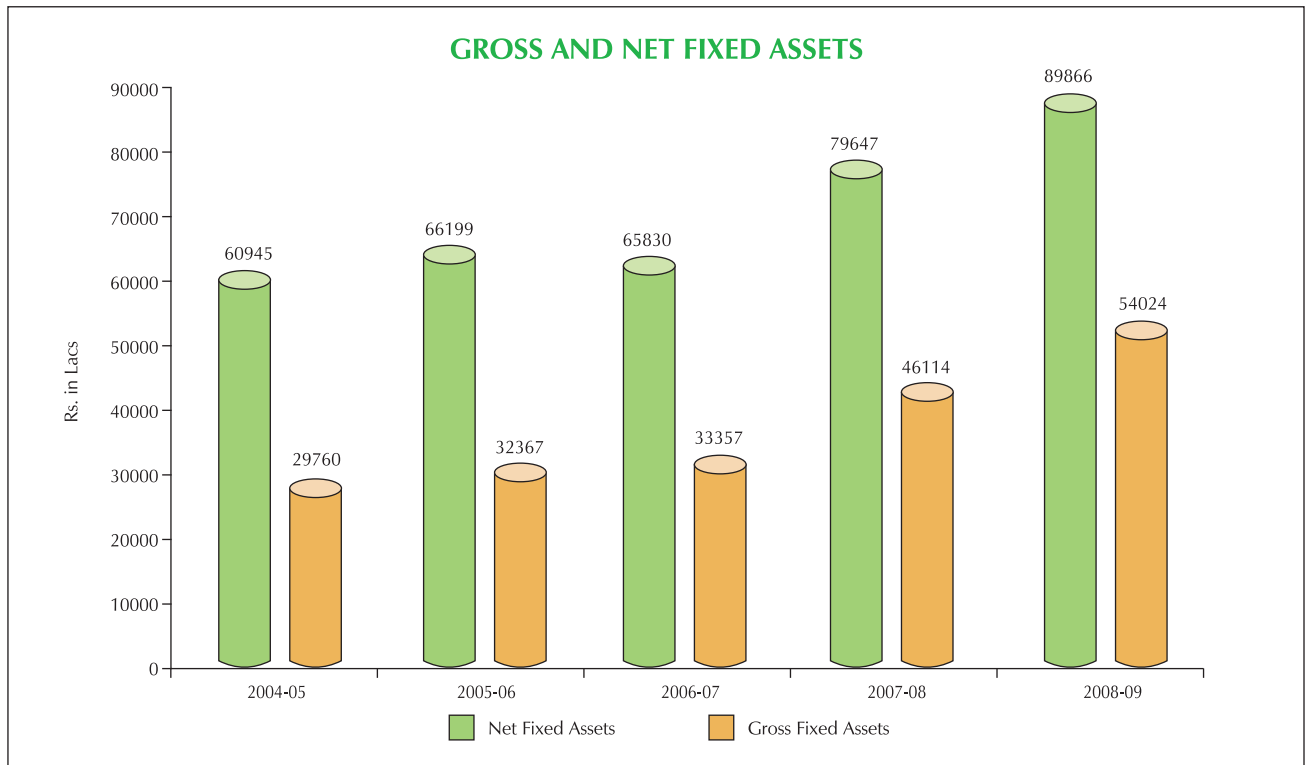


## OPERATING GROSS AND NET PROFITS



## DISTRIBUTION OF PROFIT





## **Adding Value** by bringing the world closer

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material handling products,  
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barrier films, plastic piping systems,  
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employment-driven projects, and more.

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Giving back to society, with humility.

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Imbibing the latest technologies  
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Staying abreast of  
new advancements, changing trends.

Giving its 19 state-of-the-art plants  
cutting edge capability.

To customize products,  
develop superior variants.

Know-how that ultimately enhances  
overall domain expertise.

And enriches lives at large.





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People who know plastics best

**THE SUPREME INDUSTRIES LIMITED**

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