

Supreme®

People who know plastics best

THE SUPREME INDUSTRIES LIMITED



Annual Report 2006-2007

Perfection may be elusive,
excellence isn't.
And getting better is always within reach.
For a company,
this quest is critical to its existence,
and to its future.
For a leader, even more so.
As today yields endlessly to
tomorrow, this search for excellence
shouldn't stop.
And at Supreme, it never will.



Supreme[®]
People — who know plastics best

PERFORMANCE HIGHLIGHTS

(Rupees In Lacs)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Polymers Processed (MT)	59945	66858	67262	68413	83499	91913	100053	95439	118115	130547
Sales	47908.28	55441.16	56096.08	53487.76	67466.02	79241.62	90925.15	93150.04	113067.09	132975.56
Less: Excise Duty	6501.31	7469.47	8145.03	6960.63	8339.50	9904.92	11297.96	11740.33	14860.69	16809.50
Net Sales	41406.97	47971.69	47951.05	46527.13	59126.52	69336.70	79627.19	81409.71	98206.40	116166.06
Other Income	320.75	312.16	476.32	289.13	338.96	380.59	242.14	1003.30	466.61	666.76
Total Income	41727.72	48283.85	48427.37	46816.26	59465.48	69717.29	79869.33	82413.01	98673.01	116832.82
Operating Profit	7637.45	8625.78	8032.27	7126.50	8795.02	8774.47	8908.42	9008.77	10193.24	13629.66
(PBITD + Misc.Exp. W/Off)										
Interest	3914.76	4180.45	3805.26	4119.17	4234.08	3271.54	2560.43	2508.59	2696.04	3300.57
Gross Profit	3665.88	4267.77	4199.43	3007.33	4560.94	5502.93	6347.99	6500.18	7497.20	10329.09
Depreciation	2013.87	2442.82	2526.87	2570.60	3349.69	3647.87	4139.01	3929.84	4134.10	4024.59
Profit Before Tax & Exceptional Items	1652.01	1824.95	1672.56	436.73	1211.25	1855.06	2208.98	2570.34	3363.10	6304.50
Tax & Exceptional Items	-92.00	-72.00	-117.00	-160.64	-94.00	-353.75	-110.09	-205.00	656.08	1291.36
Profit after Tax	1560.01	1752.95	1555.56	276.09	1117.25	1501.31	2098.89	2365.34	4019.18	5013.14
Prior Years Adjustments	21.06	7.86	24.23	3.73	-2.45	-73.49	7.99	-0.85	-23.37	2.22
Net Profit	1581.07	1760.81	1579.79	279.82	1114.80	1427.82	2106.88	2364.49	3995.81	5015.36
Paid up Equity Capital	971.49	971.49	971.49	971.49	1001.23	1001.23	1339.08	1339.08	1381.08	2762.17*
Reserves and Surplus**	10815.87	11853.05	12766.93	12730.58	12870.54	17069.45	18446.36	19409.84	18352.36	19576.27
Shareholders' Funds	11787.36	12824.54	13738.42	13702.07	13871.77	18070.68	19785.44	20748.92	19733.44	22338.44
Loans	26560.25	22470.40	21362.56	27655.27	24251.20	24099.87	20446.01	24653.54	23748.68	22831.83
Deferred Tax Liability (Net)	-	-	-	-	-	-	-	-	4283.20	4733.20
Capital Employed***	38980.02	35737.07	34658.18	41041.39	37843.43	42063.98	39575.68	45146.48	44516.59	41246.93
Net Fixed Assets****	23498.22	23806.38	23524.54	25109.25	29663.18	31284.68	28820.23	30015.70	35615.87	45099.89
Net Current Assets	12566.62	6616.77	5895.56	10554.68	5177.15	8312.48	8016.88	11992.43	8752.23	1385.72
Earning Per Equity Share (Rs.)	14.52	16.71	15.17	2.84	11.16	14.26	15.67	17.66	29.40	18.16*
Cash Earning Per Equity Share (Rs.)	35.10	41.73	41.09	29.30	44.52	38.48	46.60	47.01	59.64	32.72*
Book Value (Rs.)	121.00	132.00	141.00	141.00	139.00	141.00	148.00	156.00	143.00	80.87*
Dividend (%)	60.00	70.00	70.00	30.00	60.00	70.00	90.00	90.00	100.00	75.00*
PBITD / Average Capital Employed (%)	20.36	23.09	22.82	18.83	22.30	21.96	21.82	21.27	22.74	31.78
ROACE (%)	14.99	16.55	15.64	12.04	13.81	12.83	11.68	11.99	13.52	22.40
(PBIT / Average Capital Employed)										
ROANW (%)	12.24	13.20	11.09	2.01	8.10	9.40	11.09	11.67	19.86	23.83
(PAT / Average Net Worth)										
Debt : Equity	1.58	1.29	0.96	1.10	1.18	0.59	0.83	0.95	0.65	0.89
(Long Term Debt / Total Net worth)										
Total Debt / Total Net Worth	2.06	1.65	1.55	2.02	1.75	1.33	1.03	1.19	1.20	1.02
Employees' strength	1794	1814	1789	1676	1790	1939	1876	2113	2202	2349

* after issue of 1:1 Bonus shares

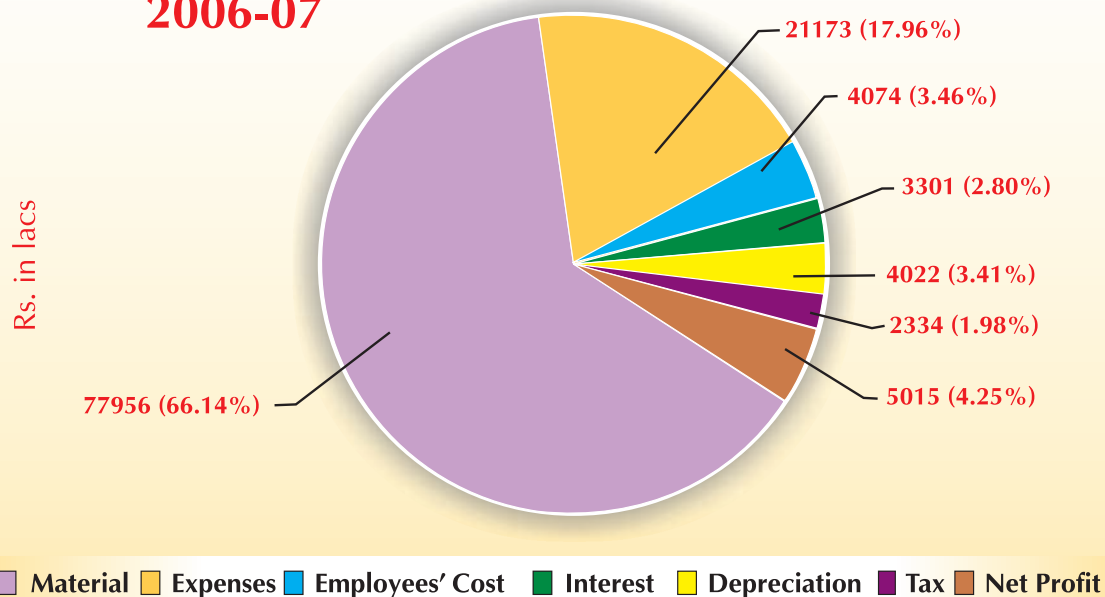
** excluding revaluation reserves & after reducing miscellaneous expenditure

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

**** excluding revaluation.

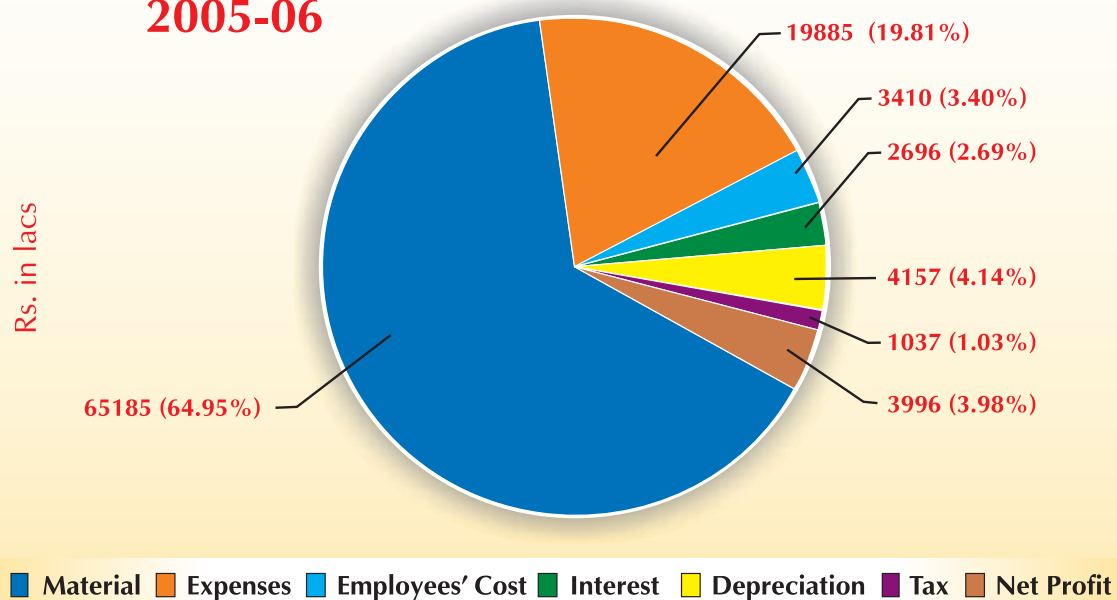
DISTRIBUTION OF REVENUE

2006-07



DISTRIBUTION OF REVENUE

2005-06



BOARD OF DIRECTORS

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

Sr. VICE – PRESIDENT (FINANCE) & SECRETARY

O P Roongta

Sr. VICE – PRESIDENT (OPERATIONS)

J M Totla

BANKERS

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

AUDITORS

M/s. Chhogmal & Co.,
Chartered Accountants

REGISTERED OFFICE

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021.
Tele: 022-2285 1656
Fax: 022-2285 1657
Website: <http://www.supreme.co.in>
Email: supremenpt@supreme.co.in

CORPORATE OFFICE

1101 & 1106, Solitaire Corporate Park,
167, Guru Hargovindji Marg,
Andheri Ghatkopar Link Road,
Andheri (E),
Mumbai 400 093
Tele: 022-4043 0000
Fax: 022-4043 0099
Website: <http://www.supreme.co.in>
Email: supreme@supreme.co.in

WORKS

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

OFFICES

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

CONTENTS

Company Information	01
Notice of AGM	02
Directors' Report	06
Management Discussion and Analysis	09
Corporate Governance	15
Auditors' Report	21
Balance Sheet	24
Profit & Loss Account	25
Schedules to Balance Sheet	26
Schedules to Profit & Loss Account	32
Significant Accounting Policies	34
Notes to Accounts	35
Cash Flow Statement	42
Consolidated Statement of Accounts	43-59
Statement pursuant to Section 212 & Financial Summary of Subsidiary Company	60

NOTICE

NOTICE is hereby given that the Sixty Fifth 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 Wednesday the 10th October, 2007 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, 2007.
2. To declare final dividend on Equity Shares for the Financial year ended 30th June, 2007 and to confirm the payment of Interim Dividend on Equity Shares by the Board of Directors of the Company.
3. To appoint a Director in place of Shri N. N. Khandwala, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. H. S. Parikh, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri V. K. Taparia, who retires by rotation and being eligible, offers himself for reappointment.
6. 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 :

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

“RESOLVED THAT in partial modification of the resolutions passed by the members at the Annual General Meeting of the Company held on 17th October, 2003 and 22nd September, 2004 and pursuant to sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the said Act) including any statutory modification or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded to :

- (i) the revision in amount of the monthly salary payable to Shri M. P. Taparia, Managing Director of the Company, upto an overall limit of Rs. 2,50,000 with effect from 1st July, 2007 for the remaining period of his appointment expiring on 6th January, 2009;
- (ii) the revision in the amount of the monthly salary payable to Shri S. J. Taparia, Executive Director of the Company, upto an overall limit of Rs. 2,25,000 with effect from 1st July, 2007 for the remaining period of his appointment expiring on 14th June, 2010;
- (iii) the revision in the amount of the monthly salary payable to Shri V. K. Taparia, Executive Director of the Company, upto an overall limit of Rs. 2,00,000 with effect from 1st July, 2007 for the remaining period of his appointment expiring on 30th June, 2008;

(or such other higher salary per month as may be decided by the Board of Directors from time to time during the period of their respective appointments, subject, however, to the limits prescribed in Part II of Schedule

XIII of the said Act and subject to consequential variation or increase in the aggregate remuneration due to revision in terms of the monthly salary as aforesaid), the other terms and conditions of their appointment remaining the same as approved at the Annual General Meetings of the Company held on 17th October, 2003 (relating to Shri M. P. Taparia and Shri V. K. Taparia) and 22nd September 2004 (relating to Shri S. J. Taparia).

8. 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 V. K. Taparia, as Executive Director, for a further period of five years with effect from 1st July, 2008 to 30th June, 2013 and the payment of the remuneration and perquisites to him on the following revised terms and conditions viz :-

- (1) Salary
Rs. 2,00,000/- per month, (which may be increased upto Rs. 4,00,000/- per month), at the discretion of the Board at any time and from time to time, during his tenure of office.
- (2) Perquisites
 - (a) Reimbursement of actual expenses incurred on housing, gas, electricity, water, furnishings, leave travel concession, for self and family, 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. For the above purpose family shall mean spouse, dependent children and dependent parents of the Executive Director.
 - (b) (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 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. Use of car for personal purpose shall be billed by the Company to the Executive Director.
- (6) Free telephone facility at residence. All charges including rental, call charges, etc. thereof shall be paid by the Company in full. Personal long distance calls shall be billed by the Company to the Executive Director.
- (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."

9. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution :

"RESOLVED THAT supplemental to the resolution passed at the Annual General Meeting of the Company held on 21st November, 1996 and pursuant to the provisions of Section 293 (1) (d) and all other enabling provisions, if any, of the Companies Act, 1956 and Article 119 of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow such sum or sums of monies in any manner from time to time as may be required for the purpose of business of the Company

with or without security and upon such terms and conditions as they may think fit, notwithstanding that monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 1000 crores (Rupees One Thousand Crores),"

10. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution :

"RESOLVED THAT supplemental to the resolution passed at the Annual General Meeting of the Company held on 21st November, 1996 and pursuant to the provisions of Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof) to create such charge and / or mortgage and hypothecation in addition to the existing charges, mortgages and hypothecations already created by the Company on such terms and conditions and at such time or times and in such form and manner and with such ranking as to priority as it may deem fit, on any of the Company's moveable and immoveable properties and assets, present and future, comprised in any undertaking or undertakings of the Company, as the case may be, in favour of the Financial / Investment Institutions, Bank or Banks, Trustees for the holders of debentures / bonds / other instruments and / or others to secure the repayment of loans, Debentures, borrowings and / or indebtedness of any type sanctioned and / or to be sanctioned by them from time to time upto a sum not exceeding Rs. 1000 crores (Rupees One Thousand Crores) inclusive of interest at the respective agreed rates and all other costs, charges and expenses and all monies payable by the Company in respect of the above borrowings and / or indebtedness of any type, as may be stipulated in that behalf and agreed to between the Board of Directors and the Lenders.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to

- (i) finalise with the Lenders, agreements and other documents, if any necessary, for creating the mortgage(s) and / or charge(s), hypothecation(s) as aforesaid, and
- (ii) do all such acts, deeds, matters and things and to execute all such documents, deeds and instruments in writing as may be required, incidental and / or expedient for giving effect to this resolution and to resolve any question relating thereto, or otherwise considered by the Board of Directors to be in the best interest of the Company."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business at Item Nos. 7 to 10 of the above Notice is annexed.
3. Register of Members and the Share transfer books of the Company will remain closed from Thursday, 4th October, 2007 to Wednesday, 10th October, 2007 (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 October, 2007 and in respect of shares held in the electronic form, the dividend will be payable to the beneficial owners as at the close of business on Wednesday, the 3rd October, 2007 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, 2000 or any subsequent financial years, are requested to make their claims to the Company at its Registered Office. **It may be noted that once the unclaimed dividend is transferred, on the expiry of seven years, to the Investor Education and Protection Fund, as stated here-in, no claim shall lie in respect thereof.**
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion of/change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) &
Secretary

Registered Office

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021

Dated : 25th July, 2007

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

Item No. 7

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

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

At the said Annual General Meeting of the Company held on 17th October 2003 Shri V. K. Taparia was also appointed as Wholtime Director designated as Executive Director for a period of five years with effect from 1st July, 2003 to 30th June 2008 as per the resolution passed at the said Annual General Meeting and on the terms as to remuneration set out in the said resolution.

The respective limits of monthly remuneration payable to Shri M. P.Taparia and Shri S. J.Taparia were fixed at Rs. 1,25,000/- each and for Shri V. K. Taparia at Rs. 1,15,000/-.

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

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

The above may also be treated as an Abstract of the terms of the variation under section 302 of the Companies Act, 1956. Although not strictly necessary, copies of the resolutions passed at the respective Annual General Meetings of the Company referred to above are available for inspection of the members at the Registered Office of the Company between 10.30 a.m. to 1.00 p.m. on all working days upto the date of the ensuing Annual General Meeting.

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

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

mentioned that Shri S. J. Taparia is the nephew of Shri B. L. Taparia and Shri M. P. Taparia and cousin of Shri. V.K. Taparia.

Item No. 8

The existing term of the office of Shri V. K. Taparia, Executive Director, expires on 30th June, 2008. Apart from being involved generally in corporate strategy, long term business plans and other incidental activities of the Company, Shri V. K. Taparia has for quite some time been looking after and is responsible for the following activities of the Company :

- a) Company's business in all spheres of activities relating to Production, marketing, procurement of working capital, Business development expansion and overall administration pertaining to
 - (i) Performance packaging films which includes Multilayer Films for various applications having its manufacturing facilities at Khopoli, Maharashtra.
 - (ii) Protective Packaging products which includes Expanded Polyethylene foam, Cross-Link Foam, Air Bubble Film, net and tubes and products made thereof having manufacturing facilities at Malanpur (M.P.), Hosur (Tamil Nadu) and Nandesari (Gujarat), as also fabrication facilities at Gurgaon (Haryana), Talegaon (Maharashtra) and Pondicherry (U.T.).
 - (iii) P P Mats having manufacturing facilities at Sangli (Maharashtra) through ancillaries.
- b) He is the driving force and leading the IT Team of the Company for upgrading its computerization, ERP implementation and other related areas,
- c) He has represented the Company on various organizations such as Plast India Foundation, OPPI and other institutions,

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 V. K. Taparia as Executive Director, for a further period of five years commencing from 1st July, 2008 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 are considered to be just, fair and reasonable. The Resolution is accordingly commended for your approval.

A brief profile of Shri V. K. Taparia is given in the particulars of Directors under the caption "Corporate Governance" and members' attention is also invited thereto.

The above along with the resolution, may also be treated as an abstract of the terms of the appointment of Shri V. K. Taparia, as Executive Director, pursuant to Section 302 of the Companies Act, 1956.

Shri V. K. Taparia, is himself interested in the Resolution. Shri B.L. Taparia is also interested being his father. It may be mentioned that Shri M. P. Taparia is the uncle and Shri S. J. Taparia is the cousin, of Shri V. K. Taparia.

Item Nos. 9 & 10

The Shareholders at the 54th Annual General Meeting held on 21st November, 1996 had accorded u/s 293 (1) (a) and u/s

293 (1) (d) of the Companies Act, 1956, their consent to the Board of Directors of the Company to borrow and create security over the assets of one or more undertaking(s) of the Company in favour of Financial / Investment Institutions, Bank(s) etc., upto an amount not exceeding Rs. 500 crores.

The amount of the Company's present outstanding secured loans as on 30th June, 2007 is Rs. 199.75 crores. Besides the Company has also availed of Working Capital Facilities in the amount of Rs. 270 crores from the Consortium Banks. The Working Capital limits are likely to be increased substantially in view of the quantum jump in the operations of the Company. Keeping in view the present and future needs of the Company for finance and to provide for the additional funds as and when required, and having regard to the likely increase in the Company's business, it is proposed to increase the present limit of borrowing upto Rs. 1000 crores (Rupees One Thousand Crores) u/s 293 (1) (d).

The above borrowings and other indebtedness of the Company, may have to be secured by way of mortgage / charge on immovable properties and / or hypothecation of the movable properties of the Company, both present and future, with such ranking as to priority as may be agreed to with the concerned lender(s). By way of abundant caution, it is considered advisable to obtain the approval of the members under the provisions of Section 293 (1) (a) of the Companies Act, 1956 in respect of these resolutions.

The Directors commend the same for your approval.

By order of the Board

O.P. Roongta

Sr. Vice-President (Finance) &
Secretary

Registered Office

612, Raheja Chambers,
Nariman Point,
Mumbai 400 021

Dated : 25th July, 2007

Directors' Report

The Directors have great pleasure in presenting the 65th Annual Report together with the Audited Financial Statements for the financial year ended 30th June 2007.

FINANCIAL RESULTS

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Total Income (net)	116832.82	98673.01
Profit before Interest, Depreciation and Tax	13629.66	10193.24
Interest and financial charges	3300.57	2696.04
Depreciation	4022.37	4157.46
Profit before Tax and Exceptional Income	6306.72	3339.74
Exceptional Income	1042.64	1693.08
Profit Before Tax	7349.36	5032.82
Provision for Current Tax	1754.00	949.00
Deferred Tax	450.00	8.00
Fringe Benefit Tax	130.00	80.00
Net Profit available for appropriation	5015.36	3995.82
Appropriation:		
Interim Dividend	690.54	Nil
Proposed (final) Dividend	1381.08	1381.08
Tax on Dividend	331.57	193.70
Transferred to General Reserve	2612.17	2421.04
	5015.36	3995.82

Exceptional income of Rs. 1042.64 lakhs stated above in financial results consists of profit on (i) transfer of leasehold rights in a plot of land situated at IT Park, Salt Lake (Kolkata) and (ii) disposal of Land & Building and estimated realizable value of other assets at Food Service Ware (FSW) Division at Daman.

DIVIDEND

The Directors have paid interim dividend and recommended payment of final dividend for the year ended 30th June 2007, as under

	Rs.	Rs.
(i) Dividend on 2,76,21,674 Equity Shares of Rs. 10 each @ 75% i.e. Rs. 7.50/- per share as follows		
(a) Interim Dividend @ 25% i.e. Rs. 2.50 per share (already paid in January 2007)	6,90,54,185	
(b) Final Dividend recommended @ 50% i.e. Rs. 5/- per share	13,81,08,370	20,71,62,555
(Previous year on 1,38,10,837 Equity Shares of Rs. 10/- each @ 100% i.e. Rs. 10/- per share)		
(ii) Corporate Dividend Tax as applicable (including Rs. 96,84,849/- paid on Interim Dividend)		3,31,56,367
		24,03,18,922

BONUS EQUITY SHARES

During the year, the Company has issued 1,38,10,837 Equity Shares of Rs. 10/- (F.V.) each as fully paid-up Bonus Equity Shares in the ratio of 1 (One) Bonus Equity Share for every 1 (One) existing Equity Share of Rs. 10/- each held by the shareholders on the Record Date viz. 14th November, 2006.

PROPERTY DEVELOPMENT

The Company has commenced construction of a Commercial Complex at its Site at Veera Desai Road, Andheri (West), Mumbai since December 2006 and the construction activity is in full swing. The construction work of 1st level basement is completed and the work of 2nd level basement is nearing completion. The total area being constructed would be around 2,10,000 square feet, apart from 350 cars parking space at basement level. The entire complex consisting of 10 floors is likely to be ready for occupation during the last quarter of 2008. Capital Expenditure incurred on the project till 30.06.2007 is Rs. 32.24 crores.

MANAGEMENT DISCUSSION AND ANALYSIS

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

FIXED DEPOSITS

The amount of Fixed Deposits has increased during the year from Rs. 1907.39 lakhs to Rs. 2753.27 lakhs. Out of deposits which matured during the year, 352 deposits aggregating to Rs. 50.01 lakhs remained unclaimed as on 30th June 2007 of which Rs. 7.27 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, 2007 and of the Profit and Loss Account for the year ended June 30, 2007;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

PERSONNEL

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

SUPREME PETROCHEM LIMITED (SPL)

Supreme Petrochem Limited(SPL), a company jointly promoted by your company and R Raheja Group, is progressing well on their plan to set up a large EPS manufacturing plant at Amdoshi and to put up a minor port at Dherand. That company is also putting up a SEZ, specifically to promote export of plastics goods. The work on the SEZ is moving smoothly. That company is expanding its capacity to make compounds mostly for automotive requirement. SPL's subsidiary unit at Chennai - SPL Polymers Limited - had a major fire. The plant had to stop production. They are now rebuilding the same on a bigger scale at the same site.

SUBSIDIARY COMPANY

With a view to expand its business in gulf countries, the Company has promoted The Supreme Industries Overseas (FZE)., a wholly owned subsidiary of the Company, incorporated in SAIF Free Zone, UAE by investing a sum of AED 150,000 (equivalent to Rs 18.88 lacs). Statement required pursuant to provisions of section 212 of the Companies Act, 1956 is provided in this Annual Report.

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements form part of this Annual Report.

The Company has sought an exemption from the Govt. of India, Ministry of Company Affairs, New Delhi under section 212 (8) of the Companies act, 1956, from attaching to this Report, the Annual Report of its subsidiary company for the year ended 30th June 2007. Accordingly, the Annual Report of its subsidiary company is not attached to this Report. A gist of the financial performance of the subsidiary company is given in this Annual Report.

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

DIRECTORS

Shri N. N. Khandwala, Shri H. S. Parikh and Shri V. K. Taparia, Directors of the Company retire by rotation at the forthcoming Annual General Meeting in accordance with provisions of the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

AUDITORS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

B L Taparia
Chairman

Place: Mumbai

Date: 25th July, 2007

Annexure to the Directors' Report

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

(I) CONSERVATION OF ENERGY

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

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(i) Research & Development (R & D)

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

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

(ii) Technology Absorption

- The Company has expanded the scope of know-how from M/s. Wavin Overseas B.V., Netherlands. Apart from UPVC Pipes and Fittings, Company has entered into an Agreement to manufacture PPRC Pipes & Fittings. The quality of product produced in the plant has been approved and certified by the collaborator. The Company has also obtained technology and equipments to manufacture structured wall pipes which would substantially save on raw materials.
- The Company also has taken know-how for manufacture of Cross Laminated Films & Products from Ole-Bendt Rasmussen, Switzerland and the technology is fully absorbed.
- The Company has entered for technical know-how 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	8359.00
Foreign Exchange Used	33027.50

For and on behalf of the Board of Directors

B.L. Taparia
Chairman

Place : Mumbai
Date : 25th July, 2007

Management Discussion and Analysis

1. OVERVIEW

The Indian economy is on a robust growth path. During the last three years the GDP have grown on an average exceeding 8.6%. In the year under review, the GDP has crossed 9.43% for the first time in the history of the Indian economy.

Indian Economy is one of the fastest growing in the world today. It has tremendous potential which is attracting global investors to invest in several segments of the economy.

Encouraged by the overall economic growth, the Company has made an investment plan of Rs. 240 crores for the year 06-07 and 07-08. A sum of Rs. 132 crores have already been spent during the year 06-07. Major Capital Expenditure was incurred for the following;

1. Establishing a mega plastics product complex at Gadegaon near Jalgaon which will manufacture varieties of plastics pipe products, Pallets, Crates, Furniture and Fabricated products from Cross laminated film.
2. Setting up a new facility at Urse- near Pune – to produce high technical protective packaging products.
3. To enhance the Injection Moulding capacity at plants in Durgapur, Lalru, Talegaon, Pondicherry, Noida and Khushkheda.
4. Acquiring moulds for new products in Furniture and Crates
5. To boost the capacity of Cross laminated films and products at Halol and Silvassa.

The Company is building up an ultra modern commercial complex at Veera Desai Road, Andheri West. Two level basement areas are nearing completion. This shall be ten storey commercial complex with an office space of around 2,10,000 sq ft with a two level of basements for 350 car parking. The Company has incurred a capital expenditure of Rs 32.24 crores upto 30.6.07. The whole complex should be ready for occupation in the last quarter of 2008.

The Company sold the development rights of Salt Lake area. The proceeds of Rs 12.03 Crores received have been accounted as extra ordinary income net of cost and expenses in the year under review.

The company has also decided to quit from those segments where their product range is not differentiated, viz. Rigid PVC film at Malanpur and FSW division at Daman. Turnover of both the Divisions aggregated to Rs 80.53 crores in the year under review. The Company has entered into an arrangement for proposed sale of plant and machinery of RIGID PVC film and also started manufacturing of PVC film under toll manufacturing arrangements for the buyer with effect from 1.5.07. Operations at FSW Division at Daman have been discontinued and most of the assets have since been disposed off. This restructuring should improve the working in the year 07-08.

The Company also intends to sell its Pondy Unit I building which is presently rented out. The Company expects this to materialise during current year 07-08. The Company is also exploring the possibility of disposing off some other unit which is not giving adequate return. If the Company decides to divest those assets, the Company may realize around Rs. 90 crores for assets already sold in 06-07 and are going to be divested in the year 07-08. These divestments will also release working capital blocked in these product segments. The company expects to accelerate its presence in the segments where Supreme Brand commands high respect.

2. INDUSTRY STRUCTURE AND DEVELOPMENT

Plastics permeate entire segment of Indian economy. The Company operates in most of the critical segments such as Agriculture, water supply, Housing, Protective Packaging, Consumer appliances, automotive parts and material handling system.

Though the Indian GDP growth in the previous three years was over 8.6%, the consumption of plastics has not grown more than 7.5%. This was principally due to high incidence of indirect taxes on Plastics products and reservation of several products in the Small scale sector.

In the previous year, the Government has moved in a positive manner to increase the consumption of plastics. Several Plastics products have been put in lower bracket of VAT rate of 4%. VAT was introduced in most parts of the country during the year. CST rate was reduced from 4% to 3% with the avowed declaration that this tax will be phased out over the period. Majority of the plastic items have been dereserved. A National Policy on Petrochemicals was also adopted by the Cabinet with a firm commitment to take several initiatives to boost the consumption of Plastics in the coming years at a much faster rate.

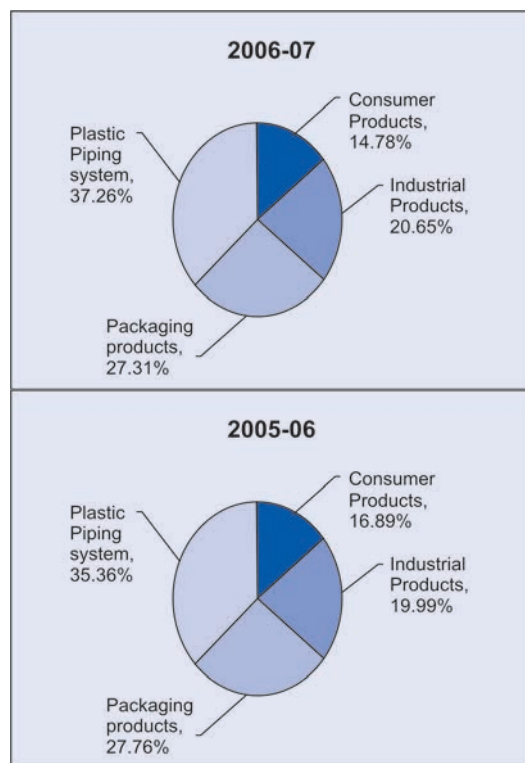
These initiatives will go a long way to open several new opportunities for your Company in the existing segments where they are operating. The company is preparing itself to avail of the new opportunities which are opening up.

3. PRODUCT GROUPS

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

Group	Products
Plastic Piping System	PVC pipes, Injection Moulded fittings and handmade fittings. Polypropylene random Co-polymer pipes and fittings
Consumer products	Furniture and mats
Industrial Products	Industrial Products, material handling crates and pallets.
Packaging Products	Flexible Packaging film, Protective Packaging Products, Cross Laminated film.

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



The net turnover of the company under review was Rs 1168.33 Crores (including Rs 72.06 Crores by way of Polymer trading and other non Plastics products) as against Rs.986.73 crores (including Rs. 63.22 crores by way of Polymer trading and other non-plastics products) of the previous year.

The Company has processed 130,547 tons of Polymers as against 118,115 tons of Polymers in the previous year. This reflects a growth of 10.53% in Polymer consumption.

The Company exported goods worth US \$ 19.16 million as against US \$16.76 million in the previous year registering a growth of 14.32%.

Profit before depreciation and exceptional items and taxes during the year under review have gone up by 37.79% from Rs. 74.97 crores to Rs. 103.29 crores during the year.

4. COMPANY'S STRENGTH AND GROWTH DRIVERS

4.1 Manufacturing sites

The Company has 16 manufacturing sites located at various places widely spread in the country. Supplies will commence from Urse and Gadegaon by October 07. This should further strengthen the Company's ability to provide cost effective solutions for it's customers.

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 it's distributors and their team members

to ensure proper service to the ultimate customers.

4.3 Growth Drivers

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

5 OPERATIONAL PERFORMANCE

5.1 PLASTICS PIPING SYSTEMS

In line with the application of piping products, the Company intends to categorize it's products into two broad main categories, namely;

- Building and Installation** - This will have products used above ground level. This will include SWR System, Aqua gold system, PPR system, ASTM Threaded Pipe, Plumbing Pipes used for hot and cold water connections. The Company has five systems in this category. The Company is adding two new systems in the current year. One for rainwater harvesting and one additional for Hot and Cold water plumbing.
- Civil & Infrastructure** - They comprise mainly products used below ground level. This will include pipes used for Drinking water supply, Irrigation, casing and submersible pipes, Underground Drainage. Storm water system and Sewage system. The Company's current product range is further classified in separate systems. The Company presently supplies four systems. We have proposal to add two new systems in this category in the current year, one for Gas distribution and the other for Industrial usage.

During the current year the Company sold 66794 MT of Pipes and Fittings and the break-up thereof is as under :

	2006-07	2005-06	Growth
a) Building and Installation	25748 MT	19993 MT	28.79%
b) Civils & Infrastructure	37701 MT	34092 MT	10.59%
c) Exports	3345 MT	3130 MT	6.87%
	66794 MT	57215MT	16.74%

In all the Company has 4268 Nos of products and accessories to cater to these nine systems. Several hundreds of new products are going to be further added in the coming year.

a) BUILDING AND INSTALLATION:

With the continuing boom in construction industry the Company's Building Industry related products are in good demand. It is expected that this segment will register a sustainable growth of over 25% in coming years.

SWR System

The Company has added many new products in the segment enabling use of SWR system in every field of application. Be it low cost housing or be it tall sky scrapers. The Company's product range is quite comprehensive to meet the demand of plumbers and consultants spread throughout the country.

The company's range is unparalleled in its scope and last year registered a growth of over 25%. The Company is "Total Solution Provider" with its rich experience supported by highly qualified technical team. The Company is able to meet exacting functional requirement for the user constituent.

Hot & Cold Water Application (PPRC)

In the Hot & Cold water plumbing segment, presently the Company has only products made from PPRC (Polypropylene Random copolymer) material.

The Company has registered a growth of 70% in the sale of PPRC products during the year 2006-07.

The Company's products are now certified by Water Regulation Advisory scheme (WRAS) of U.K. - an International body - to certify the pipes for its quality for use in drinking water and meet 100% hygiene requirement.

Industrial Segment

The Company has launched complete range of 160 mm products. This will go a long way to benefit the user in Industrial sectors. We are the only company using Bodycoat certified material in the production of these products.

Aquagold System

These are UPVC products used for cold water plumbing application. Presently most of the consultants are also recommending these products for Roof water distribution and down take system used in multistoreyed apartments.

ASTM Threaded Pipes

These pipes were initially introduced to replace GI pipes. They have superior properties and functional usage over GI pipes. Along with Aquagold system, they are growing in excess of 15% per annum.

Both ASTM threaded pipes and Aqua gold pipes are now introduced with lead and tin free stabilizers. This is in line with the objective to improve the potable water quality where the system finds extensive usage.

b) CIVIL & INFRASTRUCTURE

Irrigation

With the increasing thrust of Government to bring more areas under irrigation UPVC pipes are making more and more inroads in the applications. The Company supplies entire system upto 450mm dia. Due to its superior quality and durability the Company's products enjoy excellent loyalty from farmers for agricultural usage.

Drinking water supply schemes

The usage of UPVC pipes in potable water supply schemes is increasing exponentially as encrustation which is a bane in GI pipes are very less in UPVC pipes. The Company is successfully participating in several Government and other agencies' supported projects for this application.

Casing and Submersible pipes

The Company offers complete systems for underground water pumping requirements to meet requirements of this application.

Storm water and Drainage system

The Company has wavihole pipes for the applications which give value for money to the users. The Company has also established foam core multilayer pipes for use on storm water

and drainage application. The product was approved by a Certifying Agency from Australia. The products are regularly exported to Australia and New Zealand markets.

Sewerage Pipes

The Company has introduced cost effective eco-drain pipe range from 110mm to 315mm for this application. The system is replacing currently used material i.e. stoneware pipes-CI pipes with longer service life at an economical cost. At Gadegaon, the Company will launch PE pipe system also for the same application.

In this broad application, the Company will add Gas handling system and range of products required for handling industrial effluents.

The Company's focus is to provide superior cost effective solution in broad spectrum by replacing conventional Piping material with plastics pipe system. All the applications are functional and the Company has large range of speciality products in all these nine systems. In the year under report the Company had 12.7% turnover by value of such specialty products portfolio. The Company aims to increase it to about 18% in the next three years.

The Company has invested around Rs. 50 crores at Gadegaon. The project is being implemented over 131 acres of land. The first phase will be commissioned by October 07. The complete project should be operational by Sep 09.

The Kanpur plant has acquired BIS certification license to mark both Agri Pipes and SWR pipes with ISI mark. The quality of pipes manufactured at Kanpur is well received in the market and the Company sold nearly 1900 MT of pipes in UP and surrounding areas during the year under review. The Company expects to utilize its full capacity of 4000 tons during the year 2007-08.

The Company's exports during the year 2006-07 stand at 3345 MT compared to export of 3130 MT in 2005-06. The Company's wholly owned subsidiary at SAIF Zone in Sharjah has been able to establish its presence in UAE markets. The Company's products have been approved by major consultants and contracting firms. The Company could execute some prestigious projects to the full satisfaction of the customers. The Company hopes to improve business in projects in years to come in and around UAE.

In the year 07-08, the Company will also launch Rainwater harvesting profile with accessories to conserve rain water. The Company also intends to launch Gratings and Channel in profile to cater to the drainage and sewerage requirements in the coming year.

5.2 CONSUMER PRODUCTS

FURNITURE

Turnover of Furniture Business has gone up from Rs. 133 Crores to Rs. 138 Crores. The company continues to concentrate on its furniture manufacturing activity at 4 locations viz: Pondicherry (Union Territory), Durgapur (West Bengal), Lalru (Punjab) and Guwahati (Assam).

The Company is focusing to broaden the range of value added furniture products, which help to build the superior brand image of the Company's products for its durability and aesthetics. Such products command better price realization and are relatively less affected by raw material cost volatility. Company increased the Premium Item Range by launching

new products during the year. Company is the only supplier of Painted Upholstered Plastics Chairs. There has been a growth of more than 45% on sale of premium products compared to last year. More over the share of such products sale had gone up to 19% in value during the year under review. The Company intends to increase its share of such products to 30% in the next two years.

The Company has set up few Exclusive Showrooms displaying entire range of Supreme Furniture in a pleasant ambience. The current number of eight exclusive show rooms will be increased to 22 by the end of next year.

The Company also started few Model Showrooms giving better display of Supreme Furniture range. The Company intends to increase such display in the coming years at more locations.

The Company's furniture products enjoys good acceptance in the market for its quality, design, colour and range. Supreme brand is perceived as a premium brand in the country.

MAT BUSINESS

Sales were up by 7% over that of the last year. The division continues to focus on exports. The demand for exports is good. As a result, the Company has increased its production capacity by 15%. This is expected to be in full production by the end of Aug, 2008. We expect the Division to grow by 10% this year.

5.3 INDUSTRIAL PRODUCTS

This was another year of better demand for Industrial products. Improved Business in Automotive, Household & Consumer Electronics has pushed up growth to more than 20% in sales revenue over that of the previous year. A major order of Electronic Voting Machine parts was executed in a record time. Company performed quite well in all its industrial products segments like Automotive, Consumer electronic, Household Appliances and EVM parts.

The Company expects further improvement in demand during the current year. The Company added up growth to its list Mahindra & Mahindra as an OEM customer. This is expected to result in improved business in the current year.

The capacity expansion, which was carried out at Noida and Talegaon during the previous year has fully gone into production. Improved demand resulted in better capacity utilization at all the plants.

Khushkera factory at Rajasthan was relaid, modified and modernized to manufacture only auto components. The supplies of these products has commenced from Nov'06. The facility at Pondicherry factory has also been relaid, so that industrial products can be separated from other product divisions. This has resulted into better administration at factory level. The expansion of Pondicherry unit was completed and has resulted in improved sales revenue. The Company has taken and is in the process of taking various actions to increase Value Added Business by improving in-house PU painting capabilities and doing sub-assembly for auto parts.

Supplies of industrial products from Durgapur unit have been fully streamlined. The Company may consider expansion at Durgapur in view of expected increase in demand of Auto Parts.

The Company is focusing in implementation of QMS and EMS at all locations in the Industrial Products Division. During

the year, Noida and Talegaon plant were Certified for TS 16949 and Khushkera plant was certified for ISO:14001. During the current year, as per the Company plans, all five locations of this division will be certified for QMS and EMS.

The Company is embarking on various Re-engineering measures in Industrial Products Division to achieve the Divisional Mission of becoming world class Injection Moulded Components and Assembly System Supplier. Towards achieving the goal, some of the actions on anvil are:

- a) Capacity and Capability enhancement through adding bigger capacity machines to facilitate moulding of large parts,
- b) Augmentation and expansion of paint shops at all locations,
- c) improving Capability in PU painting,
- d) replacement of old and inefficient machines by modern and efficient machines,
- e) putting up Centralized Design and Technical Centre to cater to the needs of OEMs to offer Total Plastic Parts Solutions,
- f) establishing modern Quality Control Labs,
- g) installation of improved material handling and storage systems to facilitate effective Inventory Management and
- h) training and development of Human Resources.

MATERIAL HANDLING DIVISION

The Company achieved a growth of about 48% in volume terms and approx. 43% in value terms over that of the last year for material Handling business. The Company broadened the range of Material Handling division by incorporating Pallets and Mobile Dustbins.

The Company launched many newer models of Trade Crates for varying applications during the year from different manufacturing locations. Ours is the only Company giving Trade Crates from six owned manufacturing sites spread across the country to cater to All India market and none of the competitors has so many of their own production facilities. This helps our Company in servicing the clients in least lead time at very economical cost with full assurance of quality.

The Company has set up fabrication facility (post moulding activities to add values) to cater to tailor made needs of the customers not only in the manufacturing locations but also at one other centre which will be increased to four in the current year. These are value added products for our customers. Such products constitute 13% of the Company's Turnover by value. Considering increasing specific requirements coming from customers, it is expected that the same may become 25% of the Company's turnover within this year.

The Company also started supplies of Collapsible Crates and Pallets to a major brand of fruits and vegetable retail Showroom sector which is growing in a big way all over India. The Company is planning to launch many new models in Trade Crates to cater to the functional requirements of broad spectrum of users in the current year.

The Company is starting a new production facility in our upcoming complex at Gadegaon near Jalgaon. This facility should be fully operational by beginning of 2008. This will help the Division to meet Western Zone customer's demand in a cost efficient manner.

The Company imported different models to cater to various applications with the objective of test marketing Pallets in India. Your Company is also the first Company to launch Injection Moulded Pallet in India by installing its biggest capacity Injection Moulding Machine with the capacity of 2800 Tons to the full satisfaction of it's customers. The Company has also decided to broaden the range by introducing newer models to cater to specific needs including Roto Moulded Pallets and crates in the coming year.

5.4 PACKAGING PRODUCTS

PACKAGING FILMS

The Company is working to be a differentiator in this product segment as it is a small player in overall market size of this product in the country's economy.

The Company's technical and marketing team are working on newer applications to make breakthrough with the objective of being a niche supplier.

At a smaller volume, the Company desires to be a supplier of only higher value added products, to utilize it's installed capacities to justify the investment made in this business.

PROTECTIVE PACKAGING PRODUCTS

Continuous efforts have been made during the year to stabilise the vision "of being a cost effective solutions provider in the areas of packaging & cushioning, civil & insulation". Business focus of the Division has now shifted equally to civil & insulation. The business model adopted is to develop/market a large variety of foam products & other composite materials, which suits the above applications. The present level of business in civil & insulation is 10% & we expect to take this to around 30% over the next few years.

The plant to manufacture two stage crosslinked foam was established in October, 2006 with the technical collaboration of Sanwa Kako of Japan. Work is on to develop several new applications. The Company hopes to utilise full capacity before Dec 2008. The Division also finalised a tie up with Sapac of Belgium, a Company manufacturing specialised equipments and instant packaging material made from liquid Polyurethane. This has been introduced in the Indian market. The Company expects to be selling a large number of these systems, this year.

Extruded chemically cross linked foam (XLC) has been well established for the civil & insulation markets. The Division has imported large volumes of materials to establish the market and it will start manufacturing this at its new facility at (Urse) near Pune by October. This shall add substantially to the overall growth of the Division. Conversion & Fabrication are the essence of the business. The Company aims to plan to introduce this product in several new packaging & automotive applications. The Company expects this capacity to be sold out soon. Besides, these products are extensively exported to Europe from Taiwan & Korea. The Company will be logistically better off in servicing these market. Initial studies have revealed a good potential.

Two stage xlpe (Litecell) is slowly finding acceptance in several new applications. The Company's experience of manufacturing XLPE for several years has enabled it to make tailor made products for several applications. The Company expects the present capacity to be fully utilised by Dec 2008. New fabrication facilities will be fully established in several

towns, to cater to the packaging needs of customers in those areas. Being a freight intensive product & the need of Just in time by customers, requires your Company to be closer to the customers.

Business Development: Headed by a senior technical person, the Company now has several engineers working for the above new products and the other value added products, which are developed from the manufacturing unit. The total team is now focused for packaging, Gasket and other automobile applications to take forward the packaging business to a higher level.

The Division is constantly working to upgrade its technology base.

Technology - New Products and applications

A qualified polymer technologist is now providing necessary support to Protective Packaging Division's team. During the year our in house R&D developed the following products.

- VCI Foam and film
- EPDM foam
- Foam from natural rubber mixed with polymers for a special automotive application
- A specialty bubble film laminate for under deck insulation conductive & antistatic bubble composites
- orthopedic grade capcell

This team is continuously working on several new products & expects to establish several value added products in this year

These efforts are expected to take the turnover of Specialty products and solutions from 25% of this Division's turnover to 40% in the next three years.

Technology - Cost effective Solutions

Foam Density : The density of our EPE foam was reduced from 23kgmcum to 18 kg per cum without impacting major properties, thereby increasing the value addition & also offering a reduced price to the customers. While processing, in terms of tonnage, dropped quite a bit, the overall sales grew and is expected to grow further this year.

The target for this year is to further increase the usage of its own recycling of XLPE scrap from 30% of scrap generated to over 50 % this year. This would be a significant achievement considering that this is a thermoset material

The Engineering Division of the Protective Packaging Division's team continues to add value by upgrading existing equipments & also build new equipments improving upon existing available technology

The projects initiated and expected to complete before the end of this financial year is as follows:

Urse : the new project at Urse was taken up in the year under review. Project start up was delayed on account of purchase of land. Work is on in full swing. The plant is expected to start by October 2007.

Malanpur: Two stage capcell plant was started with technology support from Sanwa Kako of Japan

Hosur: Debottlenecking of all plants at Hosur required more space at Hosur to be able to utilize the capacities.

A proper R & D lab will be established this year at Urse. This will create many new opportunities for the Division

Many new fabricating equipments have been added & will be further added in the current year to enhance product

offerings to our valued customers.

We believe that the Division should achieve a topline growth of nearly 25 % & the bottom-line is expected to grow correspondingly.

CROSS LAMINATED FILM

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

The Company sold 6639 tons of products against 5659 tons of XF products during the previous year. The increased supply of products was delayed due to teething troubles in the equipments which were overcome by May 07. Thus the Company had a marginal growth in business. The Company could not meet the requirements of the customers due to paucity of supply. Exports increased to 1072 tons as against 1036 tons of the previous year. The export demand has started coming from several developed markets. The volume in export also was restricted due to non-availability of the product.

The capacity is now fully operational. The Company expects to sell around 9000 tons in the current year from the capacity which has gone into production. Volume varies based on thickness and sizes. Considering business pattern, around 9000 tons production will be achieved from the current installed capacity of 10,500 tons.

The Company intends to install additional balancing equipments with an outlay of Rs. 15 crores in this year. It will enable the Company to produce around 11500 tons of products during the next year.

The Company's collaborator is in the process of inventing next generation XL film with further superior properties. The Company has entered into an agreement with a collaborator for exclusive right to produce the same in India and surrounding countries.

The Company has already paid USD 120,000 to avail of this right. Further payments will be made to enjoy this right for designated markets with additional down payments and running royalty. The Company expects to launch the product of newer technology in the year 2008-09.

6. PLASTICS RAW MATERIAL

All the ten economic blocks of the world are simultaneously growing well and thus assisting each other to continue on higher growth path. The world economy grew by 5.3% in 2006 and expects to grow by 4.9% in 2007. In most of the commodities, demand is outstripping supply. This has led to high price of crude which has resulted in higher international prices of Polymers. The appreciation of Indian Re Vs. \$ has moderated the impact of high international Polymer prices. It enabled the Company to procure its raw material at affordable price through out the year.

7. FINANCE

The Debt Equity Ratio of the Company has improved significantly at the end of the year as compared to that of the

previous year. Interest bearing liabilities have decreased from Rs. 237.48 crores in 2005-06 to Rs. 228.32 crores in 2006-07 representing reduction in Debt level by Rs. 9.16 crores. On likely receipt of about Rs. 90 crores, in all, through divestments the Company's cash flow position shall strengthen considerably.

The Company's investment plan in various projects during the current year will be met by internal accruals, divestments and borrowings.

The Company meets a major part of its Working Capital requirements through placement of Commercial Papers (CPs) at considerably lower cost. However, the interest rates continued to harden during the year. Consequently, the average interest rate of the outstanding interest bearing liabilities as on 30.06.2007, increased to 9.12% p.a. vis-à-vis 7.81% p.a. at the end of the previous year. This has resulted in higher interest and financial charges during the year as compared to that of the previous year. Recently, there are indications that the interest rates have peaked and may stabilize or even soften in due course.

8. INTERNAL CONTROL SYSTEM

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

9. HUMAN RESOURCES

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE

PHILOSOPHY OF COMPANY ON CORPORATE GOVERNANCE

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

1. BOARD OF DIRECTORS:

(i) As at 30th June 2007 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 Director	5	2	1	-
Shri S J Taparia	Promoter / Executive Director	4	2	-	4
Shri V K Taparia	Promoter / Executive Director	-	1	-	-
Shri S. R. Taparia	Independent / Non Executive Director	2	4	-	2
Shri H. S. Parikh	Independent / Non Executive Director	3	1	5	6
Shri B. V. Bhargava	Independent / Non Executive Director	10	-	4	12
Shri N. N. Khandwala	Independent / Non Executive Director	-	-	1	1
Shri E. B. Desai	Independent / Non Executive Director	7	2	6	4
Shri Y. P. Trivedi	Independent / Non Executive Director	9	5	5	9

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

(ii) During the Financial Year 2006 - 2007 the Board met on Six occasions i.e. on 1st August, 2006, 5th October 2006, 26th October 2006, 12th January, 2007, 5th April, 2007 & 17th April 2007,

Attendance of Directors at the Board Meetings held during 2006-07 and the last Annual General Meeting held on 5th October, 2006

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	5	Yes
Shri V. K. Taparia	Promoter / Executive Director	6	6	Yes
Shri S. R. Taparia	Independent / Non Executive Director	6	3	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	6	Yes
Shri Y. P. Trivedi	Independent / Non Executive Director	6	6	Yes

2. AUDIT COMMITTEE :

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

the audit committee includes the following:

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

Composition and Attendance of Members at the Meetings of the Audit Committee held during 2006 - 2007

Members	Category	Meetings held	Meetings attended
Shri H S Parikh -Chairman	Independent	4	4
Shri S R Taparia	Independent	4	2
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
Shri H S Parikh -Chairman	Independent
Shri B V Bhargava	Independent
Shri N N Khandwala	Independent

During the year no meeting of Remuneration Committee was held.

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	3	3
Shri S. R. Taparia	Independent	3	2

During the year, the company received 51 complaints / correspondence from Shareholders regarding non-receipt of Share Certificates / issuance of Duplicate Share Certificates / Dividend Warrants all of which have been duly resolved in time

5. (A) Remuneration paid to Directors during 2006 – 2007 :

(in Rs.)

Sr. No.	Names	Category	Sitting Fees	Salary & Perquisites	Commission	Total
1	Shri B L Taparia	Promoter / Non Executive Chairman	60,000	-	-	60,000
2	Shri M P Taparia	Promoter / Executive Director	-	11,43,000	65,34,000	76,77,000
3	Shri S J Taparia	Promoter / Executive Director	-	11,35,380	65,34,000	76,69,380
4	Shri V K Taparia	Promoter / Executive Director	-	11,27,760	65,34,000	76,61,760
5	Shri S R Taparia	Independent / Non Executive Director	70,000	-	-	70,000
6	Shri H S Parikh	Independent / Non Executive Director	1,00,000	-	-	1,00,000
7	Shri B V Bhargava	Independent / Non Executive Director	60,000	-	-	60,000
8	Shri N N Khandwala	Independent / Non Executive Director	1,30,000	-	-	1,30,000
9	Shri E.B. Desai	Independent / Non Executive Director	60,000	-	-	60,000
10	Shri. Y P Trivedi	Independent / Non Executive Director	60,000	-	-	60,000
	Total		5,40,000	34,06,140	1,96,02,000	2,35,48,140

(B) EQUITY SHAREHOLDING OF THE NON-EXECUTIVE DIRECTORS IN THE COMPANY AS ON 30TH JUNE 2007 :

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

6. CEO / CFO CERTIFICATION :

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

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

The above Certificate was placed before the Board Meeting held on 25th July, 2007.

7. GENERAL BODY MEETINGS.**Location and time of last Three AGM's held :**

Year	Location	Date	Time
2004 – 62 nd AGM	Walchand Hirachand Hall, I.M.C. Near Churchgate Station, Mumbai –400 020.	22 nd September, 2004	4.00 p.m.
2005 – 63 rd AGM	Walchand Hirachand Hall, I.M.C. Near Churchgate Station, Mumbai –400 020.	30 th September, 2005	4.00 p.m.
2006 – 64 th AGM	Walchand Hirachand Hall, I.M.C. Near Churchgate Station, Mumbai –400 020.	05 th October, 2006	4.00 p.m.

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 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 2006-07, there was no change in the composition of the Board of the Company.

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

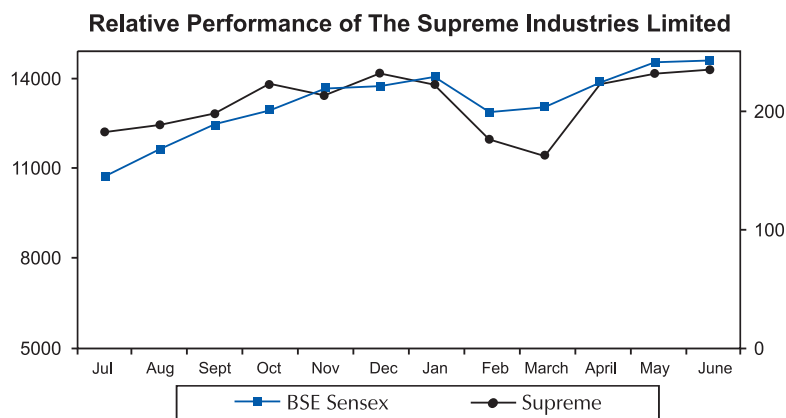
Name of the Directors	Mr. N. N. Khandwala	Mr. H. S. Parikh	Mr. V. K. Taparia
Date of Birth	04-07-1933	16-03-1927	26-10-1955
Date of Appointment	23-09-1982	29-06-1982	29-10-1984
Qualifications	Inter Science	Chartered Accountant	B. Com.
Chairman / Director of other companies		1. Elecon Engineering Co. Ltd. 2. Simplex Castings Ltd. 3. Eimco Elecon (I) Ltd. 4. Samek Investments Pvt. Ltd.	Varali Investments & 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. 17.45 lacs towards professional fees to M/s. Mulla & Mulla & Craigie & Blunt & Caroe, a firm in which Shri E. B. Desai is a partner.
- (iii) During the year the Company has issued Bonus Equity Shares in the ratio of 1 : 1 basis.
- (iv) During the year the Company has paid Interim Dividend @ 25% i.e. Rs. 2.50 per share on the expanded equity capital, pursuant to issue of Bonus Equity Shares.

13. GENERAL SHAREHOLDER INFORMATION

- (i) Registered Office : 612, Raheja Chambers, Nariman Point, Mumbai 400 021.
- (ii) Book Closure Date : From 04/10/2007 to 10/10/2007 (Both days inclusive)
- (iii) AGM Date & Venue : On Wednesday the 10th day of October, 2007 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 2007 - 2008 has been paid to both the Stock Exchanges.
- (vii) Trading Group : (i) BSE : "B-1" Group,
(ii) NSE : "Other Securities"
- (viii) Stock Codes : (i) BSE : 509930
(ii) NSE : SUPREMEIND
- (ix) Relative performance of Supreme Share Price v/s. BSE Sensex :



* Price has been adjusted for Bonus Shares issued in the ratio of 1:1. The Shares are listed Ex-Bonus w.e.f. 13.11.2006

- (x) Key Financial Reporting Dates F.Y. 2007 – 2008.
- Unaudited Results for the First Quarter ended September 30, 2007. : On or before End October, 2007
 - Unaudited Results for the Second Quarter ended December 31, 2007. : On or before End January, 2008
 - Unaudited Results for the Third Quarter ended March 31, 2008. : On or before End April, 2008
 - Audited Results for the F.Y. 2007-2008 : On or before End September, 2008
- (xi) Shareholder Assistance : Share Department
- Investor Service Department : The Supreme Industries Limited,
Regd. Office : 612, Raheja Chambers, Nariman Point,
Mumbai 400 021.
- Phone Nos. : (022) 22820072, 22851656, 22851159-60
- Fax No. : (022) 22851657
- Investor Grievance E-mail : investor@supreme.co.in

14. Distribution of Shareholding (As on June 30th, 2007)

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentages of Shareholdings
Upto 500	24927	90.16	1982466	7.18
501 – 1000	1267	4.59	957565	3.47
1001 – 2000	686	2.48	1023558	3.70
2001 – 3000	233	0.84	592590	2.14
3001 – 4000	114	0.41	407804	1.48
4001 – 5000	74	0.27	341200	1.23
5001 – 10000	164	0.59	1161899	4.21
Over 10000	181	0.66	21154592	76.59
Total	27646	100.00	27621674	100.00

15. Categories of Shareholders (As on June 30th 2007)

Category	No. of Shareholders	Voting Strength (Percentage)	Number of Shares held
Promoters	17	44.98	12424878
Non Residents Individuals / OCB	467	3.69	1019025
Companies	407	11.76	3248497
FII's / FI's / Mutual Fund / Bank	20	0.15	41775
Individuals	26735	39.42	10887499
Total	27646	100.00	27621674

- 16. Registrar & Transfer Agent** : M/s. Bigshare Services Pvt.Ltd
(For Physical & Demat Shares) E-2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai 400 072.
Tel No. 28473474, 28473747 Fax No. 28475207
E-mail: bigshare@bom7.vsnl.net.in
- 17. Dematerialisation of Shares** : 25670580 Shares are
(as on 30.06.2007) Dematerialised (92.94% of total Shares viz. 27621674 shares)
- 18. Additional information regarding the Company is also available on the Company's Website at.** : <http://www.supreme.co.in>

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

Month	BSE		NSE	
	High	Low	High	Low
July - 2006	372.95	267.20	372.95	267.20
August - 2006	411.00	287.95	411.00	343.25
September - 2006	407.00	365.00	407.00	365.00
October - 2006	456.00	384.20	456.00	384.20
November - 2006	474.90	201.00 *	474.00	201.00 *
December - 2006 *	238.55	196.25	233.35	200.00
January - 2007	242.00	205.00	242.00	205.00
February - 2007	239.80	168.00	239.80	167.00
March - 2007	181.90	153.00	180.00	151.00
April - 2007	229.00	155.00	228.50	155.50
May - 2007	235.70	221.00	235.70	222.00
June - 2007	245.20	202.00	245.00	202.10

* After 1:1 Bonus * Ex-Bonus w.e.f. 13-11-2006

20. Code of Conduct

The Board has adopted the Code of Conduct for members of the Board and Senior Management 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 effect is given below. Code of Conduct has also been posted on the Company's Website. www.supreme.co.in

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with The Supreme Industries Limited Code of Conduct for the year ended 30th June, 2007.

For The Supreme Industries Limited

M. P. Taparia

Managing Director

Mumbai, 25th July, 2007

AUDITORS' 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, 2007, as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

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

We state that no 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, 25th July, 2007

CHHOGMAL & CO.
Chartered Accountants

206, Apollo Chambers,
Mogra Road, Andheri (E),
Mumbai - 400 069

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed Balance Sheet of THE SUPREME INDUSTRIES LTD., Mumbai as at 30th June 2007 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, we comment 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 2007 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 Notes thereon, give the information required by Companies Act, 1956, in the manner so required and give a true and fair view:
 - i. in the case of the Balance Sheet of the state of affairs of the company as at 30th June 2007
 - ii. in the case of the Profit and Loss Account of the profit for the year ended on that date and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

ANNEXURE TO THE AUDITORS' REPORT

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us the Company has a phased program for physical verification of the fixed assets of the company to cover all locations. In our opinion, the frequency of verification is reasonable, considering the size of the Company. No serious discrepancies were noticed on such verification as compared with the available records.
- c. During the year there is no disposal of substantial part of fixed assets, affecting going concern assumption.
2. a. The stock of finished goods, raw materials, components, stores and spare parts except those lying with third parties, in bonded warehouse and in transit, has been physically verified by the management at regular intervals, which we consider to be reasonable.

- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company has maintained proper records of inventory, no material discrepancies were noticed on physical verification of stocks as compared to book records and the discrepancies noticed have been properly dealt with in books of account.
3. In respect of loans, secured or unsecured, granted or taken by the company from / to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956:
 - a. The Company had granted unsecured interest free deposit for use of office premises without payment of rent to a company, listed in the register maintained under section 301 of the Companies Act 1956, and maximum amount involved during the year was Rs. 129.34 Lakhs and outstanding at the end of the year was Rs. 62.19 Lakhs. The Company has vacated the office premises during the last year and the balance would be recovered as per agreed terms.

The Company has granted unsecured loans to three parties listed in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 15 lacs, has been repaid during the year.
 - b. The terms and conditions of unsecured deposit & loan given by the company are prima facie not prejudicial to the interest of the company.
 - c. Recovery of the deposit & loan is as per agreed terms.
 - d. As per the agreed stipulations amount is not overdue.
 - e. The Company has accepted unsecured loans from three companies, listed in the register maintained under section 301 of the Companies Act 1956. The Maximum amount involved during the year aggregated to Rs. 552 lacs, have been repaid during the year.
 - f. The terms and conditions of unsecured loan accepted by the company are prima facie not prejudicial to the interest of the company.
 - g. The Interest and principal were regularly repaid during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purpose of inventory and fixed assets and for the sale of goods and services. As per the information given to us, no major weaknesses in internal control have been identified by the management or the internal auditors of the company during the year. During the course of audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the company.
5. In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions with Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other provision of the Act and the rules framed there under, for acceptance of public deposits.
7. The company has an internal audit system commensurate with size and nature of its business.
8. The Central Government has not prescribed for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act.
9.
 - a. According to the records of the Company and information and explanations given to us, Provident Fund, Investor Education and Protection Fund, Employees State Insurance Income Tax, Wealth Tax, Sales Tax, Custom Duty, Cess, Excise Duty and other statutory dues have been deposited regularly during the year with the appropriate authorities.
 - b. According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect of, Sales Tax, Custom Duty, Excise Duty and Entry tax.

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty Excise Duty Excise Duty	12.46 lacs 205.10 lacs 100.67 lacs	1978 1994 to 2007 1995 to 2007	CESTAT CESTAT Com of CE (Appeals)
The Central Sales Tax Act, 1956	Sales Tax	16.83 lacs 561.04 lacs	1995-1996 2002 to 2004	Revisionary Board DC (ST, Appeals)
West Bengal Sales Tax Act, 1994	Sales Tax	349.48 lacs	2002 to 2004	DC
UP Trade Tax Act	Trade Tax Entry Tax	47.30 lacs 17.64 lacs 18.45 lacs	2002-2003 2000-2001 2002-2003	Tribunal High Court Tribunal
MP Commercial Tax Act	Sales Tax	1.41 lacs	1992-93 to 1997-98	AC/DC
TN Sales Tax	Entry Tax TOTAL	13.82 lacs 1343.47 lacs	2003 - 2007	High Court

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 debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanation given to us, no fraud by the Company and no significant fraud on the company was noticed or reported by the management during the year.

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

Chintan Shah
Partner
M.No: 107490
Mumbai, 25th July, 2007

Balance Sheet as on 30th June, 2007.

Rs. in lacs

Schedule		2006 - 2007		2005 - 2006	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	2762.17		1381.08	
Reserves & Surplus	2	19878.57	22640.74	18662.00	20043.08
LOAN FUNDS					
Secured Loans	3	20128.57		16879.26	
Unsecured Loans	4	2703.26	22831.83	6869.42	23748.68
DEFERRED TAX LIABILITY (Net)					
			4733.20		4283.20
			50205.77		48074.96
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	66376.06		67061.16	
Less : Depreciation		32717.08		34384.39	
Net Block		33658.98		32676.77	
Add : Capital Work - in - Progress		8656.54		3248.73	
Add : Assets held for disposal		3086.67	45402.19	—	35925.50
INVESTMENTS					
	6		3417.86		3397.23
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	11022.21		9826.92	
Sundry Debtors	8	12521.74		11182.91	
Cash & Bank Balances	9	1422.65		770.79	
Loans & Advances	10	5562.80		4234.63	
		30529.40		26015.25	
Less : CURRENT LIABILITIES & PROVISIONS					
Creditors	11	27337.78		15123.98	
Provisions	12	1805.90		2139.04	
		29143.68	1385.72	17263.02	8752.23
			50205.77		48074.96
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
N N Khandwala
B V Bhargava
S R Taparia
E B Desai
Y P Trivedi

Directors

Mumbai, 25th July, 2007

Mumbai, 25th July, 2007

Profit and Loss Account for the year ended 30th June, 2007.

Rs. in lacs

Schedule		2006 - 2007		2005 - 2006	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Turnover	13	116166.06		98206.40	
Other Income	14	666.76	116832.82	466.61	98673.01
EXPENDITURE					
Cost of Materials	15	77956.48		65184.95	
Manufacturing, Selling & Other Expenses	16	25246.68		23294.81	
Interest & Financial Charges	17	3300.57		2696.04	
Depreciation		4024.59	110528.32	4134.10	95309.90
[Excluding transfer from Revaluation Reserve Rs. 4.64 lacs (previous year Rs. 9.61 lacs)]					
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS			6304.50		3363.11
Exceptional Income (Refer Note No. 8 of Schedule 19)			1042.64		1693.08
Depreciation for Earlier Years Provided for / (-) Written Back			-2.22		23.37
Provision for Taxation:					
Corporate Tax		1754.00		949.00	
Deferred Tax		450.00		8.00	
Fringe Benefit Tax		130.00	2334.00	80.00	1037.00
PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION			5015.36		3995.82
Appropriations:					
Interim Dividend Paid on Equity Shares		690.54		—	
Proposed Dividend on Equity Shares		1381.08		1381.08	
Corporate Dividend Tax Paid		96.85		—	
Provision for Corporate Dividend Tax		234.72		193.70	
Transferred to General Reserve		2612.17	5015.36	2421.04	3995.82
Earnings Per Share					
(Refer Note No. 13 of Schedule 19)					
Basic Earning per share	Rs.		18.16		29.40
Diluted Earning per share	Rs.		18.16		29.40
Face Value per share	Rs.		10.00		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
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Executive Director

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Sr. Vice-President (Finance)
& Secretary

M P Taparia
Managing Director

V K Taparia
Executive Director

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

Directors

Mumbai, 25th July, 2007

Mumbai, 25th July, 2007

Schedules to Balance Sheet

Rs. in lacs

		2006 - 2007		2005 - 2006	
		Rs.	Rs.	Rs.	Rs.
SCHEDULE 1					
SHARE CAPITAL					
AUTHORISED					
3,00,00,000	(Previous Year 3,00,00,000) Equity Shares of Rs. 10 each	3000.00		3000.00	
1,12,00,000	(Previous Year 1,12,00,000) Preference Shares of Rs. 10 each	1120.00		1120.00	
3,38,00,000	(Previous Year 3,38,00,000) Unclassified Shares of Rs. 10 each	3380.00		3380.00	
		7500.00		7500.00	
ISSUED AND SUBSCRIBED					
1,38,10,837	Nos. (Previous Year 1,33,90,837 Nos.) of Equity Shares of Rs. 10 each Fully Paid Up (including 50,76,372 Nos. Shares issued as fully paid Bonus Shares out of General Reserve)		1381.08		1339.08
Nil	Nos. (Previous Year 4,20,000) Equity Shares of Rs. 10 each issued to promoters of the Company during the year, upon exercising option to convert preferential warrants held by them into equal number of shares at a premium of Rs. 190 per share Add:		—		42.00
1,38,10,837	Nos. (Previous Year Nil Nos.) of Equity Shares of Rs. 10 each Fully Paid Up Bonus shares issued during the year in the ratio of 1 share for every 1 share held on record date i.e. 14.11.2006, by capitalising various reserves (refer Schedule 2)		1381.09		—
			2762.17		1381.08
SCHEDULE 2					
RESERVES AND SURPLUS					
REVALUATION RESERVE					
	As per last Balance Sheet	309.64		362.38	
Less:	(1) Transferred to Profit & Loss Account	4.64		9.61	
	(2) Transferred to Leasehold Land	2.22		2.22	
	(3) Assets sold off / discarded	0.48	302.30	40.91	309.64
			194.59		194.59
CAPITAL RESERVE					
	As per last Balance Sheet				
SECURITIES PREMIUM ACCOUNT					
	As per last Balance Sheet	7473.81		6677.12	
Less :	Share issue expenses	7.18		1.31	
		7466.63		6675.81	
	Add: Share premium received on Nil nos. (Previous Year 4,20,000) Equity Shares of Rs. 10 each issued to the promoters of the Company on preferential allotment basis @ Rs.190 per share	—		798.00	
		7466.63		7473.81	

Schedules to Balance Sheet

Rs. in lacs

	2006 - 2007		2005 - 2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 2 (Contd...)				
Less: Utilised during the year towards issue of Bonus Equity Shares in the ratio of 1 share for every 1 share held	261.08	7205.55	—	7473.81
GENERAL RESERVE				
As per last Balance Sheet	9563.96		10730.62	
Less: Provision for Deferred Tax Liability	—		4275.20	
	9563.96		6455.42	
Add: Transfer from Debenture Redemption Reserve	—		687.50	
Add: Transferred from Profit & Loss Account	2612.17	12176.13	2421.04	9563.96
DEBENTURE REDEMPTION RESERVE				
As per last Balance Sheet	—		687.50	
Less: Transferred to General Reserve	—	—	687.50	—
CAPITAL REDEMPTION RESERVE				
As per last Balance Sheet	1120.00		1120.00	
Less: Utilised during the year towards issue of Bonus Equity Shares in the ratio of 1 share for every 1 share held	1120.00	—	—	1120.00
		19878.57		18662.00
SCHEDULE 3				
SECURED LOANS				
A. WORKING CAPITAL LOANS				
From Banks - Rupee Loans		153.20		3970.20
B. TERM LOANS				
(a) IDBI Ltd. - Foreign Currency Loan		67.90		383.58
(b) ICICI Bank Ltd. - Foreign Currency Loan		950.60		1567.91
(c) ABN Amro Bank - Foreign Currency Loan		—		1668.13
(d) State Bank of Hyderabad - Rupee Loan		637.72		2331.53
(e) State Bank of India - Rupee Loan		1400.00		2000.00
(f) Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank) - Foreign Currency Loan		—		613.73
(g) Vijaya Bank - Rupee Loan		4500.00		—
(h) Vijaya Bank - Foreign Currency Loan		—		748.77
(i) United Bank of India - Rupee Loan		416.68		1249.80
(j) State Bank of Patiala - Rupee Loan		—		998.67
(k) Federal Bank Ltd. - Rupee Loan		619.04		1346.94
(l) HSBC Bank - Foreign Currency Loan		4074.00		—
(m) GE Capital Services of India - Rupee Loan		4500.00		—
(n) State Bank of Hyderabad - Rupee Loan		1740.56		—
(o) State Bank of Mysore - Rupee Loan		1068.87		—
		20128.57		16879.26

Schedules to Balance Sheet

NOTES :

- Working Capital Loans from Banks (A) are secured / to be secured by hypothecation and/or pledge of stocks and Book Debts, second / subservient charge on all movable plant, machinery and moulds (except plant, machinery and moulds at PVC Film, Malanpur Unit) and certain immovable fixed assets of the Company.
- Term Loans from financial institutions and banks [B(a) to B(m)] are secured / to be secured (i) on first pari passu charge basis on :
 - Immovable properties of the company, situated at various locations, both present & future, subject to the exclusion of properties at Andheri, Jalgaon & Malanpur and:
 - movable properties plant, machinery & moulds of the Company, both present and future (except plant, machinery & moulds at PVC Film Malanpur Unit) and (ii) on second / subservient charge on current assets of the Company.
 - Term loans from Banks [B(n) and B(o)] are secured on first pari passu charge basis by exclusive mortgage over the immovable property of the Company situated at Andheri (W) at Mumbai.
- These loans are personally guaranteed by three Directors which is counter guaranteed by the Company.

SCHEDULE 4

UNSECURED LOANS

	Rs. in lacs	
	2006-07	2005-06
Fixed Deposits	2703.26	1869.42
Commercial Paper (maximum amount during the year Rs. 8500 lacs)	—	5000.00
(Previous year Rs. 7000 lacs).	2703.26	6869.42

Schedules to Balance Sheet

SCHEDULE 5 FIXED ASSETS

Rs. in Lacs

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As At 01.07.2006 Rs.	Additions During the Year Rs.	Deductions/ Adjustment During The Year Rs.	As At 30.06.2007 Rs.	As At 01.07.2006 Rs.	For The Year Rs.	As At 30.06.2007 Rs.	As At 30.06.2006 Rs.
Freehold Land	675.50	204.03	17.46	862.07	—	—	862.07	675.50
Leasehold Land	648.57	198.34	20.65	826.26	—	—	826.26	648.57
Buildings	10773.10	1079.08	430.77	11421.41	2926.00	322.12	8310.95	7847.11
Plant, Machinery & Electrical Installations	40024.44	5172.44	8474.25	36722.63	20712.60	2312.34	18024.81	19311.84
Moulds & Dies	12410.98	1617.52	799.13	13229.37	9320.86	931.69	9852.31	3090.12
Furniture, Fixture & Office Equipments	1540.89	811.67	89.57	2262.99	957.18	329.64	1201.73	583.70
Vehicles	525.91	81.76	40.02	567.65	248.10	82.29	299.43	277.81
Sundry Equipments	461.77	91.37	69.46	483.68	219.66	51.15	228.34	242.12
Total	67061.16	9256.21	9941.31	66376.06	34384.40	4029.23	32717.08	32676.77
Previous Year	61919.26	7193.12	2051.22	67061.16	31797.17	4143.70	34384.39	30122.10
Capital Work - in -Progress (including advances on Capital Account).								
Assets held for Disposal (Refer Note No. 7 and 8 (b) of Schedule 19)								
							3086.67	—
							45402.19	35925.50

- NOTES :
- Buildings include the cost of ownership premises in Co-operative Societies Rs. 157.31 lacs (Previous Year Rs. 161.53 lacs).
 - Buildings includes acquisition aggregating to Rs. 55 lacs pending transfer in the name of the Company.
 - The Company has commenced development of it's property at Andheri in Mumbai. The expenses incurred amounting to Rs. 3224.16 lacs has been included under Capital Work-in-Progress.

Schedules to Balance Sheet

SCHEDULE 6

INVESTMENTS

Rs. in lacs

Investment in	Face Value	Quantity		Amount	
		As At	As At	As At	As At
		30.6.2007	30.6.2006	30.6.2007	30.6.2006
GOVERNMENT & TRUST SECURITIES	Rs.				
(a) National Saving Certificate				0.15	0.71
(b) Kisan Vikas Patra				0.10	0.10
(c) Unit Trust of India 6.75% Tax Free Bonds	10	254990	254990	25.50	25.50
Sub Total				25.75	26.31
OTHERS - UNQUOTED AND FULLY PAID UP					
Equity Shares					
(a) Saraswat Co-op. Bank Ltd.	10	1000	1000	0.10	0.10
(b) Samarpan Fabricators Ltd.	100	1350	1350	0.75	0.75
(c) Super Bazar Co-op. Stores Ltd.	10	1000	1000	0.10	0.10
(d) SICOM Ltd.	10	50000	50000	12.50	12.50
(e) Malanpur Captive Power Ltd.	10	211885	—	21.19	—
(f) Supreme Industries Overseas (FZE), a wholly owned subsidiary incorporated in UAE	DHS 150000	1	1	18.88	18.88
Sub Total				53.52	32.33
OTHERS - QUOTED & FULLY PAID UP					
Equity Shares					
(a) Supreme Petrochem Ltd. (an associate company)	10	28936400	28936400	3337.50	3337.50
(b) Symphony Comfort Systems Ltd.	10	600	600	0.27	0.27
(c) Vijaya Bank Ltd.	10	3200	3200	0.77	0.77
(d) Unimers India Ltd.	10	500	500	0.05	0.05
Sub Total				3338.59	3338.59
Total				3417.86	3397.23
(a) Aggregate Value of Quoted Investments - at Cost				3338.59	3338.59
- at Market Value				6613.70	5687.33
(b) Aggregate Value of Unquoted Investments - at Cost				79.27	58.64

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

Name	Face Value	Nos.	Cost Rs. in Lacs
HSBC Liquid Plus fund	10	11991847	1200.68
HSBC Liquid Plus Super Institutional Fund	10	11999448	1201.45
Prudential ICICI Institutional Liquid Plan	10	10027847	1002.78
ING Vysya Liquid Plus fund	10	7013791	701.61
LICMF Liquid Fund Dividend Plan	10	9158056	1005.56
Principal Cash Management Liquid Option			
Institutional Option Daily Dividend Reinvestment	10	5024695	502.58
Reliance Liquid Plus Fund	1000	99956	1000.85
Sundaram BNP Paribas Liquid Plus Super Institutional Fund	10	16005284	1601.33
UTI Liquid Cash Plus Institutional-Daily Income Option	1000	49199	501.55

Schedules to Balance Sheet

Rs. in lacs

	2006 - 2007		2005 - 2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 7 - INVENTORIES				
(As certified by the Management)				
Stores, Spare parts, Packing Materials, etc		465.17		463.04
Raw Materials and Components		6064.77		4719.10
Reusable Material		490.28		441.18
Finished / Semi-Finished Goods		3968.89		4151.75
Finished Goods for Resale		33.10		51.85
		<u>11022.21</u>		<u>9826.92</u>
SCHEDULE 8 - DEBTORS				
(Unsecured, considered good unless otherwise specified)				
Over Six months				
Considered Good		699.59		620.29
Considered Doubtful				29.69
		<u>699.59</u>		<u>649.98</u>
Less : Provision for Doubtful Debts				29.69
		<u>699.59</u>		<u>620.29</u>
Add : Others		11822.15		10562.62
		<u>12521.74</u>		<u>11182.91</u>
SCHEDULE 9 - CASH AND BANK BALANCES				
Cash on hand		58.01		54.77
Cheques in hand		401.60		151.17
Remittance in Transit		6.72		29.80
Balance with Scheduled Banks in :				
Current Accounts		659.30		283.30
Deposit Accounts (Earmarked)		297.02		251.75
		<u>1422.65</u>		<u>770.79</u>
SCHEDULE 10 - LOANS AND ADVANCES				
(Unsecured, considered good)				
Advances recoverable in cash or kind or for value to be received		-		
- Others*		4102.35		2995.92
Security and other Deposits		1104.69		944.06
Prepaid Expenses		355.76		294.65
		<u>5562.80</u>		<u>4234.63</u>

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

Schedules to Balance Sheet

Rs. in lacs

	2006- 2007 Rs.	2005 - 2006 Rs.
SCHEDULE 11 - CREDITORS		
Sundry Creditors (includes Rs. 571.36 lacs due to Small Scale Industries (Previous year Rs. 525.50 lacs)).	7641.58	6062.01
Acceptances	11397.09	3116.09
Items covered by Investors Education & Protection Fund (refer note No. 17 of Schedule 19)		
Interest Accrued but not due on	145.53	103.30
(i) Secured Loans	67.83	2.87
(ii) Unsecured Loans	75.67	60.51
Other Liabilities (includes Rs. 19.33 lacs due to subsidiary, maximum amount payable during the year Rs. 19.33 lacs)	8010.08	5779.20
	<u>27337.78</u>	<u>15123.98</u>
SCHEDULE 12 - PROVISIONS		
Provision for Income Tax (Net of advances)	167.32	549.60
Provision for Fringe Benefit Tax (Net of advances)	10.00	5.00
Provision for Wealth Tax	12.78	9.66
Proposed Dividend	1381.08	1381.08
Provision for Corporate Dividend Tax	234.72	193.70
	<u>1805.90</u>	<u>2139.04</u>

Schedules to Profit and Loss Account

SCHEDULE 13

TURNOVER (Net)

Plastic Products	108960.29	91883.84
Others	7205.77	6322.56
	<u>116166.06</u>	<u>98206.40</u>

SCHEDULE 14

OTHER INCOME

Dividend	308.32	58.32
Claims & Refunds	42.45	45.02
Sundry Receipts	133.49	181.97
Liabilities no longer required written back	37.87	62.01
Lease Rent	131.59	67.09
Profit on sale of Assets (Net)	13.04	19.10
Profit on sale of Investments	—	33.10
	<u>666.76</u>	<u>466.61</u>

SCHEDULE 15

COST OF MATERIALS

Raw Material Consumed	70303.84	58884.18
Cost of Goods Traded	7469.78	7198.12
Increase / (-) Decrease in Stocks		
Opening Stocks of Finished/Semi Finished Goods	4151.75	3254.41
Less: Closing Stocks of Finished/Semi Finished Goods	3968.89	4151.75
	<u>182.86</u>	<u>-897.35</u>
	<u>77956.48</u>	<u>65184.95</u>

Schedules to Profit and Loss Account

Rs. in lacs

	2006 - 2007		2005 - 2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 16				
MANUFACTURING, SELLING & OTHER EXPENSES				
Stores & Spare Parts Consumed		1365.63		1167.96
Labour Charges		2517.16		2104.27
Power & Fuel		5299.43		4599.74
Water Charges		38.85		40.07
Salaries, Wages & Bonus		3434.19		2919.27
Contribution to Pension & Provident Fund		196.72		193.03
Staff & Labour Welfare		212.67		159.03
Managerial Remuneration		230.10		139.12
Directors' Fees		5.40		5.70
Repairs & Maintenance of Building		57.96		83.18
Repairs & Maintenance of Plant & Machinery		659.68		592.37
Repairs & Maintenance (Others)		128.45		108.41
Rent, Rates & Taxes		336.22		231.43
Insurance		222.13		188.40
Charity & Donations		39.04		29.49
Legal & Professional Fees		211.15		143.42
Travelling & Conveyance [Directors Rs. 31.23 lacs (Previous year Rs. 51.72 lacs)]		678.23		618.42
Vehicle Expenses		152.99		142.78
Advertisement & Publicity		742.73		710.41
Packing, Freight and Transport Charges		6090.51		5658.10
Postage, Stationery & Telephone		520.48		453.22
Royalty, Commission & Discount		2444.25		2154.58
Sales Tax etc		33.58		48.70
Bad Debts		32.84		72.68
Plant Security Services		135.72		109.88
Foreign Currency Exchange Fluctuation (Net)		-829.45		332.58
Miscellaneous Expenses		290.02		288.57
		25246.68		23294.81
SCHEDULE 17				
INTEREST & OTHER FINANCIAL EXPENSES				
INTEREST				
(i) On Term Loans	1826.37		1304.92	
(ii) On Fixed Deposits	208.77		145.96	
(iii) On Debentures	—		26.37	
(iv) Other Interest	967.69	3002.83	919.60	2396.85
Bank Charges, Guarantee Commission and Other Financial Expenses		371.86		371.97
		3374.69		2768.82
Less : Interest Received [TDS Rs.12.46 lacs (Previous Year Rs. 8.66 lacs)]		74.12		72.78
		3300.57		2696.04

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 applicable accounting standards and on the basis of a going concern.
- 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.
- iv. Sales are accounted for net of excise duty, returns & claims etc.

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

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

The cost incurred for fixed assets, the construction / installation / acquisition of which are not completed is included under the head Capital Work-in-Progress and the same are related / classified to the respective assets on their completion.

D. DEPRECIATION & AMORTISATION

- 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. Leasehold Land is amortised over the period of lease.
- iii. Cost of software and ERP package is amortised over a period of four years.

E. INVESTMENTS

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

F. INVENTORIES

Inventories are valued as under:

- i. Raw Material & Components - at cost using FIFO cost basis or net realizable 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 realizable value.
- iv. Goods for Resale - at cost using FIFO basis or net realisable value whichever is lower.

G. FOREIGN CURRENCY TRANSACTIONS

Foreign currency loans / liabilities incurred for the acquisition of fixed assets are translated at exchange rates prevailing on the last day of the accounting year or forward rates as applicable. The net variation arising out of the said translation and rollover charges, if any, are adjusted to the cost of fixed assets.

Other foreign currency assets and liabilities are similarly translated and the gain / loss arising out of such translation is adjusted to the Profit and Loss Account.

H. RETIREMENT BENEFITS

Liability is provided for retirement benefits of Provident Fund, Superannuation Fund, Gratuity and Leave Encashment in respect of all eligible employees of the Company. The Company has covered its liability towards employees' superannuation and gratuity under Group Superannuation and Group Gratuity Scheme of Life Insurance Corporation of India (LIC). The Company accordingly pays the premium to LIC and accounts for the same.

I. RESEARCH & DEVELOPMENT EXPENDITURE

Revenue expenditure is charged to the Profit & Loss Account and the Capital expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

J. SHARE / DEBENTURE ISSUE EXPENSES AND DEBENTURE REDEMPTION RESERVE

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

K. 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. Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more periods.

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

L. 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 recognized but are disclosed in the notes.

SCHEDULE 19: NOTES FORMING PART OF THE ACCOUNTS:

1. Contingent Liabilities not provided for:		Rs. in lacs
	2006-07	2005-06
a. Bills / Cheques discounted	1214.07	840.86
b. Guarantees given by Banks	294.94	537.44
c. Disputed demand of Lease rent differential not acknowledged as debt	213.11	213.11
d. Claims against the Company including Show Cause-cum-Demand Notices from Central Excise Department not acknowledged as Debts	765.39	575.63
e. Disputed Income Tax Demands	779.00	414.85
f. Disputed Sales Tax / Entry Tax Demands	1120.15	274.31
g. Other claims against the company not acknowledged as debts.	59.94	56.75
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. 11724.25 lacs (Previous Year Rs. 6055.55 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. 2176.51 lacs (Previous year Rs. 1955.61 lacs).		
3. Difference due to exchange rate variation on repayment of foreign currency Loan during the year and on outstanding foreign currency loan as on 30th June 2007 has been decapitalised amounting to Rs. 242.70 lacs (Previous year decapitalised Rs. 98.82 lacs).		
4. The company has capitalised interest amounting to Rs. 324.80 lacs (Previous year Rs. 44.89 lacs) on payments made towards various projects under construction.		
5. (a) Depreciation has been provided at the rates and in the manner provided in Schedule XIV of 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. Consequently the Company has charged depreciation at higher rates than those specified under Schedule XIV of the Companies Act, 1956. On certain assets company has revised depreciation rates as specified under Schedule XIV of the Companies Act, 1956 from depreciation at higher rates being charged earlier. The above changes have resulted in lower depreciation for the year by Rs 320.32 lacs and correspondingly the profit for the year is higher by a similar amount.		
(b) Depreciation on incremental value due to revaluation is provided at the rates specified in Schedule XIV of the Companies Act, 1956 prior to amendment in 1993. The additional charge of depreciation due to such revaluation is Rs. 4.64 lacs (Previous year Rs. 9.61 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 effusion of time.		

6. Loans and Advances include interest free unsecured deposit of Rs. 62.19 lacs (Previous year Rs. 129.34 lacs) given to M/s. Supreme Capital Management Ltd. in consideration for using it's office premises at Mumbai without payment of rent which the Company had vacated during last year and the advance lying would be recovered as per agreed terms.
7. Pursuant to the decision taken by Board of Directors of the Company to continue to focus on product lines of it's core competence, assets of PVC Film Division at Malanpur in the State of Madhya Pradesh have been put for divestment subject to necessary approvals and compliances. The Company has entered into an arrangement with Kloeckner Pentaplast India Pvt. Ltd., for proposed sale of it's Plant and Machinery and also started manufacturing PVC Film for them under Toll Manufacturing Agreement w.e.f. 1st May 2007. Accordingly entire Plant and Machinery of PVC Film Division has been treated as held for disposal w.e.f. 1st May 2007 and valued at estimated net realizable value or written down values, whichever is lower.
8. Exceptional Income of Rs. 1042.64 Lacs during the year consists of:
 - (a) Rs. 1036.25 Lacs Profit on transfer of leasehold rights of land at Salt Lake, Kolkata (West Bengal) for development, subject to long term gains tax of Rs. 260.00 Lacs and
 - (b) Rs. 6.39 Lacs gain net of all costs incurred, accounted for on closure of Company's operations of Food Serviceware Division at Daman (Union Territory). All the assets of the division has been put for divestment w.e.f. 1st June, 2007. Accordingly all the assets of the division have been treated as held for disposal from that date. Assets which are being sold have been considered at their crystallized realizable values and other assets are valued at their estimated net realizable values or written down values, whichever is lower.
9. The Company has given undertaking to IDBI & ICICI Bank for non-disposal of its investments in Supreme Petrochem Ltd (SPL) without the prior consent of the respective Financial Institutions so long as any part of the loan facilities sanctioned by the Financial Institutions to SPL remains outstanding.
10. The Company is engaged mainly in production of plastic products and as such is the only reportable segment as per Accounting Standard on Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India. The geographical segmentation is not relevant as export turnover is not significant in respect to total turnover.
11. Disclosure on related party transactions:

				(Rs. in lacs)
Nature of Transactions	Holding & Subsidiaries	Associates	Key Management Personnel	Total
Purchase of goods	- (-)	4107.51 (4575.55)	- (-)	4107.51 (4575.55)
Sale of goods	121.20 (-)	69.27 (5.85)	- (-)	190.47 (5.85)
Interest expense	- (-)	10.56 (29.20)	- (-)	10.56 (29.20)
Rendering of services – Paid	39.99 (21.31)	- (-)	- (-)	39.99 (21.31)
Dividend Received	- (-)	289.36 (-)	- (-)	289.36 (-)
Dividend Paid	- (-)	878.37 (446.35)	46.15 (27.70)	924.52 (474.05)
Inter Corporate Deposits received	- (-)	552.00 (2000.00)	- (-)	552.00 (2000.00)
Inter Corporate Deposits paid	35.22 (-)	15.00 (-)	- (-)	50.22 (-)
Remuneration	- (-)	- (-)	234.18 (139.12)	234.18 (139.12)
Outstanding at year-end				
- Sundry Debtors	- (-)	- (0.33)	- (-)	- (0.33)
- Sundry Creditors	- (-)	612.60 (408.25)	- (-)	612.60 (408.25)
- Other Payable	19.33 (11.43)	- (-)	196.02 (105.06)	215.35 (116.49)
- Other Receivables	35.99 (-)	62.19 (129.34)	- (-)	98.18 (129.34)

* 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 Granite 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.

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

The particulars of godown premises given on lease are:

Gross Carrying Amount	Accumulated Depreciation	Depreciation for year
Rs. 462.51 lacs	Rs. 317.00 lacs	Rs. 10.01 lacs
(Rs. 462.51 lacs)	(Rs. 306.99 lacs)	(Rs. 66.03 lacs)

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

	Rs. in lacs
Future lease rental obligation not later than one year	151.20
Future lease rental obligation later than one year but not later than five year	96.60

13. Earning per Equity share – Basic / diluted

	2006 - 07	2005 - 06
Profit after tax (PAT) available for Equity shareholders	5013.13	4019.18
Weighted Average Number of Equity shares	Nos. 2,76,21,674*	1,36,71,604
Nominal value of Equity shares	Rs. 10.00	10.00
Basic earning per Equity Share	Rs. 18.16	29.40
Weighted Average for Potential Equity Shares	Nos. Nil	Nil
Diluted earning per Equity Share	Rs. 18.16	29.40

* after issue of Bonus shares in the ratio of 1:1, allotted on 30th November 2006.

14. (a) Provision for Income Tax liability has been made in the accounts based on the income for the period 1.4.2006 to 31.3.2007 (A/Y: 2007-08). The tax liability including fringe benefit tax for the period 1.4.2007 to 30.6.2007 shall be determined on the basis of the income / expenditure for the year ended 31st March, 2008 (A.Y 2008-09).
- (b) The Company has recognized deferred tax provision for the year aggregating to Rs. 450.00 lacs in the Profit & Loss Account (Previous Year Rs. 8.00 lacs).
- (c) The components for Deferred Tax Liability as on 31st March, 2007 consists mainly on account of timing differences in depreciation.
- (d) Corporate Tax includes provision for wealth tax Rs. 4.00 lacs (Previous year Rs. 4.00 lacs).
15. Commitment charges / processing fee paid / payable on Borrowings is being amortised over the period of such borrowings.
16. The Company deals with several Small Scale Industrial Undertakings (SSI) on mutually accepted terms and conditions. Based on the records of the Company and the information received from SSI suppliers, there are no amounts "Outstanding and Due" to SSI suppliers for more than 30 days.

The above information and that given in Schedule 11 in respect of sundry creditors pertaining to SSI has been determined on unit-wise basis to the extent such information is available with the company and relied upon by the auditors.

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

a. Unclaimed Dividend	Rs. 51.05 lacs	(Previous Year Rs. 47.07 lacs)
b. Debenture Application Money	Rs. 0.14 lacs	(Previous Year Rs. 0.15 lacs)
c. Unclaimed Matured Deposits & Interest	Rs. 90.01 lacs	(Previous Year Rs. 47.40 lacs)
d. Unpaid Matured Debentures & Interest	Rs. 4.33 lacs	(Previous Year Rs. 8.68 lacs)
Total	Rs. 145.53 lacs	(Previous Year Rs.103.30 lacs)

Amount due and outstanding to be credited to Investor Education & Protection Fund as on 30.06.2007 is Rs. Nil (Previous Year Rs. Nil)

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 paid/ payable to these parties cannot be determined. Sundry Debtors, Sundry Creditors, Unsecured Loans and Advances are subject to confirmation by the respective parties.

19. 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.
20. Previous year's figures have been regrouped/ rearranged wherever necessary.
21. Foreign exchange derivatives and exposures outstanding at close of the year

Nature of the instrument	Currency & Aggregate Amount	Purpose
a. Forward Purchase	US \$ 15.35 million (Previous Year JY 212.52 million)	Hedging
Currency Swap	US \$ Nil (Previous Year US\$ 1.65 million)	Hedging
Interest Rate Swap	US \$ 10.00 million (Previous Year Nil)	Hedging
b. Open Foreign Exchange Exposures		
Receivable	US \$ 2.14 million (Previous Year US\$ 1.64 million)	
Payable	US \$ 30.46 million (Previous Year US\$ 26.16 million)	

22. Remuneration to Managing Director and Executive Director is as follows:

	Managing Director M P Taparia		Executive Director S J Taparia		Executive Director V K Taparia	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
A Salaries	9.00	9.00	8.94	8.94	8.88	8.88
B Commission	65.34	35.02	65.34	35.02	65.34	35.02
C Contribution to PF etc.	1.08	1.08	1.07	1.07	1.07	1.07
D Other Allowances & Perquisites	1.35	1.35	1.34	1.34	1.33	1.33
Total	76.77	46.45	76.69	46.37	76.62	46.30

23. 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.

	2006 - 2007
	Rs. in lacs
Profit as per Profit and Loss Account before Exceptional Items	6304.50
Add: Managing and Executive Directors' Remuneration	230.10
Net Profit for Commission	6534.60
i) Commission to Mr. M P Taparia, Managing Director @ 1% of the Profit for the year *	65.34
ii) Commission to Mr. S J Taparia, Executive Director @ 1% of the Profit for the year *	65.34
iii) Commission to Mr. V K Taparia, Executive Director @ 1% of the Profit for the year *	65.34

* As approved by the Board of Directors in their meeting held on 25th July, 2007.

24. Payment to Auditors (including Branch Auditors):

	2006-2007	2005-2006
	Rs.	Rs.
Audit Fees	16.50	12.27
Tax Audit Fees	7.95	6.63
For Taxation Matters	1.90	1.82
In other capacity	14.32	10.13
	40.67	30.85

25. 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	2006 - 2007		2005 - 2006	
			Quantity	Value	Quantity	Value
MANUFACTURED PRODUCTS :						
	Injection Moulded Products	MT	37903.792	41498.67	34951.443	35260.91
	Extruded Products	MT	87858.464	65073.75	79341.963	56061.74
	Machinery & Moulds	Nos	446	152.25	74	274.94
TRADING PRODUCTS						
	Injection Moulded Products	MT	45.588	80.12	96.843	68.40
	Extruded Products	MT	1439.500	875.93	1567.250	954.84
	Polymers & Others		—	7303.42	—	6323.39
(ii)	RAW MATERIALS & COMPONENTS	UNIT	2006 - 2007		2005 - 2006	
			Quantity	Value	Quantity	Value
CONSUMED :						
	PVC Resin	MT	65765.44	28709.12	58833.826	23897.66
	Polyethylene	MT	23509.931	15510.80	21652.934	12145.80
	Polystyrene	MT	5842.592	4026.96	6706.974	3935.59
	Polypropylene	MT	19659.391	12402.55	19287.226	10389.49
	Engineering Plastics	MT	1372.270	1418.49	1207.588	1171.89
	Additives	MT	10708.838	5532.46	9002.530	4487.13
	Others			2703.46		2856.62
			70303.84		58884.18	
Consumption figures shown above are after adjusting excess / shortages on physical count.						
(iii)	STOCKS :	UNIT	2006 - 2007		2005 - 2006	
			Quantity	Value	Quantity	Value
OPENING STOCK OF FINISHED GOODS :						
MANUFACTURED PRODUCTS :						
	Injection Moulded Products	MT	2328.770	2024.71	1863.906	1632.26
	Extruded Products	MT	3153.513	2127.04	2062.182	1572.79
	Machinery & Moulds	Nos.	---	---	39	48.36
TRADING PRODUCTS :						
	Injection Moulded Products	MT	---	---	1.057	1.06
	Extruded Products	MT	0.526	0.33	4.986	1.83
	Polymers & Others	MT	---	51.51	---	92.18
PURCHASES :						
TRADING PRODUCTS :						
	Injection Moulding Items	MT	60.926	71.88	95.786	60.62
	Extrusion Items	MT	1451.470	589.27	1562.790	945.50
	Machinery, Moulds & Spares	Nos	---	---	---	---
	Polymers & Others	MT	---	6789.90	---	6148.77
CLOSING STOCKS OF FINISHED GOODS :						
MANUFACTURED PRODUCTS						
	Injection Moulded Products	MT	2272.562	1948.14	2328.770	2024.71
	Extruded Products	MT	2853.496	1950.71	3153.513	2127.04
	Machinery & Moulds	Nos.	414	70.04	---	---
TRADING PRODUCTS:						
	Injection Moulded Products	MT	3.470	3.48	---	---
	Extruded Products	MT	12.499	3.62	0.526	0.33
	Polymers & Others	MT	---	26.00	---	51.51

(iv) CAPACITY AND PRODUCTION :

	Unit	Capacity Licensed	2006 - 2007 Capacity Installed *	Production	2005 - 2006 Capacity Installed *	Production
Injection Moulded Products	MT	N.A	61500	37847.584	54900	35416.307
Extruded Products	MT	N.A	119842	87558.447	100172	80433.294
Machinery & Moulds	Nos	N.A	N.A	860	N.A	35

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. 686.09 lacs not included herein (Previous Year Rs. 192.89 lacs).
- (4) The Turnover does not include Sale of Scrap for Rs. 495.85 lacs (Previous Year Rs. 302.91 lacs).
- (5) The above Turnover dose not include Excise Duty on Sales Rs. 16809.50 lacs. (Previous Year Rs. 14860.69 lacs)
- (6) Production Quantities shown herein are after adjustment of departmental consumption.
- (7) Turnover includes 446 nos. (Previous Year 62 nos.) of Machinery and Parts Rs. 152.25 (Previous Year Rs. 227.75 lacs) and Packing Material & Components Rs. 377.74 lacs (Previous year Rs. 347.33 lacs) transferred to other divisions for captive use.

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

Rs. in lacs

	2006 - 2007		2005 - 2006	
	Value Rs.	% of Total Consumption	Value Rs.	% of Total Consumption
Imported	27273.74	38.79	16697.36	28.36
Indigenous	43030.10	61.21	42186.82	71.64
	70303.84	100.00	58884.18	100.00

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

	2006 - 2007		2005 - 2006	
	Value Rs.	% of Total Consumption	Value Rs.	% of Total Consumption
Imported	71.10	5.21	20.58	1.76
Indigenous	1294.53	94.79	1147.38	98.24
	1365.63	100.00	1167.96	100.00

D. CIF Value of Imports :

	2006 - 2007 Rs.	2005 - 2006 Rs.
i) Raw Material & Components	29005.89	17785.73
ii) Stores & Spares	39.47	27.14
iii) Capital Goods	2951.16	1909.25
	31996.52	19722.12

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

	2006 - 2007 Rs.	2005 - 2006 Rs.
i) Interest	639.78	405.29
ii) Other Matters	391.20	317.73
	1030.98	723.02

F. Details of Foreign Shareholding and Dividend Remitted Thereon :

	2006 - 2007		2005 - 2006
	Final	Interim	Final
i) Number of Non-resident Shareholders	459	457	447
ii) Number of Shares held on which dividend were paid	544589	1000293	600036
iii) Gross Dividend (Rs. in lacs)	54.46	25.01	54.00

G. Earnings in Foreign Currency:

	2006 - 2007 Rs.	2005 - 2006 Rs.
Export (On FOB Basis)	8359.00	8419.92

41

Cash Flow Statement For The Year Ended 30th June, 2007

Rs. in Lacs

	For Year Ended 30.06.2007	For Year Ended 30.06.2006
A Cash Flow Arising From Operating Activities		
Net Profit Before Tax	6304.50	3363.10
Adjustment For :		
Add : Depreciation	4024.59	4134.10
Leasehold Assets Premium W/off	5.46	5.21
Interest Net	3300.57	2696.04
(Profit) / Loss on sale of Investments	-	-33.10
	<u>7330.62</u>	<u>6802.25</u>
	13635.12	10165.35
Less : Dividend Received	308.32	58.32
Profit /(Loss) on sale of Assets	13.04	19.10
Lease Rent etc. Received	131.59	67.09
	<u>452.95</u>	<u>144.51</u>
Operating Profit before working capital changes	13182.17	10020.84
Adjustments for :		
Inventories	1195.29	2364.56
Trade & Other Receivable	2667.00	629.69
Trade & Other Payable	-12213.80	-5575.51
	<u>-8351.51</u>	<u>-2581.26</u>
Cash Generated from Operations	21533.68	12602.10
Interest Paid	-3374.69	-2768.82
Direct Taxes Paid	-2258.16	-551.47
	<u>15900.83</u>	<u>9281.81</u>
Net Cash Flow from Operating Activities (A)		
B Cash Flow from Investing activities		
Purchase of Fixed Assets	14664.02	10185.87
Sale of Fixed Assets	-1165.21	-442.13
Purchase of Investments	21.19	18.88
Sale of Investments	-0.56	-133.10
Share Issue Expenses	7.18	1.31
Exceptional Income	-1042.64	-1693.08
Interest Received	-74.12	-72.78
Dividend Received	-308.32	-58.32
Lease Rent Received	-131.59	-67.09
	<u>11969.95</u>	<u>7739.56</u>
Net Cash Used in Investing Activities		
C Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares	-	756.00
Proceeds from Long Term & Short Term Borrowings	-916.85	470.13
Dividend & Corporate Dividend Tax paid	-2362.17	-1374.21
Redemption of Debentures	-	-1375.00
	<u>-3279.02</u>	<u>-1523.08</u>
Net Cash Used in Financing Activities		
Net Increase / (Decrease) in Cash & Cash Equivalents (A-B-C)	651.86	19.17
Opening Balance as on 01.07.2006	770.79	751.62
Closing Balance as on 30.06.2007	1422.65	770.79

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

B L Taparia
Chairman

M P Taparia
Managing Director

H S Parikh
N N Khandwala
Chintan Shah
Partner
M No. 107490

S J Taparia
Executive Director

V K Taparia
Executive Director

B V Bhargava
S R Taparia
O P Roongta
Sr. Vice-President (Finance)
& Secretary

E B Desai
Y P Trivedi

} Directors

Mumbai, 25th July, 2007

Mumbai, 25th July, 2007

CHHOGMAL & CO.
Chartered Accountants

206, Apollo Chambers,
Mogra Road, Andheri (E),
Mumbai - 400 069

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 Limited group) as at June 30, 2007, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Audited by other Auditors:	Total assets	Total revenues
Foreign subsidiary	Rs. 70.52 lacs	Rs. 217.68 lacs

As stated in Note no. 3 of Notes forming part of consolidated accounts, in case of an associate, the financial statements as on June 30, 2007 are not available. The investment in this associate has been stated at "equity method" as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

We further report that in respect of an associate, we did not carry out the audit. These financial statements has been certified by Management and have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the associates is based solely on these certified financial statements. Since the financial statements for the year ended March 31, 2007, 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. 424.07 lacs

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

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

- in the case of the consolidated balance sheet, of the state of affairs of the Supreme Industries Limited Group as at June 30, 2007;
- in the case of the consolidated profit and loss account of the consolidated results of operations of the Supreme Industries Limited Group for the year ended on that date
- in the case of the consolidated cash flow statement, of the consolidated cash flows of the Supreme Industries Limited Group for the year ended on that date.

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

Chintan Shah
Partner

M.No: 107490
Mumbai, 25th July, 2007

Consolidated Balance Sheet as on 30th June, 2007.

Rs. in lacs

Schedule		2006 - 2007		2005 - 2006	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	2762.17		1381.08	
Reserves & Surplus	2	21592.38	24354.55	20241.09	21622.17
LOAN FUNDS					
Secured Loans	3	20128.57		16879.26	
Unsecured Loans	4	2703.26	22831.83	6869.42	23748.68
DEFERRED TAX LIABILITY (Net)					
			4733.20		4283.20
			51919.58		49654.05
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	5	66386.27		67061.36	
Less : Depreciation		32717.64		34384.41	
Net Block		33668.63		32676.95	
Add : Capital Work - in - Progress		8656.54		3248.73	
Add: Assets held for disposal		3086.67	45411.84	—	35925.68
INVESTMENTS					
	6		5111.77		4956.42
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	11022.21		9826.92	
Sundry Debtors	8	12543.23		11182.91	
Cash & Bank Balances	9	1439.43		777.37	
Loans & Advances	10	5533.59		4238.94	
		30538.46		26026.14	
Less : CURRENT LIABILITIES & PROVISIONS					
Creditors	11	27336.59		15115.15	
Provisions	12	1805.90		2139.04	
		29142.49	1395.97	17254.19	8771.95
			51919.58		49654.05
Significant Accounting Policies	18				
Notes to the accounts	19				

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

B L Taparia
Chairman

M P Taparia
Managing Director

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

Directors

Chintan Shah
Partner
M No. 107490

S J Taparia
Executive Director

V K Taparia
Executive Director

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

Mumbai, 25th July, 2007

Mumbai, 25th July, 2007

Consolidated Profit and Loss Account for the year ended 30th June, 2007.

Rs. in lacs

Schedule		2006 - 2007		2005 - 2006	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Turnover	13	116221.72		98206.40	
Other Income	14	377.40	116599.12	466.61	98673.01
EXPENDITURE					
Cost of Materials	15	78000.54		65184.95	
Manufacturing, Selling & Other Expenses	16	25255.91		23293.67	
Interest & Financial Charges	17	3300.57		2696.11	
Depreciation		4025.13	110528.15	4134.12	95308.85
[Excluding transfer from Revaluation Reserve Rs. 4.64 lacs (previous year Rs. 9.61 lacs)]					
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS			6016.97		3364.16
Exceptional Income (Refer Note No. 11 of Schedule 19)			1042.64		1693.08
Depreciation for Earlier Years Provided for / (-) Written Back			-2.22		23.37
Provision for Taxation:					
Corporate Tax		1754.00		949.00	
Deferred Tax		450.00		8.00	
Fringe Benefit Tax		130.00	2334.00	80.00	1037.00
NET PROFIT			4727.83		3996.87
Add: Share of Profit in associate for the period			424.07		694.75
GROUP PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION			5151.90		4691.62
Appropriations:					
Transfer to Capital Reserve		0.16		0.11	
Interim Dividend Paid on Equity Shares		690.54		—	
Proposed Dividend on Equity Shares		1381.08		1381.08	
Corporate Dividend Tax Paid		96.85		—	
Provision for Corporate Dividend Tax		234.72		193.70	
Transferred to General Reserve		2748.55	5151.90	3116.73	4691.62
EARNINGS PER SHARE (Refer Note No. 16 of Schedule 19)					
Basic Earning per share	Rs.		18.65		33.58
Diluted Earning per share	Rs.		18.65		33.58
Face Value per share	Rs.		10.00		10.00
Significant Accounting Policies	18				
Notes to the accounts	19				

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

B L Taparia
Chairman

M P Taparia
Managing Director

H S Parikh
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Partner
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Executive Director

V K Taparia
Executive Director

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

Mumbai, 25th July, 2007

Mumbai, 25th July, 2007

Schedules to Consolidated Balance Sheet

Rs. in lacs

		2006 - 2007		2005 - 2006	
		Rs.	Rs.	Rs.	Rs.
SCHEDULE 1					
SHARE CAPITAL					
AUTHORISED					
3,00,00,000	(Previous Year 3,00,00,000) Equity Shares of Rs. 10 each	3000.00		3000.00	
1,12,00,000	(Previous Year 1,12,00,000) Preference Shares of Rs. 10 each	1120.00		1120.00	
3,38,00,000	(Previous Year 3,38,00,000) Unclassified Shares of Rs. 10 each	3380.00		3380.00	
		7500.00		7500.00	
ISSUED AND SUBSCRIBED					
1,38,10,837	Nos. (Previous Year 1,33,90,837 Nos.) of Equity Shares of Rs. 10 each Fully Paid Up (including 50,76,372 Nos. Shares issued as fully paid Bonus Shares out of General Reserve)		1381.08		1339.08
Nil	Nos. (Previous Year 4,20,000) Equity Shares of Rs. 10 each issued to promoters of the Company during the year, upon exercising option to convert preferential warrants held by them into equal number of shares at a premium of Rs. 190 per share Add:		—		42.00
1,38,10,837	Nos. (Previous Year Nil Nos.) of Equity Shares of Rs. 10 each Fully Paid Up Bonus shares issued during the year in the ratio of 1 share for every 1 share held on record date i.e. 14.11.2006, by capitalising various reserves (refer Schedule 2)		1381.09		—
			2762.17		1381.08
SCHEDULE 2					
RESERVES AND SURPLUS					
REVALUATION RESERVE					
	As per last Balance Sheet	309.64		362.38	
Less:	(1) Transferred to Profit & Loss Account	4.64		9.61	
	(2) Transferred to Leasehold Land	2.22		2.22	
	(3) Assets sold off / discarded	0.48	302.30	40.91	309.64
CAPITAL RESERVE					
	As per last Balance Sheet	194.70		194.59	
	Add : Transfer from Profit & Loss Account	0.16	194.86	0.11	194.70
SECURITIES PREMIUM ACCOUNT					
	As per last Balance Sheet	7473.81		6677.12	
	Less : Share issue expenses	7.18		1.31	
		7466.63		6675.81	
	Add: Share premium received on Nil nos. (Previous Year 4,20,000) Equity Shares of Rs. 10 each issued to the promoters of the Company on preferential allotment basis @ Rs.190 per share	---		798.00	
		7466.63		7473.81	

Schedules to Consolidated Balance Sheet

Rs. in lacs

	2006 - 2007		2005 - 2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 2 (Contd...)				
Less: Utilised during the year towards issue of Bonus Equity Shares in the ratio of 1 share of every 1 share held	261.08	7205.55	—	7473.81
GENERAL RESERVE				
As per last Balance Sheet	11142.98		10730.62	
Less: Provision for Deferred Tax Liability	—		4275.20	
	11142.98		6455.42	
Add : Transfer from Debenture Redemption Reserve	—		687.50	
Add : Adjustment due to associate grouping	—		883.33	
Add : Transferred from Profit & Loss Account	2748.55	13891.53	3116.73	11142.98
DEBENTURE REDEMPTION RESERVE				
As per last Balance Sheet	—		687.50	
Less: Transferred to General Reserve	—	—	687.50	—
CAPITAL REDEMPTION RESERVE				
As per last Balance Sheet	1120.00		1120.00	
Less: Utilised during the year towards issue of Bonus Equity Shares in the ratio of 1 share for every 1 share held	1120.00	—	—	1120.00
FOREIGN EXCHANGE TRANSLATION RESERVE		-1.86		-0.04
		21592.38		20241.09
SCHEDULE 3				
SECURED LOANS				
A. WORKING CAPITAL LOANS				
From Banks - Rupee Loans		153.20		3970.20
B. TERM LOANS				
(a) IDBI Ltd. - Foreign Currency Loan		67.90		383.58
(b) ICICI Bank Ltd. - Foreign Currency Loan		950.60		1567.91
(c) ABN Amro Bank - Foreign Currency Loan		—		1668.13
(d) State Bank of Hyderabad - Rupee Loan		637.72		2331.53
(e) State Bank of India - Rupee Loan		1400.00		2000.00
(f) Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank) - Foreign Currency Loan		—		613.73
(g) Vijaya Bank-Rupee Loan		4500.00		
(h) Vijaya Bank - Foreign Currency Loan				748.77
(i) United Bank of India - Rupee Loan		416.68		1249.80
(j) State Bank of Patiala - Rupee Loan		—		998.67
(k) Federal Bank Ltd. - Rupee Loan		619.04		1346.94
(l) HSBC Bank - Foreign Currency Loan		4074.00		—
(m) GE Capital Services of India - Rupee Loan		4500.00		—
(n) State Bank of Hyderabad - Rupee Loan		1740.56		—
(o) State Bank of Mysore - Rupee Loan		1068.87		—
		20128.57		16879.26

Schedules to Consolidated Balance Sheet

NOTES :

- Working Capital Loans from Banks (A) are secured / to be secured by hypothecation and/or pledge of stocks and Book Debts, second / subservient charge on all movable plant, machinery and moulds (except plant, machinery and moulds at PVC Film, Malanpur Unit) and certain immovable fixed assets of the Company.
- Term Loans from financial institutions and banks [B(a) to B(m)] are secured / to be secured (i) on first pari passu charge basis on :
 - Immovable properties of the company, situated at various locations, both present & future, subject to the exclusion of properties at Andheri, Jalgaon & Malanpur and:
 - movable properties plant, machinery & moulds of the Company, both present and future (except plant, machinery & moulds at PVC Film Malanpur Unit) and (ii) second / subservient charge on current assets of the Company.
 - Term loans from Banks [B(n) and B(o)] are secured on first pari passu charge basis by exclusive mortgage over the immovable property of the Company situated at Andheri (W) at Mumbai.
- These loans are personally guaranteed by three Directors which is counter guaranteed by the Company.

SCHEDULE 4

UNSECURED LOANS

Rs. in lacs

	2006- 2007	2005 - 2006
Fixed Deposits	2703.26	1869.42
Commercial Paper (maximum amount during the year Rs. 8500 lacs)	—	5000.00
(Previous year Rs. 7000 lacs).	2703.26	6869.42

Schedules to Balance Sheet

SCHEDULE 5 FIXED ASSETS

Rs. in Lacs

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As At 01.07.2006 Rs.	Additions During the Year Rs.	Deductions/ Adjustment During The Year Rs.	As At 30.06.2007 Rs.	For The Year Rs.	Deductions/ Adjustment During The Year Rs.	As At 30.06.2007 Rs.	As At 30.06.2006 Rs.
Freehold Land	675.50	204.03	17.46	862.07	---	---	862.07	675.50
Leasehold Land	648.57	198.34	20.65	826.26	---	---	826.26	648.57
Buildings	10773.10	1079.08	430.77	11421.41	2926.00	137.66	3110.46	7847.11
Plant, Machinery & Electrical Installations	40024.44	5172.44	8474.25	36722.63	2312.34	5000.12	18024.82	19311.84
Moulds & Dies	12410.98	1617.52	799.13	13229.37	931.69	400.24	9852.30	3090.12
Furniture, Fixture & Office Equipments	1541.09	812.56	89.57	2264.08	329.80	85.09	1201.91	583.88
Vehicles	525.91	90.88	40.02	576.77	248.10	30.96	299.81	277.81
Sundry Equipments	461.77	91.37	69.46	483.68	219.66	42.47	228.34	242.12
Total	67061.36	9266.22	9941.31	66386.27	4029.77	5696.54	32717.64	32676.95
Previous Year	61919.26	7193.32	2051.22	67061.36	4143.70	1556.50	34384.41	30122.10
Capital Work - in -Progress (including advances on Capital Account).								
Assets held for Disposal (Refer Note No. 10 and 11 (b) of Schedule 19)								
							3086.67	—
							45411.84	35925.68

NOTES : 1. Buildings include the cost of ownership premises in Co-operative Societies Rs. 157.31 lacs (Previous Year Rs. 161.53 lacs).

2. Buildings includes acquisition aggregating to Rs. 55 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 amounting to Rs. 3224.16 lacs has been included under Capital Work-in-Progress.

Schedules to Consolidated Balance Sheet

SCHEDULE 6

INVESTMENTS

Rs. in lacs

Investment in	Face Value	Quantity		Amount	
		As At 30.6.2007	As At 30.6.2006	As At 30.6.2007	As At 30.6.2006
GOVERNMENT & TRUST SECURITIES	Rs.				
(a) National Saving Certificate				0.15	0.71
(b) Kisan Vikas Patra				0.10	0.10
(c) Unit Trust of India 6.75% Tax Free Bonds	10	254990	254990	25.50	25.50
Sub Total				25.75	26.31
OTHERS - UNQUOTED AND FULLY PAID UP					
Equity Shares					
(a) Saraswat Co-op. Bank Ltd.	10	1000	1000	0.10	0.10
(b) Samarpan Fabricators Ltd.	100	1350	1350	0.75	0.75
(c) Super Bazar Co-op. Stores Ltd.	10	1000	1000	0.10	0.10
(d) SICOM Ltd.	10	50000	50000	12.50	12.50
(e) Malanpur Captive Power Ltd.	10	211885	—	21.19	—
Sub Total				34.64	13.45
OTHERS - QUOTED & FULLY PAID UP					
Equity Shares					
(a) Supreme Petrochem Ltd. (an associate company)	10	28936400	28936400	2834.84	2834.84
Add: Goodwill on acquisition				502.66	502.66
Add: Accumulated share in profit / (-) loss at the beginning of the year				1578.08	883.33
Add: Share in profit / (-) loss - current year				424.07	694.75
Less: Dividend received during the year				289.36	—
(b) Symphony Comfort Systems Ltd.	10	600	600	0.26	0.26
(c) Vijaya Bank Ltd.	10	3200	3200	0.77	0.77
(d) Unimers India Ltd.	10	500	500	0.05	0.05
Sub Total				5051.37	4916.66
Total				5111.77	4956.42
(a) Aggregate Value of Quoted Investments - at Cost				10680.38	9832.25
- at Market Value				6613.70	5687.33
(b) Aggregate Value of Unquoted Investments - at Cost				60.40	39.76

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

Name	Face Value	Nos.	Cost Rs. in Lacs
HSBC Liquid Plus fund	10	11991847	1200.68
HSBC Liquid Plus Super Institutional Fund	10	11999448	1201.45
Prudential ICICI Institutional Liquid Plan	10	10027847	1002.78
ING Vysya Liquid Plus fund	10	7013791	701.61
LICMF Liquid Fund Dividend Plan	10	9158056	1005.56
Principal Cash Management Liquid Option			
Institutional Option Daily Dividend Reinvestment	10	5024695	502.58
Reliance Liquid Plus Fund	1000	99956	1000.85
Sundaram BNP Paribas Liquid Plus Super Institutional Fund	10	16005284	1601.33
UTI Liquid Cash Plus Institutional-Daily Income Option	1000	49199	501.55

Schedules to Consolidated Balance Sheet

Rs. in lacs

	2006- 2007 Rs.	2005 - 2006 Rs.
SCHEDULE 7 - INVENTORIES		
(As certified by the Management)		
Stores, Spare parts, Packing Materials, etc	465.17	463.04
Raw Materials and Components	6064.77	4719.10
Reusable Material	490.28	441.18
Finished / Semi-Finished Goods	3968.89	4151.75
Finished Goods for Resale	33.10	51.85
	<u>11022.21</u>	<u>9826.92</u>
SCHEDULE 8 - DEBTORS		
(Unsecured, considered good unless otherwise specified)		
Over Six months		
Considered Good	699.59	620.29
Considered Doubtful		29.69
	<u>699.59</u>	<u>649.98</u>
Less : Provision for Doubtful Debts		29.69
	<u>699.59</u>	<u>620.29</u>
Add : Others	11843.64	10562.62
	<u>12543.23</u>	<u>11182.91</u>
SCHEDULE 9 - CASH AND BANK BALANCES		
Cash on hand	58.31	54.77
Cheques in hand	401.60	151.17
Remittance in Transit	6.72	29.80
Balance with Scheduled Banks in :		
Current Accounts	675.77	289.88
Deposit Accounts (Earmarked)	297.03	251.75
	<u>1439.43</u>	<u>777.37</u>
SCHEDULE 10 - LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	-	
- Others*	4066.36	2995.92
Security and other Deposits	1105.30	945.07
Prepaid Expenses	361.93	297.95
	<u>5533.59</u>	<u>4238.94</u>
* includes amount of Rs. 35.99 lacs interest free loan to wholly owned subsidiary i.e. The Supreme Industries Overseas FZE (maximum amount outstanding during the year Rs.45.10 lacs)		
SCHEDULE 11 - CREDITORS		
Sundry Creditors (includes Rs. 571.36 lacs due to Small Scale Industries (Previous year Rs. 525.50 lacs)).	7655.81	6062.01
Acceptances	11397.09	3116.09
Items covered by Investors Education & Protection Fund (refer note No. 20 of Schedule 19)		
Interest Accrued but not due on	145.53	103.30
(i) Secured Loans	67.83	2.87
(ii) Unsecured Loans	75.67	60.51
Other Liabilities (includes Rs. 19.33 lacs due to subsidiary, maximum amount payable during the year Rs. 19.33 lacs)	<u>7994.66</u>	<u>5770.37</u>
	<u>27336.59</u>	<u>15115.15</u>
SCHEDULE 12 - PROVISIONS		
Provision for Income Tax (Net of advances)	167.32	549.60
Provision for Fringe Benefit Tax (Net of advances)	10.00	5.00
Provision for Wealth Tax	12.78	9.66
Proposed Dividend	1381.08	1381.08
Provision for Corporate Dividend Tax	234.72	193.70
	<u>1805.90</u>	<u>2139.04</u>

Schedules to Consolidated Profit and Loss Account

Rs. in lacs

	2006 - 2007		2005 - 2006	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 13				
TURNOVER (Net)				
Plastic Products		109015.95		91883.84
Others		7205.77		6322.56
		<u>116221.72</u>		<u>98206.40</u>
SCHEDULE 14				
OTHER INCOME				
Dividend		18.96		58.32
Claims & Refunds		42.45		45.02
Sundry Receipts		133.49		181.97
Liabilities no longer required written back		37.87		62.01
Lease Rent		131.59		67.09
Profit on sale of Assets (Net)		13.04		19.10
Profit on sale of Investments		—		33.10
		<u>377.40</u>		<u>466.61</u>
SCHEDULE 15				
COST OF MATERIALS				
Raw Material Consumed		70303.83		58884.18
Cost of Goods Traded		7513.85		7198.12
Increase / (-) Decrease in Stocks				
Opening Stocks of Finished/Semi Finished Goods	4151.75		3254.41	
Less: Closing Stocks of Finished/Semi Finished Goods	<u>3968.89</u>	<u>182.86</u>	<u>4151.76</u>	<u>-897.35</u>
		<u>78000.54</u>		<u>65184.95</u>
SCHEDULE 16				
MANUFACTURING, SELLING & OTHER EXPENSES				
Stores & Spare Parts Consumed		1365.63		1167.96
Labour Charges		2517.16		2104.27
Power & Fuel		5299.43		4599.74
Water Charges		38.85		40.07
Salaries, Wages & Bonus		3461.28		2928.32
Contribution to Pension & Provident Fund		196.72		193.03
Staff & Labour Welfare		212.67		159.03
Managerial Remuneration		230.10		139.12
Directors' Fees		5.40		5.70
Repairs & Maintenance of Building		57.96		83.18
Repairs & Maintenance of Plant & Machinery		659.68		592.37
Repairs & Maintenance (Others)		128.45		112.05
Rent, Rates & Taxes		336.22		233.88
Insurance		222.13		188.40
Charity & Donations		39.04		29.49

Schedules to Consolidated Profit and Loss Account

Rs. in lacs

	2006 - 2007 Rs.	2005 - 2006 Rs.
SCHEDULE 16 (Contd.)		
Legal & Professional Fees	211.15	145.54
Travelling & Conveyance [Directors Rs. 31.23 lacs (Previous year Rs. 51.72 lacs)]	678.23	618.75
Vehicle Expenses	156.29	142.78
Advertisement & Publicity	746.69	711.43
Packing, Freight and Transport Charges	6090.51	5658.10
Postage, Stationery & Telephone	526.37	454.83
Royalty, Commission & Discount	2403.43	2133.27
Sales Tax etc	33.58	48.70
Bad Debts	32.84	72.68
Plant Security Services	135.72	109.88
Foreign Currency Exchange Fluctuation (Net)	-829.45	332.52
Miscellaneous Expenses	299.83	288.58
	<u>25255.91</u>	<u>23293.67</u>
SCHEDULE 17		
INTEREST & OTHER FINANCIAL EXPENSES		
INTEREST		
(i) On Term Loans	1826.37	1304.92
(ii) On Fixed Deposits	208.77	145.96
(iii) On Debentures	—	26.37
(iv) Other Interest	967.69	919.60
Bank Charges, Guarantee Commission and Other Financial Expenses	371.86	372.04
	<u>3374.69</u>	<u>2768.89</u>
Less : Interest Received [TDS Rs.12.46 lacs (Previous Year Rs. 8.66 lacs)]	74.12	72.78
	<u>3300.57</u>	<u>2696.11</u>

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

- The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and on the basis of a going concern.
- The Company adopts the accrual concept in the preparation of the accounts. Claims / Refunds not ascertainable with reasonable certainty are accounted for in final settlement.
- Benefit on account of entitlement to import duty-free raw materials under the Advance License Scheme, is estimated and accounted for in the year of export.
- Sales are accounted for net of excise duty, returns & claims etc.
- Accounts of Indian Associates have been prepared in compliance with Indian accounting standards and those of foreign subsidiary have been prepared in compliance with the local laws and applicable accounting standards.
- Financial statements of the parent company and it's subsidiary have been consolidated on a line by line basis by adding together the books value of the like items of assets, liabilities, income & expenses after eliminating intra-group balances and the unrealized profits / losses on intra-group transactions and are presented to the extent possible, the same manner as the Company's independent financial statements.
- Investment in associate company have been accounted for, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the Company's share of net assets of the associates.

B. FIXED ASSETS

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

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

The cost incurred for fixed assets, the construction / installation / acquisition of which are not completed is included under the head Capital Work-in-Progress and the same are related / classified to the respective assets on their completion.

D. DEPRECIATION & AMORTISATION

Indian Company:

- 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. Leasehold Land is amortised over the period of lease.
- iii. 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.

E. INVESTMENTS

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

F. INVENTORIES

Inventories are valued as under:

- i. Raw Material & Components - at cost using FIFO cost basis or net realizable 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 realizable value.
- iv. Goods for Resale - at cost using FIFO basis or net realisable value whichever is lower.

G. FOREIGN CURRENCY TRANSACTIONS

Reporting currency of the Company is Indian Rupee.

Foreign currency loans / liabilities incurred for the acquisition of fixed assets are translated at exchange rates prevailing on the last day of the accounting year or forward rates as applicable. The net variation arising out of the said translation and rollover charges, if any, are adjusted to the cost of fixed assets.

Other foreign currency assets and liabilities are similarly translated and the gain / loss arising out of such translation is adjusted to the Profit and Loss Account.

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.

H. RETIREMENT BENEFITS

Liability is provided for retirement benefits of Provident Fund, Superannuation Fund, Gratuity and Leave Encashment in respect of all eligible employees of the Company. The Company has covered its liability towards employees' superannuation and gratuity under Group Superannuation and Group Gratuity Scheme of Life Insurance Corporation of India (LIC). The Company accordingly pays the premium to LIC and accounts for the same.

I. RESEARCH & DEVELOPMENT EXPENDITURE

Revenue expenditure is charged to the Profit & Loss Account and the Capital expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

J. SHARE / DEBENTURE ISSUE EXPENSES AND DEBENTURE REDEMPTION RESERVE

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

K. 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. Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more periods.

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

Foreign Company:

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

L. 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 recognized but are disclosed in the notes.

SCHEDULE 19: NOTES FORMING PART OF THE ACCOUNTS:

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

- 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, 2007.
The Supreme Industries Overseas (FZE)	Sharjah (UAE)	100%

Name of Associate	Country of Incorporation	Proportion of Ownership As on 30th June, 2007.
Supreme Petrochem Limited	India	29.67%

- The accounts of the associates are not available as on 30th June, 2007. Financial statements as certified by the management for the 12 month period ending 31st March, 2007 have been considered for the preparation of the consolidated financial statements.

- Contingent Liabilities not provided for:

	Rs. in lacs 2006-07	Rs. in lacs 2005-06
a. Bills / Cheques discounted	1214.07	840.86
b. Guarantees given by Banks	294.94	537.44
c. Disputed demand of Lease rent differential not acknowledged as debt	213.11	213.11
d. Claims against the Company including Show Cause-cum-Demand Notices from Central Excise Department not acknowledged as Debts	765.39	575.63
e. Disputed Income Tax Demands	779.00	414.85
f. Disputed Sales Tax / Entry Tax Demands	1120.15	274.31
g. Other claims against the company not acknowledged as debts.	59.94	56.75
h. The Parent 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. 11724.25 lacs (Previous Year Rs. 6055.55 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.		
- Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) amounting to Rs. 2176.51 lacs (Previous year Rs. 1955.61 lacs).
- Difference due to exchange rate variation on repayment of foreign currency Loan during the year and on outstanding foreign currency loan as on 30th June 2007 has been decapitalised amounting to Rs. 242.70 lacs (Previous year decapitalised Rs. 98.82 lacs).
- The company has capitalised interest amounting to Rs. 324.80 lacs (Previous year Rs. 44.89 lacs) on payments made towards various projects under construction.
- Depreciation has been provided at the rates and in the manner provided in Schedule XIV of the Companies Act, 1956 except where the Parent Company has reassessed the life of certain buildings, plant & machinery and accordingly revised the useful life of those assets. Consequently the Company has charged depreciation at higher rates than those specified under Schedule XIV of the Companies Act, 1956. On certain assets company has revised depreciation rates as specified under Schedule XIV of the Companies Act, 1956 from depreciation at higher rates being charged earlier. The above changes have resulted in lower depreciation for the year by Rs 320.32 lacs and correspondingly the profit for the year is higher by a similar amount.
 - Depreciation on incremental value due to revaluation is provided at the rates specified in Schedule XIV of the Companies Act, 1956 prior to amendment in 1993. The additional charge of depreciation due to such revaluation is Rs. 4.64 lacs

(Previous year Rs. 9.61 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 effusion of time.
9. Loans and Advances include interest free unsecured deposit of Rs. 62.19 lacs (Previous year Rs. 129.34 lacs) given to M/s. Supreme Capital Management Ltd. in consideration for using its office premises at Mumbai without payment of rent which the Company had vacated during last year and the advance lying would be recovered as per agreed terms.
10. Pursuant to the decision taken by Board of Directors of the Company to continue to focus on product lines of its core competence, assets of PVC Film Division at Malanpur in the State of Madhya Pradesh have been put for divestment subject to necessary approvals and compliances. The Company has entered into an arrangement with Kloeckner Pentaplast India Pvt. Ltd., for proposed sale of its Plant and Machinery and also started manufacturing PVC Film for them under Toll Manufacturing Agreement w.e.f. 1st May 2007. Accordingly entire Plant and Machinery of PVC Film Division has been treated as held for disposal w.e.f. 1st May 2007 and valued at estimated net realizable value or written down values, whichever is lower.
11. Exceptional Income of Rs. 1042.64 Lacs during the year consists of:
- (a) Rs. 1036.25 Lacs Profit on transfer of leasehold rights of land at Salt Lake, Kolkata (West Bengal) for development, subject to long term gains tax of Rs. 260.00 Lacs and
- (b) Rs. 6.39 Lacs gain net of all costs incurred, accounted for on closure of Company's operations of Food Serviceware Division at Daman (Union Territory). All the assets of the division has been put for divestment w.e.f. 1st June, 2007. Accordingly all the assets of the division have been treated as held for disposal from that date. Assets which are being sold have been considered at their crystallized realizable values and other assets are valued at their estimated net realizable values or written down values, whichever is lower.
12. The Parent 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 Institutions so long as any part of the loan facilities sanctioned by the Financial Institutions to SPL remains outstanding.
13. The group 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.
14. Disclosure on related party transactions:

				(Rs. in lacs)
Nature of Transactions	Holding & Subsidiaries	Associates	Key Management Personnel & Relatives	Total
Purchase of goods	- (-)	4107.51 (4575.55)	- (-)	4107.51 (4575.55)
Sale of goods	121.20 (-)	69.27 (5.85)	- (-)	190.47 (5.85)
Interest expense	- (-)	10.56 (29.20)	- (-)	10.56 (29.20)
Rendering of services – Paid	39.99 (21.31)	- (-)	- (-)	39.99 (21.31)
Dividend Received	- (-)	289.36 (-)	- (-)	289.36 (-)
Dividend Paid	- (-)	878.37 (446.35)	46.15 (27.70)	924.52 (474.05)
Inter Corporate Deposits received	- (-)	552.00 (2000.00)	- (-)	552.00 (2000.00)
Inter Corporate Deposits paid	35.22 (-)	15.00 (-)	- (-)	50.22 (-)
Remuneration	- (-)	- (-)	234.18 (139.12)	234.18 (139.12)
Outstanding at year-end				
- Sundry Debtors	- (-)	- (0.33)	- (-)	- (0.33)
- Sundry Creditors	- (-)	612.60 (408.25)	- (-)	612.60 (408.25)
- Other Payable	19.33 (11.43)	- (-)	196.02 (105.06)	215.35 (116.49)
- Other Receivables	35.99 (-)	62.19 (129.34)	- (-)	98.18 (129.34)

* 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 Granite 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.

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

The particulars of godown premises given on lease are:

Gross Carrying Amount	Accumulated Depreciation	Depreciation for year
Rs. 462.51 lacs	Rs. 317.00 lacs	Rs. 10.01 lacs
(Rs. 462.51 lacs)	(Rs. 306.99 lacs)	(Rs. 66.03 lacs)

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

	Rs. in lacs
Future lease rental obligation not later than one year	151.20
Future lease rental obligation later than one year but not later than five year	100.80

16. Earning per Equity share – Basic / diluted		Rs. in lacs
		2006 - 07
		2005 - 06
Profit after tax (PAT) available for Equity shareholders		5151.90
Weighted Average Number of Equity shares	Nos.	2,76,21,674*
Nominal value of Equity shares	Rs.	10.00
Basic earning per Equity Share	Rs.	18.65
Weighted Average for Potential Equity Shares	Nos.	Nil
Diluted earning per Equity Share	Rs.	22.60

* after issue of Bonus shares in the ratio of 1:1, allotted on 30th November 2006.

17. (a) Provision for Income Tax liability has been made in the accounts based on the income for the period 1.4.2006 to 31.3.2007 (A.Y: 2007-08). The tax liability including fringe benefit tax for the period 1.4.2007 to 30.6.2007 shall be determined on the basis of the income / expenditure for the year ended 31st March, 2008 (A.Y 2008-09).
- (b) The Company has recognized deferred tax provision for the year aggregating to Rs. 450.00 lacs in the Profit & Loss Account (Previous Year Rs. 8.00 lacs).
- (c) The components for Deferred Tax Liability as on 31st March, 2007 consists mainly on account of timing differences in depreciation.
- (d) Corporate Tax includes provision for wealth tax Rs. 4.00 lacs (Previous year Rs. 4.00 lacs).
- (e) In respect of Foreign subsidiary no tax is payable as per local laws.
18. Commitment charges / processing fee paid / payable on Borrowings is being amortised over the period of such borrowings.
19. The Company deals with several Small Scale Industrial Undertakings (SSI) on mutually accepted terms and conditions. Based on the records of the Company and the information received from SSI suppliers, there are no amounts "Outstanding and Due" to SSI suppliers for more than 30 days.

The above information and that given in Schedule 11 in respect of sundry creditors pertaining to SSI has been determined on unit-wise basis to the extent such information is available with the company and relied upon by the auditors.

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

a. Unclaimed Dividend	Rs. 51.05 lacs	(Previous Year Rs. 47.07 lacs)
b. Debenture Application Money	Rs. 0.14 lacs	(Previous Year Rs. 0.15 lacs)
c. Unclaimed Matured Deposits & Interest	Rs. 90.01 lacs	(Previous Year Rs. 47.40 lacs)
d. Unpaid Matured Debentures & Interest	Rs. 4.33 lacs	(Previous Year Rs. 8.68 lacs)
Total	Rs. 145.53 lacs	(Previous Year Rs.103.30 lacs)

Amount due and outstanding to be credited to Investor Education & Protection Fund as on 30.06.2007 is Rs. Nil (Previous Year Rs. Nil)

21. The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and or Medium Enterprises Development Act, 2006) claiming their status as micro small or medium enterprises. Consequently the amount paid/ payable to these parties cannot be determined. Sundry Debtors, Sundry Creditors, Unsecured Loans and Advances are subject to confirmation by the respective parties.
22. 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.
23. Previous year's figures have been regrouped/ rearranged wherever necessary.
24. Foreign exchange derivatives and exposures outstanding at close of the year

Nature of the instrument	currency & Aggregate Amount	Purpose
a. Forward Purchase	US \$ 15.35 million (Previous Year JY 212.52 million)	Hedging
Currency Swap	US \$ Nil (Previous Year US\$ 1.65 million)	Hedging
Interest Rate Swap	US \$ 10.00 million (Previous Year Nil)	Hedging
b. Open Foreign Exchange Exposures		
Receivable	US \$ 2.14 million (Previous Year US\$ 1.64 million)	
Payable	US \$ 30.46 million (Previous Year US\$ 26.16 million)	

25. Remuneration to Managing Director and Executive Director is as follows:

	Managing Director M P Taparia		Executive Director S J Taparia		Executive Director V K Taparia	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
A Salaries	9.00	9.00	8.94	8.94	8.88	8.88
B Commission	65.34	35.02	65.34	35.02	65.34	35.02
C Contribution to PF etc.	1.08	1.08	1.07	1.07	1.07	1.07
D Other Allowances & Perquisites	1.35	1.35	1.34	1.34	1.33	1.33
Total	76.77	46.45	76.69	46.37	76.62	46.30

Rs. in lacs

26. 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.

	2006 - 2007
	Rs. in lacs
Profit as per Profit and Loss Account before Exceptional Items	6304.50
Add: Managing and Executive Directors' Remuneration	230.10
Net Profit for Commission	6534.60
i) Commission to Mr. M P Taparia, Managing Director @ 1% of the Profit for the year *	65.34
ii) Commission to Mr. S J Taparia, Executive Director @ 1% of the Profit for the year *	65.34
iii) Commission to Mr. V K Taparia, Executive Director @ 1% of the Profit for the year *	65.34
* As approved by the Board of Directors in their meeting held on 25th July, 2007.	

27. Payment to Auditors (including Branch Auditors):

	2006-2007	2005-2006
	Rs.	Rs.
Audit Fees	17.09	12.58
Tax Audit Fees	7.95	6.63
For Taxation Matters	1.90	1.82
In other capacity	14.32	10.13
	41.26	31.16

Rs. in lacs

Consolidated Cash Flow Statement For The Year Ended 30th June, 2007

Rs. in Lacs

	For Year Ended 30.06.2007		For Year Ended 30.06.2006	
A Cash Flow Arising From Operating Activities				
Net Profit Before Tax		6015.15		3364.12
Adjustment For :				
Add : Depreciation	4025.13		4134.12	
Leasehold Assets Premium W/off	5.46		5.21	
Interest Net	3300.57		2696.11	
(Profit) / Loss on sale of Investments	-	7331.16	-33.10	6802.34
		13346.31		10166.46
Less : Dividend Received	18.96		58.32	
Profit /(Loss) on sale of Assets	13.04		19.10	
Lease Rent etc. Received	131.59	163.59	67.09	144.51
Operating Profit before working capital changes		13182.72		10021.95
Adjustments for :				
Inventories	1195.29		2364.57	
Trade & Other Receivable	2654.97		634.00	
Trade & Other Payable	-12221.44	-8371.18	-5566.69	-2568.12
Cash Generated from Operations		21553.90		12590.07
Interest Paid		-3374.69		-2768.89
Direct Taxes Paid		-2258.16		-551.47
Net Cash Flow from Operating Activities (A)		15921.05		9269.71
B Cash Flow from Investing activities				
Purchase of Fixed Assets		14674.03		10186.07
Sale of Fixed Assets		-1165.20		-442.13
Purchase of Investments		21.19		
Sale of Investments		-0.56		-133.10
Share Issue Expenses		7.18		1.31
Exceptional Income		-1042.64		-1693.08
Interest Received		-74.12		-72.78
Dividend Received		-18.96		-58.32
Dividend Received from Associate Company		-289.36		-
Lease Rent Received		-131.59		-67.09
Net Cash Used in Investing Activities		11979.97		7720.88
C Cash Flow from Financing Activities				
Proceeds from Issue of Equity Shares				756.00
Proceeds from Long Term & Short Term Borrowings		-916.85		470.13
Dividend & Corporate Dividend Tax paid		-2362.17		-1374.21
Redemption of Debentures		-		-1375.00
Net Cash Used in Financing Activities		-3279.02		-1523.08
Net Increase / (Decrease) in Cash & Cash Equivalents (A-B-C)		662.06		25.75
Opening Balance as on 01.07.2006		777.37		751.62
Closing Balance as on 30.06.2007		1439.43		777.37

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

B L Taparia
Chairman

M P Taparia
Managing Director

H S Parikh
N N Khandwala

Chintan Shah
Partner
M No. 107490

S J Taparia
Executive Director

V K Taparia
Executive Director

B V Bhargava
S R Taparia

Directors

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

E B Desai
Y P Trivedi

Mumbai, 25th July, 2007

Mumbai, 25th July, 2007

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 2007.
2. Date from which it became Subsidiary : 10th December, 2005.
3. a) No. of shares held by The Supreme Industries Ltd. (Holding Company) with it's nominees in the subsidiary at the end of the financial year of the subsidiary : 1 no. Equity Shares of UAE DHS 1,50,000 each fully paid up each.
- b) Extent of Interest of Holding Company at the end of the financial year of the subsidiary : 100 %
4. The net aggregate amount of the Subsidiary's profit less losses, so far as it concerns the members of the Holding Company.
 - a) Not dealt with in Holding Company's accounts.
 - i) For the Financial Year ended 30th June, 2007 : Rs. 1.84 lacs Profit
 - ii) For the Previous Financial years : Rs. 1.06 lacs Profit
 - b) Dealt with in Holding Company's accounts.
 - i) For the Financial Year ended 30th June, 2007 : Nil
 - ii) For the Previous Financial years : Nil
5. Changes in the Holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the Holding Company's financial year : None
6. Material changes between the end of the financial year of the subsidiary and the end of the Holding Company's financial year in respect of
 - a) Fixed Assets : Nil
 - b) Investments : Nil
 - c) Money lent by the subsidiary : Nil
 - d) Money borrowed by the subsidiary for any purpose other than meeting current liabilities : Nil

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

B L Taparia
Chairman

M P Taparia
Managing Director

H S Parikh
N N Khandwala

Chintan Shah
Partner
M No. 107490

S J Taparia
Executive Director

V K Taparia
Executive Director

B V Bhargava
S R Taparia

Directors

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

E B Desai
Y P Trivedi

Mumbai, 25th July, 2007

Mumbai, 25th July, 2007

FINANCIAL SUMMARY

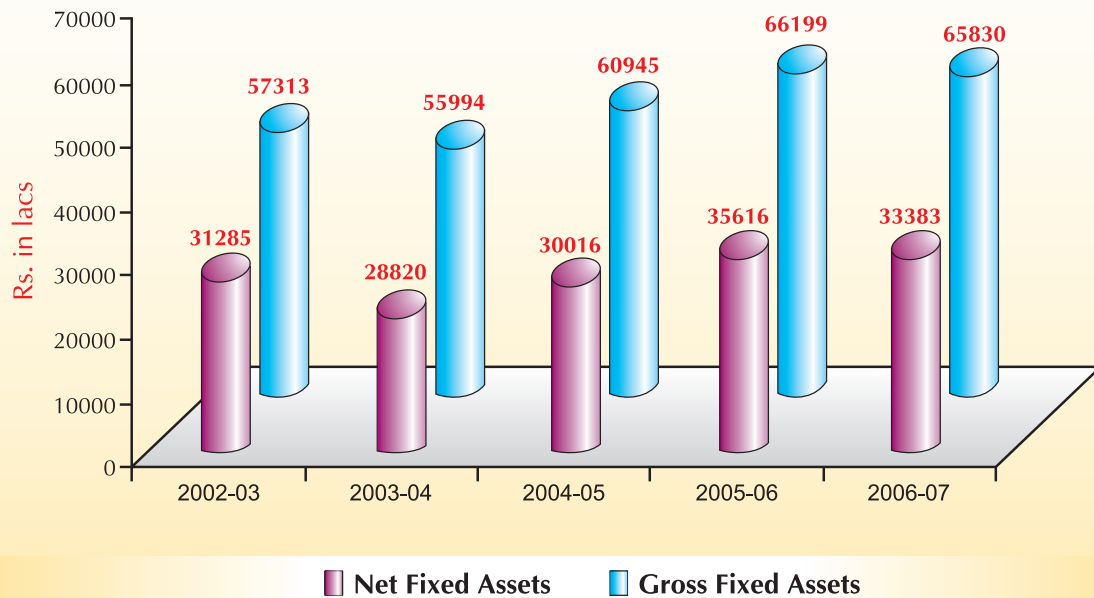
RELATING TO SUBSIDIARY COMPANY AS ON 30.06.2007

Rs. in lacs

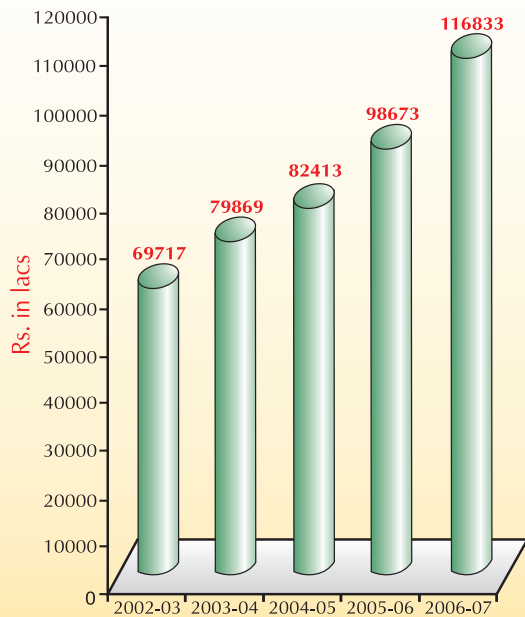
Sr No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate as on 30.06.2007	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit before Tax	Provision for Tax	Profit after Tax	Proposed Dividend
1	The Supreme Industries Overseas (FZE)	Dhs	11.0917	18.87	2.65	70.84	70.84	Nil	217.18	1.84	Nil	1.84	Nil

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

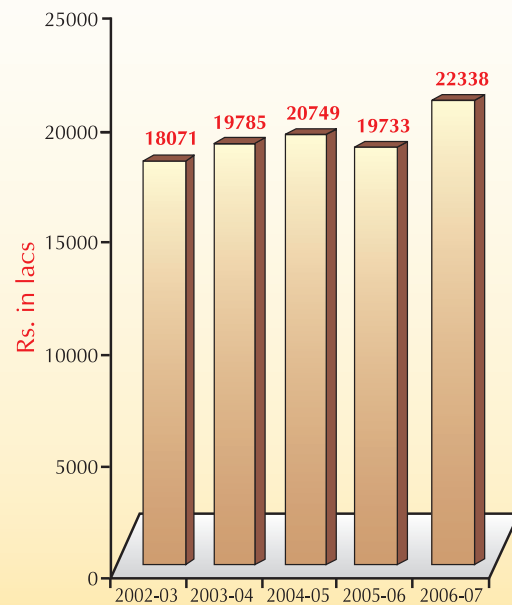
GROSS AND NET FIXED ASSETS



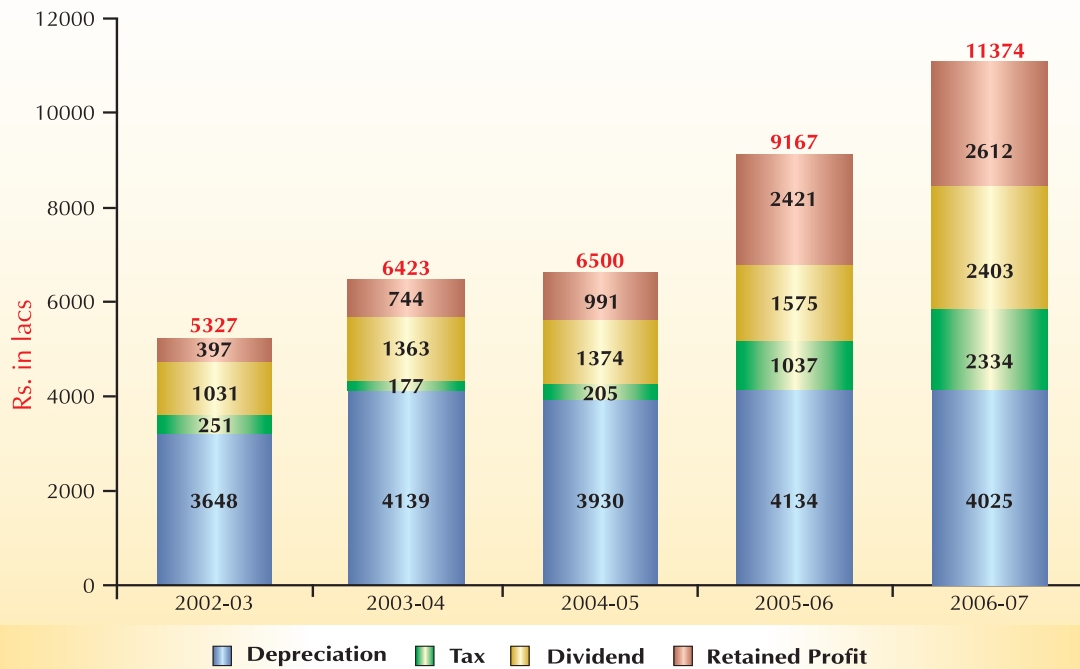
INCOME



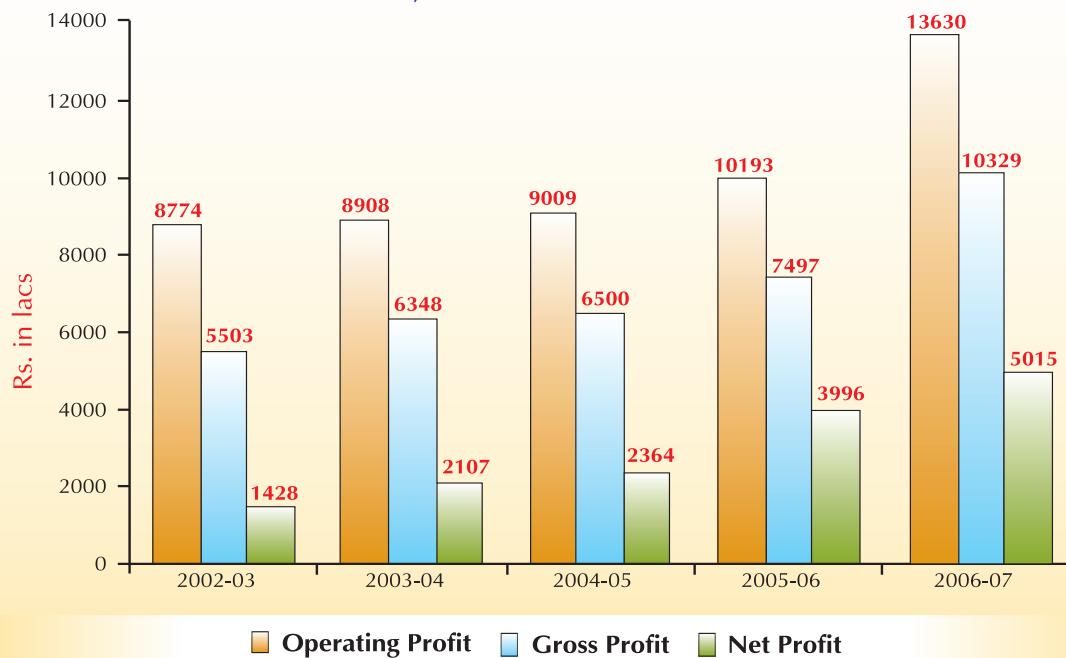
SHAREHOLDERS' FUNDS



DISTRIBUTION OF PROFIT



OPERATING, GROSS AND NET PROFITS



The complete plumbing solution for building industry



Modern society with increasingly well developed and complicated service installation demands, a system that meet the expectations of quality and service from the product installed. Operating needs and maintenance aspects are currently receiving greater attention than ever. In view of this, and to overcome the difficulties associated with conventional piping products, the new range of Supreme plumbing products viz. **Indo green** hot and cold water system in **PP-R**, **aqua gold** uPVC high pressure plumbing system and **underground drainage system** are the most appropriate and ideal solution for the housing sector.

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People who know plastics best

THE SUPREME INDUSTRIES LIMITED

CORPORATE OFFICE :

1101, 1161 & 1162 Solitaire Corporate Park, 167, Guru Hargovindji Marg,
Andheri-Ghatkopar Link Road, Chakala, Andheri (East), Mumbai 400 093, India
Tel.: (022) 67710000, 40430000 Fax: (91-22) 67710099, 40430099
Website: <http://www.supreme.co.in> Email: supreme@supreme.co.in

REGD. OFFICE :

612, Raheja Chambers, Nariman Point, Mumbai 400 021. India
Tel.: (022) 22851656, 22820072 Fax: (91-22) 22851657

THE SUPREME INDUSTRIES LIMITED

Regd. Office : 612, Raheja Chambers, Nariman Point, Mumbai - 400 021.

ATTENDANCE SLIP

65TH ANNUAL GENERAL MEETING

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE VENUE

I/We hereby record my/our presence at the 65th Annual General Meeting of the Company held at Walchand Hirachand Hall, Indian Merchant's Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai – 400020, on Wednesday, the 10th October, 2007 at 4.00p.m.

Regd. Folio No. /DPID - Client ID No. : _____

Full name of the Shareholder _____
(in Block Letters)

Signature _____

Full Name of the Proxy _____
(in Block Letters)

Signature _____

THE SUPREME INDUSTRIES LIMITED

Regd. Office : 612, Raheja Chambers, Nariman Point, Mumbai - 400 021.

PROXY FORM

Regd. Folio No. / DPID - Client ID No. : _____

I/We _____ of _____ being a member(s) of

The Supreme Industries Limited hereby appoint Shri/Smt./Kum _____ of

_____ or failing him/her Shri/Smt./Kum _____ of

_____ or failing him/her Shri/Smt./Kum _____ of

_____ as my/our proxy to attend and vote for me/us on my/our behalf at the 65th Annual General Meeting of the Company to be held on Wednesday the 10th October, 2007 at 4.00 p.m. and at any adjournment thereof.

Signed _____ day of _____ 2007

Affix
15 Paise
Revenue
Stamp

Signature

NOTE : The proxy must be deposited at the registered office of the Company, viz. 612, Raheja Chambers, Nariman Point, Mumbai - 400 021, not less than 48 hours before the time for holding the Meeting.