

# 69th Annual Report 2010-11

TOGETHER  
WE GROW.....  
FOR A  
BETTER  
TOMORROW !



**Supreme**®  
People — who know plastics best  
**THE SUPREME INDUSTRIES LIMITED**



## REDEFINING GROWTH

AT SUPREME, GROWTH IS SEEN AS A  
MULTI-DIMENSIONAL ENTITY.

IT IS NOT JUST AN INCREASE IN  
TURNOVER AND PROFITS.

IT IS ALSO EXPRESSED AS AN EXPANSION OF  
PRODUCTION CAPACITIES AND  
MANUFACTURING CAPABILITIES, ACROSS  
OUR MULTIPLE PLANTS COUNTRYWIDE.

IT IS REFLECTED IN OUR CONTINUING  
ENDEAVOUR TO OFFER NOT JUST BETTER,  
BUT TRULY  
VALUE ADDED PRODUCTS.

IT IS ECHOED IN OUR MOVE INTO  
COMPOSITES: NEW GENERATION PLASTICS  
THAT ARE REVOLUTIONIZING INDUSTRY WITH  
INNOVATIVE APPLICATIONS.

AND IT CAN BE SEEN IN THE WAY WE  
MANAGE AND OPERATE -- TO DELIVER  
CONSISTENTLY FAVOURABLE RESULTS --  
AND UNLOCK VALUE FOR ALL  
OUR ESTEEMED SHAREHOLDERS.

IN 2010-11, SUPREME HAS  
DEMONSTRATED ENHANCEMENT IN  
ALL THE WAYS LISTED ABOVE.

IT IS OUR WAY OF REDEFINING GROWTH  
AND UNDERLINING EXCELLENCE.

IT IS OUR WAY OF LIFE.

## Performance Highlights

**Supreme®**  
People who know plastics best

ANNUAL REPORT  
2010-2011

(₹ in Lacs)

|  | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Polymers Processed (MT)                          | 83499     | 91913     | 100053    | 95439     | 118115    | 130547    | 139239    | 172746    | 191704    | 224673    |
| Sales  | 67466.02  | 79241.62  | 90925.15  | 93150.04  | 113067.09 | 132963.00 | 149882.45 | 180900.03 | 217159.45 | 266553.08 |
| Less: Excise Duty                                | 8339.50   | 9904.92   | 11297.96  | 11740.33  | 14860.69  | 16796.94  | 18860.35  | 15707.16  | 16585.69  | 22979.68  |
| Net Sales  | 59126.52  | 69336.70  | 79627.19  | 81409.71  | 98206.40  | 116166.06 | 131022.10 | 165192.87 | 200573.76 | 243573.40 |
| Other Income                                     | 338.96    | 380.59    | 242.14    | 1003.30   | 466.61    | 666.76    | 893.91    | 904.53    | 1621.55   | 4294.66   |
| Total Income                                     | 59465.48  | 69717.29  | 79869.33  | 82413.01  | 98673.01  | 116832.82 | 131916.01 | 166097.40 | 202195.31 | 247868.06 |
| Operating Profit (PBIDT+Misc Exp W/Off)          | 8795.02   | 8774.47   | 8908.42   | 9008.77   | 10193.24  | 13629.66  | 15272.04  | 24698.97  | 30556.28  | 36709.23  |
| Interest   | 4234.08   | 3271.54   | 2560.43   | 2508.59   | 2696.04   | 3300.57   | 3897.92   | 5456.03   | 3302.71   | 4250.19   |
| Gross Profit                                     | 4560.94   | 5502.93   | 6347.99   | 6500.18   | 7497.20   | 10329.09  | 11374.12  | 19242.94  | 27253.57  | 32459.04  |
| Depreciation                                     | 3349.69   | 3647.87   | 4139.01   | 3929.84   | 4134.10   | 4024.59   | 3951.04   | 5251.74   | 5292.03   | 6284.52   |
| Profit Before Tax & Exceptional Items            | 1211.25   | 1855.06   | 2208.98   | 2570.34   | 3363.10   | 6304.50   | 7423.08   | 13991.20  | 21961.54  | 26174.52  |
| Tax & Exceptional Items                          | 94.00     | 353.75    | 110.09    | 205.00    | -656.08   | -1291.36  | -2310.88  | -4251.24  | -7489.00  | -8773.42  |
| Profit after Tax                                 | 1117.25   | 1501.31   | 2098.89   | 2365.34   | 4019.18   | 5013.14   | 5112.20   | 9739.96   | 14472.54  | 17401.10  |
| Prior Years Adjustments                          | -2.45     | -73.49    | 7.99      | -0.85     | -23.37    | 2.22      | -1.37     | -1.35     | 10.48     | 95.90     |
| Net Profit                                       | 1114.80   | 1427.82   | 2106.88   | 2364.49   | 3995.81   | 5015.36   | 5110.83   | 9738.61   | 14483.02  | 17497.00  |
| Paid up Equity Capital                           | 1001.23   | 1305.78   | 1339.08   | 1339.08   | 1381.08   | 2762.17   | 2762.17   | 2540.54   | 2540.54   | 2540.54   |
| Reserves and Surplus*                            | 12870.54  | 17069.45  | 18446.36  | 19409.84  | 18352.36  | 19576.27  | 22004.49  | 25990.94  | 35136.56  | 46278.92  |
| Shareholders' Funds                              | 13871.77  | 18070.68  | 19785.44  | 20748.92  | 19733.44  | 22338.44  | 24766.66  | 28531.48  | 37677.10  | 48819.46  |
| Loans  | 24251.2   | 24099.87  | 20446.01  | 24653.54  | 23748.68  | 32717.48  | 44482.04  | 41571.19  | 38736.42  | 51123.74  |
| Deferred Tax Liability (Net)                     |           |           |           |           | 4283.20   | 4733.20   | 5228.09   | 6428.09   | 6984.39   | 7953.81   |
| Capital Employed**                               | 26993.29  | 29266.97  | 36235.29  | 40613.76  | 36925.70  | 47047.01  | 58948.90  | 64101.50  | 63231.75  | 81373.58  |
| Net Fixed Assets***                              | 29383.64  | 31178.11  | 28164.46  | 29759.72  | 32367.14  | 33356.68  | 46113.78  | 54024.26  | 56118.37  | 74027.37  |
| Earning Per Equity Share (₹) (FV ₹ 2)            | 2.23      | 2.85      | 3.15      | 3.53      | 5.79      | 3.63      | 3.70      | 7.67      | 11.40     | 13.77     |
| Cash Earning Per Equity Share (₹) (FV ₹ 2)       | 8.90      | 7.70      | 9.32      | 9.40      | 11.81     | 6.54      | 6.56      | 11.80     | 15.56     | 18.65     |
| Book Value (₹) (FV ₹ 2)                          | 27.71     | 28.14     | 29.55     | 30.99     | 28.58     | 16.17     | 17.93     | 22.46     | 29.66     | 38.43     |
| Dividend (%)                                     | 60        | 70        | 90        | 90        | 100       | 75        | 80        | 120       | 180       | 215       |
| ROACE (%) ****                                   | 9.76      | 12.17     | 10.82     | 10.33     | 12.11     | 19.37     | 19.27     | 27.83     | 38.09     | 39.80     |
| ROANW (%) (PAT/Average Net Worth)                | 8.10      | 9.31      | 11.00     | 11.67     | 19.86     | 23.83     | 21.71     | 36.55     | 43.72     | 40.24     |
| Debt : Equity (Long Term Debt / Total Net worth) | 0.95      | 0.60      | 0.83      | 0.95      | 0.65      | 0.89      | 1.17      | 1.02      | 0.49      | 0.50      |
| Debt: Equity (Total Debt / Total Net Worth)      | 1.99      | 1.33      | 1.03      | 1.19      | 1.20      | 1.46      | 1.80      | 1.46      | 1.03      | 1.05      |
| Employee's Strength                              | 1790      | 1939      | 1876      | 2113      | 2202      | 2349      | 3055      | 3245      | 4074      | 4458      |

The figures have been regrouped/re-arranged wherever necessary.

\* excluding revaluation reserves & after reducing miscellaneous expenditure

\*\* excluding revaluation reserves, miscellaneous expenditure, working capital loans and unsecured loans

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

\*\*\*\* ROACE=PBIDT (Excluding Interest on Working Capital Loans & unsecured loans)/Average Capital Employed.





Newly built "Knowledge Centre" at Gadegaon fully equipped with Product display, Product testing, Product application & Training facilities



Company was honored with "The Best Quality Award" in "Polymers and Trims Category" to its Talegaon Plant, by Tata Motors Ltd. for the year 2010-11.

*This award was received by Executive Director Shri S. J. Taparia at National Vendors Meet, 2011 of TML.*



## 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  
H. S. Parikh, Director  
N. N. Khandwala, Director  
S. R. Taparia, Director  
Y. P. Trivedi, Director

## BANKERS

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

## AUDITORS

M/s. 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: [investor@supreme.co.in](mailto:investor@supreme.co.in)

## CORPORATE OFFICE

1161 & 1162 Solitaire Corporate Park,  
167, Guru Hargovindji Marg,  
Andheri Ghatkopar Link Road, Andheri (E),  
Mumbai 400 093  
Tele: 022-4043 0000 Fax: 022-4043 0099  
Website: <http://www.supreme.co.in>  
Email: [supreme@supreme.co.in](mailto:supreme@supreme.co.in)

## WORKS

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

## OFFICES

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

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## Notice

NOTICE is hereby given that the Sixty Ninth 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 14th September, 2011 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 the Auditors' Report thereon for the financial year ended 30th June, 2011.
2. To confirm the payment of interim dividend and to declare a Final Dividend on Equity Shares for the Financial Year ended 30th June, 2011.
3. To appoint a Director in place of Shri B. L. Taparia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. H. S. Parikh, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### 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. Register of Members and the Share transfer books of the Company will remain closed from Wednesday, the 7th September, 2011 to Wednesday, the 14th September, 2011 (both days inclusive).
3. The Dividend, if declared, will be payable to those Equity Shareholders whose names stand on the Register of Members as at the close of business on 14th September, 2011. However, in respect of shares held in the electronic form, the dividend will be payable to the beneficial

owners of shares as at the close of business on Tuesday, the 6th September, 2011 as per details furnished by the Depositories for this purpose.

4. 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, 2004 or any subsequent financial years, are requested to make their claims to the Company at its Registered Office. **It may be noted that once the unclaimed dividend is transferred, on expiry of seven years, to the Investor Education and Protection Fund, as stated here-in, no claim shall lie in respect thereof.**
5. 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.
6. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the relevant details of persons seeking appointment / re-appointment as Directors are furnished in the Corporate Governance Report forming part of the Annual Report.

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, 2011



## Directors' Report

The Directors have great pleasure in presenting the 69th Annual Report together with the Audited Financial Statements for the financial year ended 30th June 2011.

### FINANCIAL RESULTS

|   | (₹ in lakhs)     |               |
|---|------------------|---------------|
|   | Current Year     | Previous Year |
| <b>Total Income (net)</b>                           | <b>247868.06</b> | 202195.31     |
| <b>Profit before interest, depreciation and tax</b> | <b>36709.23</b>  | 30556.29      |
| Interest and financial charges                      | 4250.19          | 3302.71       |
| Depreciation, Amortization and Impairment           | 6188.62          | 5292.04       |
| <b>Profit before Tax</b>                            | <b>26270.42</b>  | 21961.54      |
| Provision for Current Tax                           | 7804.00          | 6932.70       |
| Deferred Tax  | 969.42           | 556.30        |
| Excess provision of earlier years w/back            | —                | -10.48        |
| <b>Net Profit available for Appropriation</b>       | <b>17497.00</b>  | 14883.02      |
| <b>Appropriation:</b>                               |                  |               |
| Interim Dividend                                    | 1651.35          | 1270.27       |
| Proposed (final) Dividend                           | 3810.80          | 3302.70       |
| Tax on Dividend                                     | 892.48           | 764.42        |
| Transferred to General Reserve                      | 11142.37         | 9145.63       |
|   | <b>17497.00</b>  | 14483.02      |

### DIVIDEND

|   | ₹            | ₹                   |
|---|--------------|---------------------|
| (i) Dividend on 12,70,26,870 Equity Shares of ₹ 2/- each @ 215% i.e. ₹ 4.30 per share (Previous year on 2,54,05,374 Equity Shares of ₹ 10/- each @ 180% i.e. ₹ 18.00 per share) |              | 54,62,15,541        |
| (a) Interim Dividend @ 65% i.e. ₹ 1.30 per share (already paid in February 2011)  | 16,51,34,931 |                     |
| (b) Final Dividend recommended @ 150% i.e. ₹ 3.00 per share   | 38,10,80,610 |                     |
| (ii) Corporate Dividend Tax as applicable (including ₹ 2,74,26,848/- paid on Interim Dividend)  |              | 8,92,47,650         |
|   |              | <b>63,54,63,191</b> |

### SUB-DIVISION OF EQUITY SHARES

Pursuant to the approval of the Shareholders, at the 68th Annual General Meeting of the Company, held on 14th September, 2010, the nominal face value of Equity Shares of the Company was sub-divided from ₹ 10/- each to ₹ 2/- each with effect from 19th October, 2010. Accordingly, the Equity Share Capital of the Company consisting of 2,54,05,374 Equity Shares of ₹ 10/- (F.V.) each fully paid-up was sub-divided into 12,70,26,870 Equity Shares of ₹ 2/- (F.V.) each fully paid-up.

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### FIXED DEPOSITS

The amount of Fixed Deposits has decreased from ₹ 3929.67 lakhs to ₹ 2635.18 lakhs. Out of deposits which matured during the year, 289 deposits amounting to be ₹ 52.86 lakhs remained unclaimed as on 30th June, 2011 of which ₹ 6.30 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, 2011 and of the Profit and Loss Account for the year ended June 30, 2011;
- 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 the 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) promoted jointly by your Company and R. Raheja Group has declared a dividend of ₹ 2.80 per equity share of ₹ 10 each (F.V.) for the year ended 30th June, 2011. Net revenues of the company for the year were ₹ 1943.49 crores while net profit was ₹ 87.69 crores.

Project for Expandable Polystyrene (EPS) including Cup Grade EPS with a total capacity of 44,400 TPA is mechanically complete and trial runs have commenced.

Speciality Polystyrene and Compounding capacity has been increased to 30,000 TPA.

## **SUBSIDIARY COMPANY**

The Supreme Industries Overseas (FZE), a wholly owned subsidiary of the Company incorporated in SAIF Zone, UAE is supporting well in increasing company's exports in Gulf and Middle East countries. After two consecutive cycle of de-growth, exports in those region have increased by 12% in value and 14% in volume during the year under review. It has presence in more than 17 countries in the region and customers are being well serviced by the company. This company has made a nominal loss of AED 8623 during the year.

## **CONSOLIDATED ACCOUNTS**

The Consolidated Financial Statements form part of this Annual Report.

The Ministry of Corporate Affairs (MCA) vide its Circular No. 51/12/2007-CL-III dated February 8, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956 to companies from attaching the accounts of their subsidiaries, in their annual reports subject to fulfillment of certain conditions prescribed. Accordingly the Balance Sheet, Profit & Loss Account and other documents of the subsidiary company is not being attached with the Balance Sheet of the Company.

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 E. B. Desai, a sitting member of the Board of Directors of the Company passed away on 24th December, 2010. The Board of Directors express its profound sorrow at the sad demise of Shri E. B. Desai and record its appreciation for valuable contribution made by him during the tenure of his office, in setting up policies conducive to the growth and successful working of the Company.



Shri B. L. Taparia and Shri H. S. Parikh, 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: 25h July, 2011



## 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.

Continuous study and analysis for energy conservation, installation of energy efficient equipments resulting into 'lower units' of power consumption for per kg. production of finished products.

### (II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

#### (i) Research & Development (R&D)

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

- (a) Evaluation of the alternative materials or additives to reduce the cost of raw material.
- (b) Improving the output / input ratio to gain maximum finished products from per kg. raw material.

- (c) Modify the mould and dies to improve the cycle time to get higher production from the same machine.
  - (d) To modify the process parameters to improve the quality.
  - (e) Expenditure on R & D: Not significant.
- (ii) Technology Absorption
- (a) The Company has renewed its agreement with M/s. Wavin Overseas B.V., Netherlands for its Plastic Piping Division.
  - (b) The Company has during the year started commercial production and sale of Cross Line Bonded Film, technology which had been taken from Ole-Bendt Rasmussen, Switzerland.

### (III) FOREIGN EXCHANGE EARNINGS AND OUTGO

|  |            |
|--|------------|
| Total foreign exchange earned and used | ₹ in lacs  |
| Foreign Exchange Earned                | : 6171.25  |
| Foreign Exchange Used                  | : 59016.05 |

For and on behalf of the Board of Directors

**B. L. Taparia**  
Chairman

Place: Mumbai  
Date: 25th July, 2011.



## 1. OVERVIEW

The world economy continues to remain quite volatile. Commodity prices especially have become more volatile. In a stable political regime, the resilience and enterprise of the Indian entrepreneurs continues to drive the economy through a growth path which may grow in excess of 8% GDP year after year in spite of this volatility.

## 2. INDUSTRY STRUCTURE AND DEVELOPMENT

Plastics consumption has reached a land mark figure of 8 million tons in the year i.e. April 2010 to March 2011. Expecting such growth, several expansion initiatives have been undertaken by various makers to set up plastics raw material manufacturing facilities in India. Plants are coming up at Dahej, Gujarat State, Bhatinda (Punjab), Assam and Jamnagar (Gujarat) to make increasing volume of plastics raw material.

These plants are under advanced stages of construction. It can be safely presumed that all these plants will go into production by the year 2014 thus augmenting supply of raw materials. Existing Polymer makers are also increasing their capacities selectively.

Several polymer making plants have been announced for construction in Middle East and China. As such, large volumes of raw material will be available at competitive rates which in any way will remain at an elevated level due to high cost of their feed stock i.e. derivatives of crude oil.

Introduction of Goods and Service Tax (GST) from 1.4.2011 has been inordinately delayed. The Company does not foresee any possibility of introduction of the same in the near future. This was a great reform measure in indirect tax structure announced by the successive Central Government. However, for one reason or another, the same could not be enacted. This reform could have further accelerated the growth of India's economy. However, this still has to wait.

Central Government continues its focus to improve the infrastructure of several cities and towns under JNRRUM Scheme. Central and States Governments have earmarked large sums of monies to boost investment in Agriculture.

Your Company has various systems to cater to the requirements of agriculture and also to offer superior products compared to products made from conventional material for infrastructure improvement.

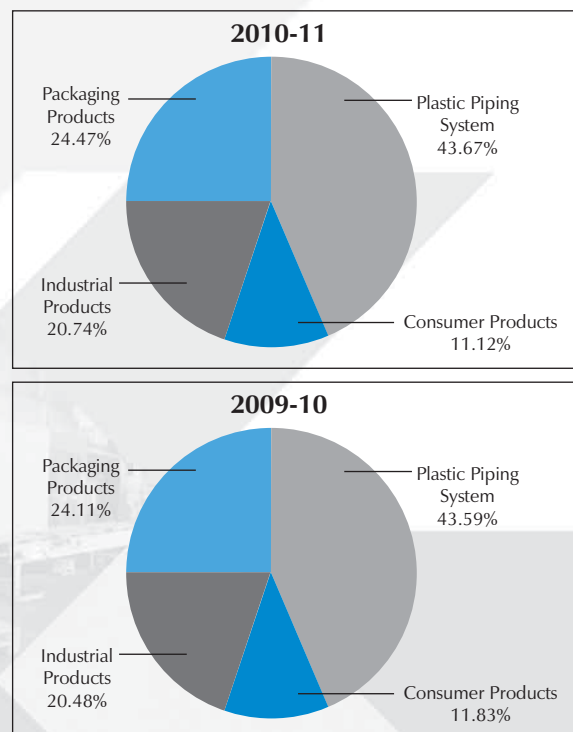
In this environment, the consumption of plastics in the country is expected to grow at around 12% every year in this decade. Your Company has taken and will take newer initiatives in providing superior solutions out of plastics to enable the Company to have volume growth of around 20% annually during the same period.

## 3. PRODUCT GROUPS

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

| Group                  | Products  |
|------------------------|---|
| Plastics Piping System | uPVC Pipes, Injection Moulded fittings and handmade fittings, Polypropylene Random Co-polymer pipes and fittings, HDPE Pipe Systems, CPVC Pipes Systems, LLDPE Tube and Inspection Chambers |
| Consumer products      | Furniture and mats  |
| Industrial Products    | Industrial products, Material handling System and Pallets   |
| Packaging Products     | Flexible packaging film, Protective Packaging Products, Cross Laminated Film  |

### PRODUCT GROUP WISE SHARE IN TURNOVER FOR THE LAST TWO YEARS (% OF VALUE)



The net turnover (including other income) of the Company under review was ₹ 2478.68 Crores (including ₹ 62.74 Crores by way of trading in other related products and ₹ 39.75 crores from sale of premises) as against ₹ 2021.95 crores (including ₹ 128.54 crores by way of trading in other related products and ₹ 20.45 crores from sales of premises) of the previous year.



The Company has processed 224673 tons of Polymers as against 191704 tons of Polymers in the previous year, reflecting a growth of 17.20% in Polymer consumption.

The Company exported goods worth US \$ 14.43 million as against US \$ 13.30 million in the previous year registering a growth of 8.49%.

Profit before interest, depreciation and exceptional items and taxes during the year under review have gone up by 20.13% from ₹ 305.56 crores to ₹ 367.09 crores during the year.

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

### **4.1 Manufacturing sites**

During the year the Company was operating at 19 manufacturing sites all over India. The Company is currently putting plants at two new locations. i.e in Halol (Gujarat) for composite cylinders and Hosur for Protective Packaging Products. It is expected that both these plants will be ready for commencement of production in December 2011 – March 2012 period.

Geographical locations of the Company's plants to make a very large range of plastics products with several manufacturing facilities for similar products at different sites and non-dependence on any single plastics raw material to meet its requirement gives superior strength to your Company to deliver around 20% turnover growth for several years.

Your Company has selected its product portfolio in such a manner that it does not have to compete against imported plastics products. Products made by the Company are either to meet just in time customers' requirements or freight intensive products or patented products enjoying exclusive right to produce in this part of the world.

The Company also avoids to remain in a line where it has to compete against unorganized sector. In certain products where the Company is making such products, the effort remains to have lower percentage of such business, within the overall turnover of that products, just to supply complete range to its distributors.

### **4.2 Distribution network**

The Company's distributors are spread all over the Country. The Company plans to reach its products to every nook and corner of the country. The Company's products command great respect in the segments they operate due to its superior quality, range and service.

### **4.3 Growth drivers**

The Company's focus remains to supply quality functional plastics products. The Company continues to invest monies to achieve this objective. The year 2010-11 was a watershed year when the Company invested a sum of ₹ 258 crores in a single year to augment capacities of varieties of products at existing sites and to start a new unit at Sriperumbudur in Tamilnadu.

The Company has plans to invest a sum of ₹ 200 crores in the current year. This will facilitate to put up a plant at

a new site in Gujarat to manufacture cross laminated film products. Monies will also be invested to further augment the capacities of value added products in different product groups and also to automate several production processes at different plants to overcome the paucity of labour prevalent in several parts of the country.

## **5. OPERATIONAL PERFORMANCE**

### **5.1 PLASTICS PIPING SYSTEMS**

There was a spurt in raw material prices by 20% during February - March 2011. This has dampened the growth during April to June '11 quarter. The resin consumption during the quarter was negative on y-o-y basis. As a result, overall growth of PVC processing during the Company's Financial Year (July 2010 to June 2011) was restricted to 14.25% against national growth of around 6%.

The Company had more than 30% growth registered in its Building Industry segment related products. But there was marginal growth of around 10% in Irrigation/Infrastructure related products due to

- Extended monsoon during the months of October & November 2010
- The high cost of raw material during the period March 2011 to June 2011.

This kept farming community away from the market. Hence, demand during the peak season of March to June remained subdued. Similarly, there were very few enquiries concerning the infrastructure projects including JNNURM projects in the year.

Your Company's plumbing products are enjoying good growth. Aquagold System grew nearly 40% while Lifeline CPVC System grew more than 100%. The Indogreen PPR Hot & Cold water products also showed a growth of 11% which had registered a degrowth in the previous year.

Your Company launched CPVC products from 2" to 4" sizes for industrial application as per ASTM standards, which was well received in the market. The Company is putting concentrated efforts to improve the sale of its products in Industrial application segment.

The Company sold 135.67 million meters of pipes during the year against the sale of 110.58 million meters during the year 2009-2010, thus registering a growth of 22.69%.

Your Company is considered as the market leader in the overall fitting category. The Company sold 137 million pcs of fittings during the year against 97.7 million pcs sold during the year 2009-2010, thus registering a growth of over 40%. During the year the Company's overall product portfolio also increased from 5000 nos. to 5311 nos. thus maintaining its lead over competition. Your Company enjoys the reputation of providing total system solution and one stop shop for all the requirement of plastic piping products.

The sale of Value Added products reached 21.87% of total sale during the current year against 17.78% of previous year.



The sale of Eco-Drain pipes and Inspection Chambers increased nearly 40% thus paving the way for onward growth of its Nu-Drain system in the field of sewage and drainage transportation. The Company is in the process of developing economical version of Manhole covers in 1 mtr. and 1.2 mtr. dia, which may compete with the conventional Brick-Mortar manhole on life-cycle cost analysis basis.

After consecutive degrowth in exports over last 3 years, your Company has registered a growth of nearly 14% during the current year.

Your Company has successfully introduced 450 mm dia HDPE Pipe in the market. The same has been well received. The Company is studying various applications and after proper study, the Company may extend the range of PE pipes upto 630 mm dia. During the year 2010-2011 Company's PE pipe business grew nearly 30% by volume. The Company anticipates better growth during the current year.

The Company is fully equipped to participate in Government subsidised Sprinkler system sale in various states. The Company is now poised to give a better quality and long lasting Sprinkler system solution to the farmers.

The Gadegaon unit successfully established the Environmental Management System as per EMS (ISO 14001) and Occupational, Health & Safety, Assessment Series as per OHSAS (BS 18001).

The Company has established and put in operation expanded capacity of 15000 Tons p.a. of PVC pipes at Kanpur. The Company intends to expand the capacity further. It may take it to 20000 Tons p.a. level. The Company also intends to start manufacturing of fittings at Kanpur during the current year mainly to cater to the requirement of North and East Indian markets.

The Company during the current year introduced Smart plumbing, an economy range of plumbing products in restricted markets. The product is well received. The Company may now introduce this product all over the country.

The Company has started a feasibility study of putting a plant exclusively to manufacture large range of Polyethylene pipe fittings. After the economic viability is established, the Company may put the same at a new site.

### **Knowledge Centre**

Your Company created state of the art Knowledge Centre at Gadegaon with an investment of over ₹8 crs. The facility includes:

- a) Product Display Centre
- b) Product Application Centre
- c) Training Centre
- d) Testing Laboratory
- e) AC Auditorium with audio visual presentation facility
- f) Hands on demo facility for educating people for various types of jointing techniques used in plastic piping products.

The Knowledge Centre has been operational since January '2011. Your Company is encouraging distributors, dealers, sub-dealers, retailers and farmers to visit the Knowledge Centre. This will educate people more about Plastic piping products and its advantage over the conventional material. The channel partners will also learn about various systems the Company manufactures and their end applications. This will enable them to properly position the various pipe systems to add value to the users.

The Company has structured a training course for the plumbers who are responsible for installation of plumbing products into various housing segments. The plumbers will be trained with proper techniques of installations and jointing. It may eliminate wrong practices of installation and leakages arising thereof. This will help to increase the life span of plastics plumbing products.

The Company is also encouraging Architects, Consultants, Real Estate Developers and Contractors to visit the Knowledge Centre. This will enlighten them the superior advantages of using Company's Plastics Pipe System v/s conventional pipes system and sub-standard Plastics Pipe System.

## **5.2 CONSUMER PRODUCTS**

### **5.2.1 FURNITURE**

Turnover of Furniture Business has gone up from ₹ 200 Crores to ₹ 250 Crores, thereby registering a growth of 25% in value terms. The business grew by more than 13% in volume. The customers continue to give preference to the Company's brand.

The Company has enhanced the furniture making capacities at all the units during the year and the same would be available in full stream during the current year, since few machines were installed as late as March '11. The Company has also developed many moulds of exclusive models to satisfy the consumer's urge of getting some thing special from your Company to meet their exclusive aspiration demands.

The Company has started the Furniture items production from newly developed mega plant at Gadegaon with new design moulds to cater the demand of Western zone market with better logistics and service advantage. The Company has appointed new channel partners for effective servicing of West Zone market.

Some towns in this Zone are still unrepresented. The Company would be further appointing channel partners in certain identified towns. The Company expects a geometric business growth in Western Zone this year.

Similarly the Company has also added new channel partners at Andhra Pradesh to represent the Company for servicing the customer's demand of exclusive quality Plastics Furniture items with superior brand image which are made from virgin quality raw materials.

There has been a delay in getting the plot registered in the Company's name at Andhra Pradesh even after allotment and making full payment to APIIC at Ongole Growth centre, due to technical reasons at their end. The Company shall plan the putting up of manufacturing



facility there once the plot is registered in its name.

The Company now has its furniture manufacturing activity at 5 locations viz: Pondicherry (UT), Durgapur (West Bengal), Lalru (Punjab), Gadegaon (Maharashtra) and Guwahati (Assam) to cater effectively to different geography of the country.

The Company has further broadened the range of value added furniture products. It has been in focus for the division, to build the superior brand image of the Company's products for its durability and aesthetics. The launch of Designer Chair 'DIVA' is well received by the market for its uniqueness of having inbuilt metal legs for stability, gas molded plastic seat for strength and transparent back for aesthetic beauty.

Your Company has also launched for the first time in the country two models of Mono Block Gas Molded Chair, which have been very well appreciated by the channel partners and consumers. There is no chair, as of now in India, which can compare with above chairs in quality, durability and aesthetics. Your Company also remains the only supplier of Painted Upholstered Plastics Chairs in India and its sales during the year were once again achieved as planned.

The Company had good success with strategic initiative that has paved the way for its future business growth. The share of Premium Items products sale was further enhanced by more than 3%. It has reached to a level of 30% of over all sales. The Company intends to further increase share of Premium Products sales by another 3% in value during next 12 months which will be a mile stone of doing 1/3rd business with Premium Products. The Company plans to further increase the Premium Items range by launching a few more unique furniture items to achieve the above target.

The Company has already started, as planned, the import and sales of certain related items to service the demand vacuum for those items, which are not yet being manufactured in India. To achieve the above, the Company has selected out of its existing channel partners with intent of adding value to their stock sale and showroom business. The Company has also planned now to broaden the range for such imports with substantial growth plan. Broadening of range will improve Company's Brand image as well.

The Company has more than 220 Exclusive Franchise Show Rooms on All-India basis displaying entire range of Supreme Furniture to the customer in a nice ambience.

The Company's furniture products enjoy good acceptance in the market for its quality, design, color and range. "Supreme" brand is perceived as a premium brand in the country in plastics Furniture and enjoys a reputation of bringing many products and concepts first time in the country.

## 5.2.2 MATS

Exports of Mats continue to be weak. Profit has also been severely affected on account of volatility of raw material prices and foreign exchange. The business volume is hovering under ₹ 15 crores annually in each of the last three years. In relation to the Company's

business, it is insignificant. The Company has, therefore, taken a decision to close this business. This product is manufactured in Sangli where the Company has its land and building and also gets product made on job work. The written down value of the plant and machinery is under ₹ 50 lakhs. The Company would be able to sell the equipments at a higher price. The Company expects to close the business by December 2011.

## 5.3 INDUSTRIAL PRODUCTS

### 5.3.1 INDUSTRIAL COMPONENTS

Industrial Products Division bounced back with 30% growth in its Sales revenue driven by buoyant demand in Automobiles and Consumer Durables. While sales growth in Automotive sector has been 39%, in Appliance sector it has been 63%, Consumer Electronics sector did not perform up to the expectation due to abnormal demand deficit with one of our major customers in this segment.

The Company expects demand from Automotive Sector to be robust in medium to long term. There will be steady growth in both Electronics and Appliances sectors too. Company is bullish with respect to future demand scenario and had decided to go for the necessary capital investment proactively, during last year. It was a very hectic year for the Division as the Company embarked on expansion at all locations and completed the highest ever capex spending for the Division.

Talegaon facility has been partly renovated and capacity augmented to meet the anticipated increased demand in automotive sector and expectations from the customers in terms of proper process flow, improvement in layout and visual controls. Last year Company had bagged order for development of interior parts for new version of trucks from Tata Motors, which included completely assembled Instrument Panel, i.e. Cockpit. The development process for the same is at an advanced stage of completion and manufacturing is expected to take off during second half of this year. The Company has also bagged order for development of plastic parts for prestigious 'Two Wheeler', to be launched by Piaggio, sometime during early 2012. The development process for the same is under way in full swing.

Noida plant capacity has been enhanced to take care of increased demand expected in Consumer Durables segment. The expanded facility has been put up at a different location i.e. at Greater Noida, due to space constraint in the existing plant.

This will facilitate the Company to tap growth potential in demand for the Consumer Durables like Air Conditioners, Washing machines, LCDs etc. 'Tata Swach' Water Purifiers which had just started last year, picked up momentum and its production fully stabilized at Noida plant. Company expects good demand to follow during this year and subsequent years.

Khushkhhera plant capacity has been expanded by more than 100% of its existing capacity. Lots of new parts are at various stages of development for Maruti Suzuki. All these parts and assemblies will go in production during current year. Company is in the process of adding a few more customers to be serviced from this plant and sees



a lot of potential for growth from this location due to influx of Automotive and related companies in the region encouraged by Rajasthan State government.

To take care of increased demand in Entertainment Electronics and Appliances, the Company has put up a new facility at Chennai. It is fully operational from Oct. 2010. Company has also decided to explore business from Automotive Sector for which Chennai has become an important hub. Company expects high growth potential at its Chennai facility in future.

Facility at Puducherry has been augmented to take care of increased demand from Washing Machine segment. In continuation to the first model of 'All Plastic Washing Machine' (Radiance) from WhirlPool, which was bagged by the Company during last year, the various parts and assemblies for the next model in the same segment is under development by the Company and its commercial production is expected to start by Sept. 2011. This will lead to significant addition to Sales Revenue for the Company.

Durgapur facility has been expanded to take care of increased demand from Exide Industries and manufacturing of 'Tata Swach' water purifier. Production volumes for water purifiers are getting stabilized and the Company expects good potential for this product in future in Eastern part of the country.

A separate facility has been developed at Company's Gadegaon plant to manufacture 'Tata Swach' water purifiers and the production has been fully stabilized. Demand is picking up for this product and Company expects good growth potential with it.

While implementing all the capex, care has been taken to bring in the latest, Modern and Energy Efficient Technology for better Productivity, Quality and Cost Management. This will help the Company to counter ever increasing domestic competition and entry of global players in the field of industrial products.

During the year, the Company has accelerated its efforts towards establishing proper Energy Management System at different locations. This initiative of the Company, apart from manufacturing cost reduction, will support Environment and Green Initiatives. As a part of continuous up-gradation and implementation of Quality Management systems, all plants are re-certified for TS 16949 from 2001 to 2009 version. Chennai plant is working on implementation of Integrated Management System and will get certified during this year. There has been continuous thrust for Safety, Health, Hygiene and Environment.

Continuous improvement process is established to upgrade quality ratings with different customers. Continuous focus on cost optimization by way of eliminating Non Value Added Activities, Better Inventory Management, Improved Productivity Norms, Use of Value Engineering and Value Analysis Techniques, better Energy Management, etc. have yielded improved results.

Khushkhara plant got recognition from Maruti Suzuki India Ltd. for its performance in 'System Audit Rating' and 'Overall Excellence'. The march towards excellence will

be further accelerated during the current year to improve competitiveness. Efforts are being made to increase the customer and product base to ensure sustained growth of 25% to 30% year on year for next 3 to 5 years.

### 5.3.2 MATERIAL HANDLING PRODUCTS

The Company achieved a value growth of approx. 27% and a volume growth of approximate 20% during last year. The Company has succeeded in sustaining similar growth rate consecutive for the last three years. The Company's planned business for vegetable crates could not be achieved due to untimely rains which affected the crops and movement of Tomatoes and Grapes even this year, where your Company's products are preferred for post harvest transportation. The Company's other business could be achieved as planned including that of soft drink industry which fared well for second year in succession.

The Company continues to service its clients with least lead time at economical cost by manufacturing at six of its own manufacturing sites spread across the country. The manufacturing capacity was enhanced at each of the plants during the year under review. The full capacity of same would be utilized during the year 2011-12.

Anticipating future needs of its customers, the Company has now moved to giving heavy duty Industrial crates. The Company has developed several models with superior product design moulds to cater to quality conscious customers in automobile, appliance and logistics industry. Supplies of these products will commence from first quarter of 2011-12.

The Company has fabrication facilities at locations other than manufacturing, as well, to develop tailor made crates to meet specific requirement of applications at customers end. This is helping in a big way to replace conventional material usage while handling products at customers end. These are value added products for the Company. The Company has upgraded its fabrication facilities with automation and usage of newer materials. New fabrication facility at Chennai would start during 1st quarter of 2011-12 to improve its services to fast growing automobile and appliance industry in the region.

The Roto Moulding facility of the Company at Gadegaon has been enhanced. Moreover, more than 18 newer items were developed and commercial supplies have commenced.

The Company continues to be the leader in the Injection Moulded Pallet business in India. It has further enhanced its product portfolio with unique application focused products. The Company has also enhanced its Injection Moulding Pallet making capacity at Gadegaon by installing 2800 Tons capacity machine as well. The Company has also enhanced the range of Roto moulded pallets during the year. The Company expects a good growth for its Pallet business during the current year.

The Company has started trading of certain imported items made from different materials to cater to existing Industrial customers. Further new items would be explored in consultation with customers for servicing their requirements.



## 5.4 PACKAGING PRODUCTS

### 5.4.1 PACKAGING FILMS

The new 7 layer film line was installed in Oct. 2010. The Plant is running satisfactorily.

From the month of February 2011, the Government's buying for 5 layer film for distribution of edible oil under PDS system became zero resulting in substantial reduced demand for that film. As a result, there was only a marginal volume growth from 5709 MT to 5893 MT. The Company expects the same to improve from July, 2011 onwards.

The division is working actively on getting into new areas of applications and reduce its dependency on oil packaging films substantially over the next few years. The Company exported 571 MT of film in the year under review against 525 MT in the previous year. Export of 5 layer and 7 layer film went up from 346.76 MT to 433 MT. Business for the coming year looks good. The Company expects growth of over 20% by volume in this year.

### 5.4.2 PROTECTIVE PACKAGING PRODUCTS

The division is focused in its vision of catering the market with a large variety of foam products, along with a solution oriented approach towards its customers. As a result, the value added business segment is improving every year. This year the division has achieved 32% sale for the value added products against 31% sale in the previous year of overall sale. A large variety of the products are now being branded and recognized as premium quality product in the market.

The business of protective packaging division grew by 13% in volume and 26% in value terms during the year. The division expects continuous stable growth in the forthcoming years in similar manner.

A second unit has been planned at Hosur 11 Km away from the Company's existing unit. The Plant is likely to be commissioned in January 2012 with a new chemically cross-link extruded foam plant for south market along with other products.

To eliminate the logistics cost and transit time, one new location will be added during the year with some existing products. The location will be finalized soon.

#### (a) PACKAGING APPLICATION

The EP foam business is growing all over India as planned in the last year. The division has enhanced the saleable production capacity of EP foam from 7220 TPA to 9580 TPA during the year. This is expected to be enhanced to 11640 TPA in the current year. The division is facing tough competition from the un-organized sector.

To overcome the situation, more focus has been given on converted products and institutional customers. This strategy has helped to improve margin in this vertical. Sale of Chemically cross-link extruded product range is also picking up in this business vertical, as a replacement of some imported foams, specially for gasket and automobile sectors.

Mechanized fabrication equipments are being installed in the division at different locations for quality and cost effective converted products.

The overall growth achieved by 10.19% in volume and 22.94% in value terms against last year.

#### (b) CONSTRUCTION SECTOR

The division has launched 'DURA membrane' a composite water proofing product. This product is the result of in-house R&D activities. It is far superior to conventional water proofing Membrane. Response for this product is encouraging. Several consultants are now accepting this product as an ideal water proofing membrane. The Company expects a reasonable growth of business for this product in the coming years.

The overall business growth in this segment was not as per expectation due to a lull in the construction business in general. The division is working to develop some new products during the current year. This will ensure a growth of over 15% in this vertical.

#### (c) INSULATION APPLICATION

Business of this vertical of the division is growing well. The growth achieved during this year was 63.18% in volume, year over year basis. The INSU brand is also getting established in the market and more and more architects/consultants are specifying these products in their projects. Sale of similar imported products from the competitors is now being restricted due to availability of matching indigenously produced quality. Domestic availability is also enhancing the appeal to buy this product from the Company. The division is having one plant in North, second plant is in West and a new plant is coming up in South. Due to the quality standard and multi locational manufacturing facilities this product is always preferred by the consultants. The Company expects a reasonable growth in this year as well.

The Company is setting up a Plant to manufacture Nitrile Butadiene Rubber (NBR) PVC insulation hose, which is one of the fast items in the market. The manufacturing for the same is expected to start at Urse plant during September 2011. The technology and equipments have been sourced from a Taiwanese Company.

#### (d) TECHNOLOGICAL DEVELOPMENTS

The engineering team of the division has developed a unique design of single screw foam extruder of 300 Kg/hr capacity, which is capable of making high quality low density foam. The equipment was installed in December 2010 and is running well. The team is also focused to go for higher automation to reduce the manpower, specially for the post operation activities.

The R&D centre is now functioning from Urse unit. The unit is working to develop several value engineering projects, and to develop new generation products by using cross-link waste materials. The Company expects this initiative to yield good results over the next few years.

#### (e) OVERVIEW OF THE PROTECTIVE PACKAGING BUSINESS

Total production capacity has increased from 14960



TPA in 2009/10 to 17600 TPA in 2010/11 and expected to increase to 21070 TPA by the end of this current year. Present strong hold of the Company in the business of Polyethylene foam, both cross link and non cross link is continuing. The Company is now introducing several types of Rubber Foams which were being imported and marketed by the Company. The sales of other varieties of foams, which are being imported and sold in the market after conversion, is also picking up pace. The Company expects the division to grow by over 15% in volume over the previous year.

#### 5.4.3 CROSS LAMINATED FILM

Business for Cross Laminated Film & Products grew by 30% in volume terms & by 38% in value terms. The Company sold 15050 tons of Products against 11554 tons during the previous year. Exports grew by 7% to 1412 tons from 1320 tons. The Company witnessed strong demand for its products in domestic & international markets during the year under review. Fabrication capacity remained a limiting factor due to shortage of labour. The Company plans to further strengthen the fabrication capacity by inducting additional contractor at Silvassa, putting up new fabrication site at Pondicherry & accelerating the process of automation of some of the activities involved in fabrication.

During the current year the demand for products in local market is expected to remain strong. The scenario on export front looks encouraging & positive. The Company expects to sell the entire installed capacity of 18000 tons in the Current Year.

The Company contemplates expanding capacity between 6000 to 7000 tons at the back drop of growing demand for its products. As there is no scope for expanding capacity at any of its existing manufacturing sites, the Company is eyeing site in Gujarat to put up the additional capacity for operational convenience. The Company plans to purchase land for putting up the new unit & place orders for machinery during the current year. The additional capacity shall be in place before December 2012.

The Company has entered into an agreement with the collaborator whereby the exclusive rights to manufacture & sell XF products in India & SAARC countries have been renewed upto year 2025. These rights have also been extended to include entire South East Asia & whole of Africa. The Company is exploring possibility of putting up capacity in one of the countries of Africa. The Company shall zero in on the country after studying various factors including availability of labour, political stability, etc. The capacity & timing of setting up plant in Africa will be decided once the country is identified.

The Company sold 328 tons of Cross Line Bonded Film, a next generation XF film which was launched in the Indian Market during 2009-10. Cross Line Bonded Film commands a better price due to its superior qualities. At present the production of this film is restricted to few machines. The Company has placed orders for balancing equipments for manufacturing this film on other machines as well. The sale of this film is expected to increase from

January 2012 onwards when increased volume will be available.

The Company's collaborator has made a major break through in Cross plastic films. The trial production by one of their licensee is expected to start shortly. Once the production of this product stabilizes & establishes commercially then the Company may consider putting up a similar facility at the planned new site in Gujarat.

#### 5.5 CONSTRUCTION BUSINESS

The LEED Gold Rating Corporate Green Park viz. "Supreme Chambers", consisting of 10 Storeys and 2 Levels Basement Parking is completely ready for occupation. The Company has already received Occupation Certificate from the Municipal Corporation of Greater Mumbai for the same.

The Company has incurred towards cost of construction, including amenities, to the extent of ₹ 134.46 crores as on 30th June, 2011, which together with the estimated outstanding expenses / liabilities amounts to ₹ 155 crores. The Company has realized about ₹ 60.20 crores from the sales of the three office blocks comprising about 40000 sq. ft. out of total saleable area of around 2.75 Lakhs sq. ft.

Supreme Chambers is marvelously designed, & is having superior quality construction, many eco-friendly features, ultra-modern amenities and aesthetically pleasing, modern and green landscape area which enhances the experience of being in a green oasis. It is located at prime & growing business district of Andheri (w) which is centrally located and close to domestic & international airports, Andheri Railway station, Western Express Highway & upcoming metro Junction.

Commercial property market is sluggish at the moment. However there is a good demand for a ready quality commercial place. The Company is optimistic to sell most of the remaining office blocks during the current year.

#### 6. OVERALL GROWTH PROSPECTS

Your Company is in Plastics product manufacturing business. Due to its properties such as, higher yield, aesthetics, durability, easy to shape with less energy requirements and inertness among others over conventional materials, plastics always score over them to offer better product to its customers. Plastics continue to take over newer and newer applications which are being currently supplied out of conventional materials.

It is forecasted that the current consumption of plastics in India which was around 8 million tons in the financial year 2011 will reach to 20 million tons by the financial year 2020.

The Indian economy GDP may cross \$ 5 trillion annually by 2020 from the current level of \$ 1.5 trillion. Consequently, per capita GDP will also grow. The increased per capita income augments discretionary spending capacity of Indians. This will be translated into increased consumption of Plastics in the country.

There are foreign companies putting up plants in India to manufacture goods not only for supplying to Indian market but also using the country as their export manufacturing hub. This will also facilitate larger consumption of Plastics.



Your Company thus will be able to participate in newer growth impulses. Thus it will continue to enjoy around 20% turnover growth in plastics for several years with decent return on capital employed.

## 7. FINANCE

The Reserve Bank of India continued tightening monetary cycle by increasing the policy rates (including repo rate, reverse repo rate and cash reserve ratio) aggressively during the last 15 months, which necessitated the Banks to increase their Base rate (i.e. minimum lending rates), from time to time, in the financial year 2010-11.

The Company's Rupee Term Loans are linked to either Benchmark Prime Lending Rate (BPLR) or Commercial Paper (CP) rate or G-sec rate and the rate of Interest on these Term loans increased correspondingly in tandem with the increase in the rate of Interest by the lenders. The Interest rate on Short term borrowings of the Company also increased, simultaneously during the year.

The average rate of Interest has gone up to 9.72% as on 30th June, 2011 from 7.93% as on 30th June, 2010.

The Company has chalked out Capital Expenditure (Capex) of ₹ 1000 crores over a period of five years from 2010-11 to 2014-15 across all the products to tap the growth opportunities and to keep the pace of growth momentum so as to achieve desired CAGR of around 20% on y-o-y basis. During the year it has incurred Capex of ₹ 258 crores for augmenting the capacities in the following segments:-

- (a) To enhance capacities at existing locations in Plastic Piping System, Furniture and Material Handling System.
- (b) To put up new manufacturing unit at Sriperumbudur (Tamil Nadu) and also to augment capacities at all the existing locations for industrial components.
- (c) To put up additional 7 layer extrusion line with ancillary equipment at Performance Packaging Division at Khopoli.
- (d) For increasing the capacities of Protective Packaging Products at all locations
- (e) For acquiring moulds for manufacture of new products in furniture and material handling products.

The internal accruals of the Company were utilized for funding aforesaid Capex and to meet increased working capital requirements, besides re-payment of Term Loan installments aggregating ₹ 51.40 Crores. The balance amount of Capex was funded through availment of net fresh Term Loans aggregating to ₹ 111.71 crores. Due to rise in crude oil prices and consequent increase in the polymer prices necessitated higher Working Capital Requirements during the year.

As a result, at the year end, Interest bearing liabilities have increased from ₹ 387.36 Crores as on 30th June, 2010 to ₹ 511.24 Crores as on 30th June, 2011.

During the year Interest & Financial Charges in absolute value have also increased to ₹ 42.50 crores vis-à-vis ₹ 33.03 crores during the year 2009-2010 due to increase in the overall borrowings together with continuous hardening of

Interest Rates in Short Term/Long Term borrowings availed by the Company.

The Company continues to raise funds through Commercial Papers to meet its Working Capital needs, at lower rates of Interest. The Company also continues to avail Buyer's Credit for financing its import of raw materials and capital goods by way of fully hedged foreign exchange exposure at competitive rates. In the prevailing circumstances, the Company has managed the Interest cost reasonably well.

The Company closely monitors its Working capital cycle and it has been able to lower its Debtors days, despite adding new products in its portfolio. It has also managed to maintain its Supplier days within a range through constant vendor management.

Considering the excellent performance and strong financial parameters, CRISIL has upgraded the Rating on the Bank facilities and Short Term Debt programme to "AA - / Stable" from "A+ / Positive" and to "P1+" from "P1" respectively, which reflects the sustained improvement in Company's business risk profile backed by increase in contribution from value added products, improved profitability and prudent Working Capital management.

During the year 2011-12, the Company envisages to invest ₹ 200 Crores mainly on following segments:-

- (1) To put up new facility to manufacture (i) cross laminated film products, (ii) composite cylinders, (iii) foam products, (iv) Industrial Components and
- (2) To augment the existing capacities and to increase the range of products in respective product divisions at various locations.

The Cash Flow position of the Company is sturdy. In view of the likely accruals of healthy Cash Flow from its operations coupled with the better Working capital management, the Company is confident to fund its future expansion from internal accruals and Supplier's credit.

Moreover in the near future, the Company is expecting to generate robust Cash flow from the sale of remaining blocks of its Commercial Complex at Andheri, which will provide additional comfort to fund its on-going Capex plan, besides reducing the overall borrowings to a substantially lower level. This will reduce the overall Interest cost considerably. The Company's focus shall remain to bring the interest cost below 1% of Total Turnover by the end of next year.

The Company expects the raw material prices to remain range bound at current level, which will also enable the Company to reduce its Working Capital requirements and borrowings during 2011-12.

## 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 lapses, if any. Both internal auditors and statutory auditors independently evaluate the adequacy of internal control system. Based on the audit observations and suggestions, follow up,



remedial measures are being taken including review and increase in the scope of coverage, if necessary. The Audit Committee of Directors, in its periodical meetings, reviews the adequacy of internal control systems and procedures and suggests areas of improvements. The Company has undertaken a detailed exercise to revisit its control systems in technical and other non financial areas to align them properly with Management Information Systems (MIS) to make MIS more efficient and result oriented. Information technology base created by the Company over the period is providing a very useful helping hand in the process. Needless to mention, that ensuring maintenance of proper accounting records, safeguarding assets against loss and misappropriation, compliance of applicable laws, rules and regulations and providing reasonable assurance against fraud and errors will continue to remain central point of the entire control systems.

## 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.

## 10. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company is pursuing its role of responsible corporate citizen and committed towards the Corporate Social Responsibility by addressing social development imperatives of Society, especially in the areas of rural developments, education, healthcare and protection & promotion of environment.

The Company's, Gadegaon Unit, in furtherance of its above objectives had under taken following social work activities during the year 2010-2011.

"Real India Lives in her villages" – echoing these words of Mahatma Gandhi, as our endeavor to provide basic medical amenities, the Company has provided Mobile Health Centre in tribal and remote area of Dhadgaon Taluka in Dist: Nandurbar. One Ambulance Van manned by qualified Medical Officer, a Nurse and a Lady Social Counselor and equipped with primary medicines has been deployed. This would benefit under-privileged population with medical aid free of cost.

The Medical Staff of Mobile Dispensary / Health Centre also conducts health awareness programs for school children especially girls of Ashramshalas. The Centre also organizes educational programmes for educating the villagers aimed at prevention of communicable and non communicable diseases, first-aid services etc. The Mobile Health Centre visits a total of 22 villages in the vicinity of Dhadgaon taluka at three to four villages per day. The services also cover educational activities on awareness on malnutrition, child death, death during pregnancy or delivery, eradicating superstitions etc.

- With an aim to promote environment, Gadegaon Unit

has implemented "One Employee One Tree" drive in the Company premises. Around 167 employees spontaneously participated in the drive organized on the eve of World Environment Day, which was celebrated with fervor on 15th June, 2011. The individual employees have voluntarily come forward and planted one tree each besides taking pledge to nurture their plants.

- Supreme Occupational Health Centre, located at Gadegaon plant under qualified medical staff has a well equipped Ambulance Van. It provides Ambulance Van services in emergency and accident cases to the villagers in and around Gadegaon at free of cost.
- With an aim to promote national welfare and social well being, every year the Unit organizes blood donation camp on large scale. This year the Company employees donated 125 bottles of blood in the blood donation camp organized through Madhavrao Gowalkar Rakta Pedhi, Jalgaon on 16.09.2010 at Gadegaon.

- Safety Awareness :

In view of fostering safety consciousness amongst villagers, a workshop was organized at Gadegaon village on "Safety in handling LPG cylinders".

The officials of M/S Bharat Petroleum Corporation Limited gave demonstrations on safe handling of LPG cylinders and how to handle emergencies in the event of a fire or explosion.

As many as 200 ladies from village of Gadegaon and surrounding areas attended the workshop.

- Flora Exhibition :

To promote awareness and interest amongst children and people at large, an exhibition was organized at Gadegaon factory during Ganesh festival.

The exhibits included various types of plants giving information like botanical name, fruits, flowers and uses etc. The attraction of the event was live demonstration of models showing methods of making manure like composting, vermi-composting, irrigation methods & tools and tackles used in modern farming.

The exhibition was attended and appreciated by the families of Company employees and villagers from neighboring villages.

### Cautionary Statement

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



## 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 2011 the Board comprised of 9 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                           | 1       | -   | -       |
| Shri M. P. Taparia    | Promoter / Executive (Managing) Director | 4                           | 1       | 1   | -       |
| Shri S. J. Taparia    | Promoter / Executive Director            | 3                           | 1       | -   | 4       |
| Shri V. K. Taparia    | Promoter / Executive Director            | -                           | 1       | -   | -       |
| Shri S. R. Taparia    | Independent / Non-Executive Director     | 1                           | 4       | -   | 2       |
| Shri H. S. Parikh     | Independent / Non-Executive Director     | 3                           | -       | 4   | 7       |
| Shri B. V. Bhargava   | Independent / Non-Executive Director     | 9                           | -       | 6   | 5       |
| Shri N. N. Khandwala  | Independent / Non-Executive Director     | -                           | -       | 1   | 1       |
| Shri Y. P. Trivedi    | Independent / Non-Executive Director     | 7                           | 2       | 3   | 6       |

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

#### (ii) During the Financial Year 2010 – 2011 the Board met on Five occasions i.e. on 16th July, 2010, 14th September, 2010, 19th October, 2010, 31st January, 2011, & 22nd April 2011 :

##### Attendance of Directors at the Board Meetings held during 2010-11 and the last Annual General Meeting held on 14th September, 2010

| 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    | 5  | 5                 | Yes                        |
| Shri M. P. Taparia   | Promoter / Managing Director         | 5  | 5                 | Yes                        |
| Shri S. J. Taparia   | Promoter / Executive Director        | 5  | 5                 | Yes                        |
| Shri V. K. Taparia   | Promoter / Executive Director        | 5  | 5                 | Yes                        |
| Shri S. R. Taparia   | Independent / Non-Executive Director | 5  | 4                 | Yes                        |
| Shri H. S. Parikh    | Independent / Non-Executive Director | 5  | 5                 | Yes                        |
| Shri B. V. Bhargava  | Independent / Non-Executive Director | 5  | 5                 | Yes                        |
| Shri N. N. Khandwala | Independent / Non-Executive Director | 5  | 5                 | Yes                        |
| Shri E. B. Desai *   | Independent / Non-Executive Director | 3  | 1                 | No                         |
| Shri Y. P. Trivedi   | Independent / Non-Executive Director | 5  | 3                 | Yes                        |

\* Expired on 24th December, 2010.

### 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 2010 – 2011

| Members                     | Category    | Meetings held | Meetings attended |
|-----------------------------|-------------|---------------|-------------------|
| Shri H. S. Parikh -Chairman | Independent | 4             | 4                 |
| Shri S. R. Taparia          | Independent | 4             | 3                 |
| Shri N. N. Khandwala        | Independent | 4             | 4                 |

### 3. REMUNERATION COMMITTEE :

#### (i) Brief Terms of reference:

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

#### (ii) Composition

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

### 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             | 3                 |

During the year, the company received 73 complaints / correspondence from Shareholders regarding non-receipt of Share Certificates / issuance of Duplicate Share Certificates / Dividend Warrants etc. all of which have been duly resolved in time

### 5. (A) REMUNERATION PAID TO DIRECTORS DURING 2010 – 2011 :

| Sr. No. | Names                | Category                             | Sitting Fees  | Salary & Perquisites | Commission      | Total            |
|---------|----------------------|--------------------------------------|---------------|----------------------|-----------------|------------------|
| 1       | Shri B. L. Taparia   | Promoter / Non-Executive Chairman    | 75000         |                      |                 | 75000            |
| 2       | Shri M. P. Taparia   | Promoter / Managing Director         | 0             | 6726185              | 26979661        | 33705846         |
| 3       | Shri S. J. Taparia   | Promoter / Executive Director        | 0             | 6989697              | 26979661        | 33969358         |
| 4       | Shri V. K. Taparia   | Promoter / Executive Director        | 0             | 6117168              | 26979661        | 33096829         |
| 5       | Shri S. R. Taparia   | Independent / Non-Executive Director | 150000        |                      |                 | 150000           |
| 6       | Shri H. S. Parikh    | Independent / Non-Executive Director | 135000        |                      |                 | 135000           |
| 7       | Shri B. V. Bhargava  | Independent / Non-Executive Director | 75000         |                      |                 | 75000            |
| 8       | Shri N. N. Khandwala | Independent / Non-Executive Director | 180000        |                      |                 | 180000           |
| 9       | Shr E. B. Desai*     | Independent / Non-Executive Director | 15000         |                      |                 | 15000            |
| 10      | Shri Y. P. Trivedi   | Independent / Non-Executive Director | 45000         |                      |                 | 45000            |
|         | <b>Total</b>         |                                      | <b>675000</b> | <b>19833050</b>      | <b>80938983</b> | <b>101447033</b> |

\* Expired on 24th December, 2010.

### (B) EQUITY SHAREHOLDING OF THE NON-EXECUTIVE DIRECTORS IN THE COMPANY AS ON 30TH JUNE, 2011 :

| Sr. No. | Name of the Non-Executive Director | No. of Shares |
|---------|------------------------------------|---------------|
| 1)      | Shri B. L. Taparia                 | 367398        |
| 2)      | Shri S. R. Taparia                 | 2630          |
| 3)      | Shri H. S. Parikh                  | 155730        |
| 4)      | Shri B. V. Bhargava                | 16500         |
| 5)      | Shri N. N. Khandwala               | 260750        |
| 6)      | Shri Y. P. Trivedi                 | 20010         |



## 6. CEO / CFO CERTIFICATION :

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

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

The above Certificate was placed before the Board Meeting held on 25th July, 2011.

## 7. GENERAL BODY MEETINGS:

### *Location and time of last Three AGM's held :*

| Year            | Location  | Date                 | Time      |
|-----------------|---|----------------------|-----------|
| 2008 – 66th AGM | Walchand Hirachand Hall, I.M.C.,<br>Near Churchgate Station, Mumbai - 400 020 | 14th October, 2008   | 4.00 p.m. |
| 2009 – 67th AGM | Walchand Hirachand Hall, I.M.C.,<br>Near Churchgate Station, Mumbai - 400 020 | 10th September, 2009 | 4.00 p.m. |
| 2010 – 68th AGM | Walchand Hirachand Hall, I.M.C.,<br>Near Churchgate Station, Mumbai - 400 020 | 14th September, 2010 | 4.00 p.m. |

## 8. COMMUNICATION TO SHAREHOLDERS:

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>

Ministry of Corporate Affairs as a 'Green Initiative in the Corporate Governance' has issued a Circular no. 17/2011 on 21 April 2011, permitting companies to service delivery of documents electronically on the registered members' / shareholders' email addresses under section 53 of Companies Act, 1956. The company is accordingly proposing to send documents, such as Notice calling the general meeting, audited financial statements, directors' report, auditors' report, etc. in electronic form on the email ids provided by the shareholders & made available by them to the company through the depositories. Shareholders desiring to receive the said documents in physical form will continue to get the same in physical form.

## 9. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES :

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

## 10. MANAGEMENT DISCUSSION AND ANALYSIS :

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

## 11. DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTORS :

During the financial year 2010-11, Shri E. B. Desai, Director, expired on 24th December, 2010. There was no other change in the composition of the Board of the Company.



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

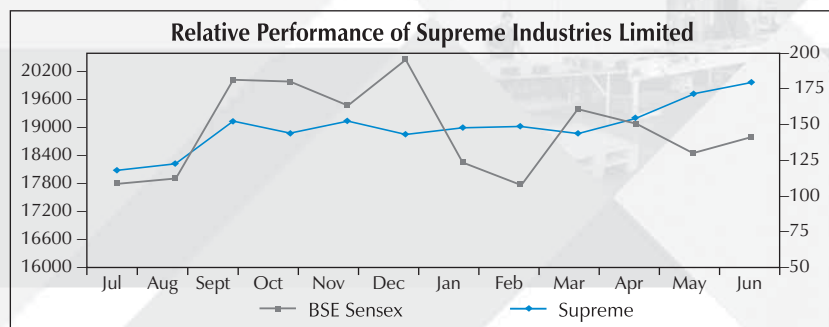
|  |  |  |
|--|--|--|
| Name of the Directors                    | Mr. B. L. Taparia  | Mr. H. S. Parikh   |
| Date of Birth                            | 25/11/1934   | 16/03/1927   |
| Date of Appointment                      | 15/06/1977   | 29/06/1982   |
| Expertise in specific functional area    | Overall guidance in framing Business policies and social work.   | Practicing Chartered Accountant.   |
| Qualifications                           | B. Com.  | Chartered Accountant   |
| Chairman / Director of other companies   | 1. Supreme Petrochem Limited<br>2. Supreme Capital Management Ltd.<br>3. Venktesh Investment & Trading Co. Pvt. Ltd. | 1. Elecon Engineering Co. Ltd.<br>2. Simplex Castings Ltd.<br>3. Eimco Elecon (I) Ltd. |
| No. of Equity Shares held in the Company | 367398   | 155730   |

## 12. DISCLOSURES:

- 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.
- The Company has paid during the year ₹ 295000/- towards professional fees to M/s. Mulla & Mulla & Craigie & Blunt & Caroe, a firm in which Shri E. B. Desai was a partner upto 24th December, 2010.

## 13. GENERAL SHAREHOLDER INFORMATION:

- Registered Office : 612, Raheja Chambers, Nariman Point, Mumbai 400 021.
- Book Closure Date : From Wednesday, the 7th September, 2011 to Wednesday, the 14th September, 2011. (Both days inclusive)
- AGM Date & Venue : On Wednesday the 14th September, 2011 at 4.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai – 400 020.
- Dividend payment : Within the statutory time limit.
- Listing on Stock Exchanges : (i) Bombay Stock Exchange (BSE), (ii) National Stock Exchange of India Ltd., (NSE),
- Listing Fees : Annual Listing Fees for the year 2011 – 2012 have been paid to both the Stock Exchanges.
- Trading Group : (i) BSE : "B-1" Group, (ii) NSE : "Other Securities"
- Stock Codes : (i) BSE : 509930 (ii) NSE : SUPREMEIND
- Relative performance of Supreme Share Price v/s. BSE Sensex :



- Key Financial Reporting Dates F.Y. 2011-2012.

- Unaudited Results for the First Quarter ended September 30, 2011 : On or before 15th November, 2011
- Unaudited Results for the Second Quarter ended December 31, 2011 : On or before 15th February, 2012



- Unaudited Results for the Third Quarter ended March 31, 2012 : On or before 15th May, 2012
- Audited Results for the F.Y. 2011-2012 : On or before End August 2012
- (xi) Shareholders Assistance : Shares Department
- Investors Service Department : The Supreme Industries Limited,  
Regd. Office : 612, Raheja Chambers, Nariman Point,  
Mumbai 400 021.
- Phone Nos. : 22820072, 22851656, 22851159-60
- Fax No. : 22851657
- E-mail : investor@supreme.co.in

#### 14. DISTRIBUTION OF SHAREHOLDING (AS ON 30TH JUNE, 2011)

| No. of Equity Shares held | No. of Shareholders | Percentage of Shareholders | No. of Shares    | Percentages of Shareholdings |
|---------------------------|---------------------|----------------------------|------------------|------------------------------|
| Upto 500                  | 22962               | 75.85                      | 3033909          | 2.39                         |
| 501 – 1000                | 2749                | 9.08                       | 2281717          | 1.80                         |
| 1001 – 2000               | 1959                | 6.47                       | 2936690          | 2.31                         |
| 2001 – 3000               | 826                 | 2.73                       | 2090409          | 1.65                         |
| 3001 – 4000               | 349                 | 1.15                       | 1237921          | 0.97                         |
| 4001 – 5000               | 341                 | 1.13                       | 1615714          | 1.27                         |
| 5001 – 10000              | 549                 | 1.81                       | 4048143          | 3.19                         |
| Over 10001                | 538                 | 1.78                       | 109782367        | 86.42                        |
| <b>Total</b>              | <b>30273</b>        | <b>100.00</b>              | <b>127026870</b> | <b>100.00</b>                |

#### 15. CATEGORIES OF SHAREHOLDERS (AS ON 30TH JUNE, 2011)

| Category                          | No. of Shareholders | Voting Strength (Percentage) | Number of Shares held |
|-----------------------------------|---------------------|------------------------------|-----------------------|
| Promoters                         | 12                  | 49.62                        | 63027345              |
| Non Residents Individuals / OCB   | 620                 | 1.10                         | 1392749               |
| Companies                         | 518                 | 11.76                        | 14931147              |
| FII's / FI's / Mutual Fund / Bank | 57                  | 11.24                        | 14280844              |
| Individuals                       | 29066               | 26.28                        | 33394785              |
| <b>Total</b>                      | <b>30273</b>        | <b>100.00</b>                | <b>127026870</b>      |

- 16. REGISTRAR & TRANSFER AGENT (For Physical & Demat Shares)** : M/s. Bigshare Services Pvt. Ltd  
E-2/3, Ansa Industrial Estate  
Saki Vihar Road, Sakinaka,  
Andheri (E) Mumbai 400 072.  
Tel. No. 28470652, 40430200  
Fax No. 28475207  
E-mail : info@bigshareonline.com

Our RTA, M/s. Bigshare Services Pvt. Ltd. recently launched Gen-Next Investor Interface Module "I'Boss" the most advanced tool to interact with investors. Please login in to I'Boss ([www.bigshareonline.com](http://www.bigshareonline.com)) and help them to serve you better.

- 17. DEMATERIALISATION OF SHARES (as on 30.06.2011)** : 123108785 Shares are Dematerialised  
(96.92% of total Shares viz. 127026870 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 2010       | 619.00 | 552.00 | 619.35 | 521.45 |
| August 2010     | 650.00 | 593.80 | 648.00 | 518.75 |
| September 2010  | 785.70 | 620.50 | 784.80 | 622.00 |
| October 2010    | 838.00 | 777.05 | 840.00 | 770.00 |
| November 2010 * | 155.00 | 140.25 | 159.35 | 141.10 |
| December 2010 * | 155.95 | 136.15 | 156.00 | 136.25 |
| January 2011 *  | 152.50 | 140.00 | 154.00 | 138.00 |
| February 2011 * | 163.40 | 144.85 | 162.70 | 144.00 |
| March 2011 *    | 154.90 | 140.00 | 155.00 | 139.00 |
| April 2011 *    | 158.00 | 142.30 | 158.75 | 142.00 |
| May 2011 *      | 175.00 | 146.00 | 175.15 | 143.15 |
| June 2011 *     | 186.90 | 167.10 | 186.90 | 160.80 |

\* Each Equity Share of ₹ 10/- (F.V.) was sub-divided into five Equity Shares of ₹ 2/- each (F.V.) on 19th October, 2010.

## 20. CODE OF CONDUCT:

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

### Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with The Supreme Industries Limited Code of Conduct for the year ended 30th June, 2011.

For The Supreme Industries Limited

Mumbai : 25th July, 2011

**M. P. Taparia**  
Managing Director

### Auditor's Certificate

To the Members of  
M/s. The Supreme Industries Limited

We have examined the compliance of conditions of corporate governance by M/s. The Supreme Industries Limited for the year ended on 30th June, 2011, as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

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

We 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.,**  
FRN 101826W  
Chartered Accountants

**Chintan Shah**  
Partner  
M. No. 107490

Mumbai: 25th July, 2011



## List of Promoters of the Company

List of Promoters of the Company belonging to the Taparia Group, pursuant to Regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

1. Venktesh Investment & Trading Company Private Limited
2. Jovial Investment & Trading Company Private Limited
3. Boon Investment & Trading Company Private Limited
4. B. L. Taparia & Family
5. M. P. Taparia & Family
6. S. J. Taparia & Family
7. V. K. Taparia & Family
8. Vivek Taparia & Family
9. Any Company / entity promoted / to be promoted by any one of the above.

**Family for the above purpose includes the spouse, dependent children and parents.**



## Auditors' Report to the Shareholders

We have audited the annexed Balance Sheet of THE SUPREME INDUSTRIES LTD., Mumbai as at 30th June 2011 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 as amended by The Companies (Auditors' Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956; our comments on the matters specified in the paragraphs 4 and 5 of the said Order are annexed herewith.
2. Further to our comments in the Auditor's Report referred to in paragraph 1 above:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. The reports on the accounts of Branches audited under Section 228 of the Companies Act, 1956 by persons other than ourselves, have been forwarded to us, as required by Clause (c) Sub - Section (3) of the said section and that we have taken due notice in our report of the points raised in the reports of the said Branch Auditors.
3. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of the books.
4. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
5. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
6. On the basis of information and explanations given to us and written representations received from the directors as on 30th June 2011 and taken on record by the Board, we report that no director is disqualified from being appointed as director of the company under Section 274 (1) (g) of the Companies Act, 1956.
7. In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the Significant Accounting Policies and Notes thereon, give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. in the case of the Balance Sheet of the state of affairs of the company as at 30th June, 2011
  - 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 carried on during the year, as compared with the available records.
  - c. During the year there is no disposal of substantial part of fixed assets, affecting going concern assumption.
2.
  - a. The stock of finished goods, raw materials, components, stores and spare parts except those lying with third parties, and in transit, has been physically verified by the management at regular intervals, which we consider to be reasonable.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. The company has maintained proper records of inventory, no material discrepancies were noticed on physical verification of stocks as compared to book records and the discrepancies noticed have been properly dealt with in the books of account.



3. In respect of loans, secured or unsecured, granted or taken by the company from / to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956:
  - a. Company's has not granted unsecured loans to parties listed in the register maintained under section 301 of the Companies Act 1956. Subclause (b), (c) and (d) are not applicable.
  - b. The Company has accepted unsecured loans from five companies, listed in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was ₹ 3823 lacs and the balance as the end of the year was ₹ Nil .
  - c. In our opinion the rate of interest and other terms and conditions of such loan is prima facie not prejudicial to the interest of the company.
  - d. In respect of aforesaid loan company is regular in repaying the principal amount and interest thereon.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and also for the sale of goods and services. As per the information given to us, no major weaknesses in internal control system 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 other relevant provision of the Act and the rules framed there under, for acceptance of public deposits. Since the company has not defaulted in repayment of deposits, compliance of section 58AA or obtaining any order from the company law board, National Company Law Tribunal or RBI or any other court or tribunal does not arise.
7. On the basis of the internal audit reports reviewed by us, we are of the opinion that, the company has an internal audit system commensurate with size and nature of its business.
8. The Central Government has not prescribed for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act.
9. a. According to the records of the Company and information and explanations given to us, Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Custom Duty, Cess, Excise Duty, Service Tax and other material statutory dues have been deposited regularly during the year with the appropriate authorities.  
According to the records of the Company and information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Custom Duty, Cess, Excise Duty, Service Tax and other material statutory dues were in arrears as at 30th June, 2011 for a period of more than six months from the date they became payable.
- b. According to the records of the Company and information and explanations given to us the following are the particulars of disputed amounts payable in respect of, Sales Tax, Custom Duty, Excise Duty and Entry tax as at the last day of the financial year are as follows.

| Name of the statute             | Nature of dues | Amount ₹ inlacs | Period to which the amount relates | Forum where dispute is pending              |
|---------------------------------|----------------|-----------------|------------------------------------|---|
| The Central Excise Act, 1944    | Excise Duty    | 418.04          | 1994 to 2006                       | CESTAT                                      |
|                                 | Excise Duty    | 94.66           | 2005 to 2008                       | Commissioner of CE (Appeals), LTU Mumbai    |
| The Central Sales Tax Act, 1956 | Sales Tax      | 16.83           | 1995-1996                          | Revisionary Board, West Bengal              |
|                                 |                | 190.26          | 2003 to 2006                       | Jt. Commissioner (ST, Appeals), West Bengal |
|                                 |                | 0.68            |                                    | Asstt. Comm. Commercial Tax, Gwalior        |
| West Bengal Sales Tax Act, 1994 | Sales Tax      | 89.78           | 2003 to 2005                       | Additional Commissioner                     |
| U.P. Trade Tax Act              | Entry Tax      | 23.97           | 2000-2001                          | Hon'ble High Court                          |
|                                 | Entry Tax      | 12.11           | 2002-2003                          | Tribunal                                    |
|                                 | Sales Tax      | 10.61           | 2002-2007                          | Tribunal                                    |
|                                 | Sales Tax      | 3.64            | 2004-2005                          | Jt. Commissioner, Appeal                    |
| M.P. Commercial Tax Act         | Entry Tax      | 11.00           | 2001-02                            | Comm. Commercial Tax                        |
|                                 | VAT            | 0.27            | 2007-2009                          | Asstt. Comm. Commercial Tax, Gwalior        |
| T.N Sales Tax Act               | Entry Tax      | 119.79          | 2003 to 2011                       | Hon'ble High Court, Madras                  |

| Name of the statute   | Nature of dues  | Amount ₹ inlacs | Period to which the amount relates | Forum where dispute is pending                   |
|---|-----------------|-----------------|------------------------------------|--|
| The Employees Provident Fund and Miscellaneous Provisions Act, 1952 | Provident Fund  | 18.62           | 2008-2009                          | Asst. Commissioner Provident Fund                |
| Employee State Insurance Act, 1948                                  | ESIC            | 13.71           | Prior to 1989-90                   | ESIC Court, Mumbai                               |
| Local Authority – Asansol Durgapur Development Authority            | Development Fee | 74.51           | 2009-2010                          | Asansol Durgapur Development Authority, Durgapur |
| Punjab Vat Act, 2005 & CST Act, 1956                                | Vat & CST       | 176.89          | 2007-08 to 2009-10                 | Asst. Commissioner (Appeals)                     |
|   | <b>TOTAL</b>    | <b>1275.37</b>  |                                    |  |

10. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash loss during the current and immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and NBFC.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Schemes are not applicable to the Company.
14. In our opinion, the company is not a dealer in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loan have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for stated use.
17. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
18. The Company has not allotted any shares to parties & companies covered in the register maintained under Sec. 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any secured debenture during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For **CHHOGMAL & CO.,**  
FRN- 101826W  
Chartered Accountants

**Chintan Shah**  
Partner  
M. No: 107490  
Mumbai, 25th July, 2011



## Balance Sheet as on 30th June, 2011

|  | Schedule | 2010 - 2011 |           | ₹ in lacs<br>2009 - 2010 |          |
|--|----------|-------------|-----------|--------------------------|----------|
| <b>SOURCES OF FUNDS</b>                            |          |             |           |                          |          |
| <b>SHAREHOLDERS' FUNDS</b>                         |          |             |           |                          |          |
| Share Capital                                      | 1        | 2540.54     |           | 2540.54                  |          |
| Reserves & Surplus                                 | 2        | 46416.48    | 48957.02  | 35278.57                 | 37819.11 |
| <b>LOAN FUNDS</b>                                  |          |             |           |                          |          |
| Secured Loans                                      | 3        | 35322.07    |           | 26912.88                 |          |
| Unsecured Loans                                    | 4        | 15801.67    | 51123.74  | 11823.53                 | 38736.41 |
| <b>DEFERRED TAX LIABILITY (Net)</b>                |          |             | 7953.81   |                          | 6984.39  |
|  |          |             | 108034.57 |                          | 83539.91 |
| <b>APPLICATION OF FUNDS</b>                        |          |             |           |                          |          |
| <b>FIXED ASSETS</b>                                |          |             |           |                          |          |
| Gross Block  | 5        | 120198.11   |           | 96586.78                 |          |
| Less : Depreciation                                |          | 46033.18    |           | 40326.40                 |          |
| Net Block  |          | 74164.93    |           | 56260.38                 |          |
| Add : Capital Work-in-Progress                     |          | 2617.06     |           | 1308.36                  |          |
| Add: Assets held for disposal                      |          | 0.00        | 76781.99  | 290.06                   | 57858.80 |
| <b>INVESTMENTS</b>                                 |          | 6           | 3364.49   |                          | 3361.63  |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>        |          |             |           |                          |          |
| Inventories  | 7        | 34540.50    |           | 29064.28                 |          |
| Sundry Debtors                                     | 8        | 15301.23    |           | 13144.25                 |          |
| Cash & Bank Balances                               | 9        | 1395.33     |           | 1825.22                  |          |
| Loans & Advances                                   | 10       | 15102.35    |           | 9774.31                  |          |
|  |          | 66339.41    |           | 53808.06                 |          |
| <b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b> |          |             |           |                          |          |
| Creditors  | 11       | 33036.35    |           | 25362.07                 |          |
| Provisions   | 12       | 5414.97     |           | 6126.51                  |          |
|  |          | 38451.32    | 27888.09  | 31488.58                 | 22319.48 |
|  |          |             | 108034.57 |                          | 83539.91 |
| Significant Accounting Policies                    | 18       |             |           |                          |          |
| Notes to the accounts                              | 19       |             |           |                          |          |

As per our report of even date  
For **CHHOGMAL & CO.**  
FRN - 101826W  
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**

**Y. P. Trivedi**

Directors

Mumbai, 25th July, 2011

Mumbai, 25th July, 2011

# Profit and Loss Account for the year ended 30th June, 2011

|  | Schedule | 2010 - 2011 |           | ₹ in lacs<br>2009 - 2010 |           |
|--|----------|-------------|-----------|--------------------------|-----------|
| <b>INCOME</b>  |          |             |           |                          |           |
| Sales  | 13       | 243573.40   |           | 200573.76                |           |
| Other Income   | 14       | 4294.66     | 247868.06 | 1621.55                  | 202195.31 |
| <b>EXPENDITURE</b>   |          |             |           |                          |           |
| Cost of Materials  | 15       | 159121.78   |           | 131578.25                |           |
| Manufacturing, Selling & Other Expenses                        | 16       | 52037.05    | 211158.83 | 40060.77                 | 171639.02 |
| <b>PROFIT BEFORE INTEREST, DEPRECIATION &amp; TAX</b>          |          |             | 36709.23  |                          | 30556.29  |
| Interest & Financial Charges                                   | 17       | 4250.19     |           | 3302.71                  |           |
| Depreciation,Amortisation & Impairment                         | 6288.92  |             |           |                          |           |
| [Excluding transfer from Revaluation Reserve                   | 4.39     | 6284.52     | 10534.71  | 5292.04                  | 8594.75   |
| ₹4.39 lacs (Previous year ₹ 4.39 lacs)]                        |          |             |           |                          |           |
| <b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>                 |          |             | 26174.52  |                          | 21961.54  |
| Depreciation for Earlier Years Provided for / (-) Written Back |          |             | -95.90    |                          | 0.00      |
| Excess Provision of Income tax of earlier years w/back         |          |             | 0.00      |                          | -10.48    |
| <b>Provision for Taxation:</b>                                 |          |             |           |                          |           |
| Corporate Tax  |          | 7804.00     |           | 6932.70                  |           |
| Deferred Tax   |          | 969.42      | 8773.42   | 556.30                   | 7489.00   |
| <b>PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION</b>            |          |             | 17497.00  |                          | 14483.02  |
| Appropriations Therefrom :                                     |          |             |           |                          |           |
| Interim Dividend Paid on Equity Shares                         |          | 1651.35     |           | 1270.27                  |           |
| Proposed Dividend on Equity Shares                             |          | 3810.80     |           | 3302.70                  |           |
| Corporate Dividend Tax Paid                                    |          | 274.27      |           | 215.88                   |           |
| Provision for Corporate Dividend Tax                           |          | 618.21      |           | 548.54                   |           |
| Transferred to General Reserve                                 |          | 11142.37    | 17497.00  | 9145.63                  | 14483.02  |
| <b>EARNINGS PER SHARE</b>                                      |          |             |           |                          |           |
| (Refer Note No. 11 of Schedule 19)                             |          |             |           |                          |           |
| Basic & Diluted Earning per share                              |          |             | ₹ 13.77   |                          | ₹ 57.01   |
| Face Value per share   |          |             | ₹ 2.00    |                          | ₹ 10.00   |
| Significant Accounting Policies                                | 18       |             |           |                          |           |
| Notes to the accounts  | 19       |             |           |                          |           |

As per our report of even date  
For **CHHOGMAL & CO.**  
FRN - 101826W  
Chartered Accountants

**Chintan Shah**  
Partner  
M. No. 107490

**B. L. Taparia**  
Chairman

**S. J. Taparia**  
Executive Director

**O. P. Roongta**  
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& Secretary

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Executive Director

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**N. N. Khandwala**

**B. V. Bhargava**

**S. R. Taparia**

**Y. P. Trivedi**

Directors

Mumbai, 25th July, 2011

Mumbai, 25th July, 2011



## Schedules to Balance Sheet

₹ in lacs  
2009 - 2010

2010 - 2011

### SCHEDULE 1

#### SHARE CAPITAL

##### AUTHORISED

|              |  |                |                |
|--------------|--|----------------|----------------|
| 15,00,00,000 | Equity Shares of ₹ 2 each (Previous Year 3,00,00,000 Equity Shares of ₹ 10 each) | 3000.00        | 3000.00        |
| 1,12,00,000  | (Previous Year 1,12,00,000) Preference Shares of ₹ 10 each                       | 1120.00        | 1120.00        |
| 3,38,00,000  | (Previous Year 3,38,00,000) Unclassified Shares of ₹ 10 each                     | 3380.00        | 3380.00        |
|              |  | <u>7500.00</u> | <u>7500.00</u> |

##### ISSUED AND SUBSCRIBED

|              |   |                |                |
|--------------|---|----------------|----------------|
| 12,70,26,870 | Nos. Equity Shares of ₹ 2 each (Previous Year 2,54,05,374 Nos. Equity Shares of ₹ 10 each) Fully Paid Up {including 9,44,36,045 Nos. Equity Shares of ₹ 2 each (Previous Year 1,88,87,209 Nos. Equity Shares of ₹ 10 each) issued as fully paid Bonus Shares out of Reserves} | 2540.54        | 2540.54        |
|              |   | <u>2540.54</u> | <u>2540.54</u> |

### SCHEDULE 2

#### RESERVES AND SURPLUS

##### REVALUATION RESERVE

|  |               |               |
|--|---------------|---------------|
| As per last Balance Sheet                      | 142.01        | 276.09        |
| Less: (1) Transferred to Profit & Loss Account | 4.39          | 4.39          |
| (2) Transferred to Leasehold Land              | 0.07          | 1.68          |
| (3) Assets sold off / discarded                | —             | 128.01        |
|  | <u>137.55</u> | <u>142.01</u> |

##### CAPITAL RESERVE

244.59 244.59

##### SECURITIES PREMIUM ACCOUNT

4748.52 4748.52

##### GENERAL RESERVE

|  |                 |                 |
|--|-----------------|-----------------|
| As per last Balance Sheet                    | 29921.82        | 20776.19        |
| Add : Transferred from Profit & Loss Account | 11142.37        | 9145.63         |
|  | <u>41064.19</u> | <u>29921.82</u> |

##### CAPITAL REDEMPTION RESERVE

221.63 221.63  
46416.48 35278.57



## Schedules to Balance Sheet

₹ in lacs

2010 - 2011

2009 - 2010

### SCHEDULE 3

#### SECURED LOANS

##### A. WORKING CAPITAL LOANS

|                                      |         |         |
|--------------------------------------|---------|---------|
| From Banks - Rupee Loans             | 6472.13 | 466.21  |
| - Buyers' credit in Foreign Currency | 4249.63 | 7876.41 |

##### B. TERM LOANS

|  |                 |                 |
|--|-----------------|-----------------|
| (a) Yes Bank - Rupee Loan                              | 5000.00         | 5000.00         |
| (b) GE Money Financial Services Pvt. Ltd. - Rupee Loan | 5000.00         | -               |
| (c) Standard Chartered - Foreign Currency Loan         | 4571.00         | -               |
| (d) State Bank of India - Foreign Currency Loan        | 4516.00         | -               |
| (e) GE Capital Services India - Rupee Loan             | 2370.31         | 3259.26         |
| (f) Axis Bank - Rupee Loan                             | 1750.00         | 2750.00         |
| (g) Royal Bank of Scotland - Foreign Currency Loan     | 1393.00         | 2189.00         |
| (h) Kotak Mahindra Bank - Rupee Loan                   | -               | 2916.38         |
| (i) Vijaya Bank - Rupee Loan                           | -               | 1125.00         |
| (j) Federal Bank - Rupee Loan                          | -               | 750.00          |
| (k) HSBC Bank - Foreign Currency Loan                  | -               | 580.62          |
|  | <u>35322.07</u> | <u>26912.88</u> |

#### NOTES :

1. Working Capital Loans from Banks (A) above are secured / to be secured against:
  - (a) hypothecation of stocks and Book Debts
  - (b) second / subservient charge on all movable plant, machineries and moulds (except plant, machineries and moulds at PVC Film Unit at Malanpur) and
  - (c) immovable properties of the Company situated at various locations (except properties at Andheri, Jalgaon and PVC Film Unit at Malanpur), both present and future.
2. Term Loans from financial institutions and banks [B(a) to B(k)] are secured / to be secured on first *pari passu* charge basis as under:
  - (a) Immoveable properties of the company, situated at various locations, both present & future, subject to the exclusion of properties, as mentioned in Clause 1(c) above.
  - (b) movable plant, machineries & moulds of the Company, both present and future, subject to exclusions as mentioned in Clause 1(b) above and second / subservient charge on current assets viz. stocks and book debts of the Company.

₹ in lacs

2010 - 2011

2009 - 2010

### SCHEDULE 4

#### UNSECURED LOANS

|                                    |                 |                 |
|------------------------------------|-----------------|-----------------|
| Fixed Deposits                     | 2582.32         | 3869.62         |
| Buyers' credit in Foreign Currency | 13219.35        | 7953.91         |
|                                    | <u>15801.67</u> | <u>11823.53</u> |





## Schedules to Balance Sheet

### SCHEDULE 5 FIXED ASSETS

₹ in lacs

| ASSETS  | GROSS BLOCK         |                                 |   |                    | DEPRECIATION        |                 |   | NET BLOCK           |                     |
|---|---------------------|---------------------------------|---|--------------------|---------------------|-----------------|---|---------------------|---------------------|
|   | As At<br>01.07.2010 | Additions<br>During the<br>Year | Deductions/<br>Adjustment<br>During The<br>Year | As At<br>30.6.2011 | As At<br>01.07.2010 | For The<br>Year | Deductions/<br>Adjustment<br>During The<br>Year | As At<br>30.06.2011 | As At<br>30.06.2010 |
| Freehold Land   | 1133.77             | 205.96                          |   | 1339.73            |                     |                 |   | 1339.73             | 1133.77             |
| Leasehold Land  | 540.48              | 584.07                          | 12.20   | 1112.35            |                     |                 |   | 1112.35             | 540.48              |
| Buildings   | 20130.43            | 4649.20                         | 63.30   | 24716.33           | 4443.22             | 663.79          | 6.56  | 5100.45             | 15687.21            |
| Plant, Machinery & Electrical Installations                       | 54104.03            | 15369.65                        | 222.07  | 69251.61           | 21438.67            | 3530.24         | 133.66  | 24835.25            | 32665.36            |
| Moulds & Dies   | 15781.52            | 2308.19                         | 414.79  | 17674.92           | 11593.67            | 1372.91         | 265.21  | 4973.55             | 4187.85             |
| Furniture, Fixture & Office Equipments                            | 3039.84             | 694.14                          | 69.93   | 3664.05            | 2017.38             | 422.90          | 59.37   | 1283.14             | 1022.46             |
| Vehicles  | 710.16              | 285.45                          | 132.78  | 862.83             | 425.53              | 119.83          | 107.27  | 424.74              | 284.63              |
| Sundry Equipments   | 1146.55             | 430.38                          | 0.64  | 1576.29            | 407.93              | 179.24          | 10.06   | 999.18              | 738.62              |
| Total   | 96586.78            | 24527.04                        | 915.71  | 120198.11          | 40326.40            | 6288.91         | 582.13  | 74164.93            | 56260.38            |
| Previous Year   | 90224.57            | 7823.46                         | 1461.25   | 96586.78           | 35924.22            | 5296.43         | 894.25  | 56260.38            | 54300.35            |
| Capital Work-in-Progress (including advances on Capital Account). |                     |                                 |   |                    |                     |                 |   | 2617.06             | 1308.36             |
|   |                     |                                 |   |                    |                     |                 |   | 76781.99            | 57568.74            |

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

## Schedules to Balance Sheet

### SCHEDULE 6 INVESTMENTS

| Investment in  | Face Value | Quantity           | Amount             |                    |                    |
|--|------------|--------------------|--------------------|--------------------|--------------------|
|  |            | As At<br>30.6.2011 | As At<br>30.6.2010 | As At<br>30.6.2011 | As At<br>30.6.2010 |
| <b>GOVERNMENT &amp; TRUST SECURITIES</b>   |            |                    |                    |                    |                    |
| (a) National Saving Certificate  | ₹          |                    |                    | 0.06               | 0.11               |
| Sub Total  |            |                    |                    | 0.06               | 0.11               |
| <b>OTHERS - UNQUOTED AND FULLY PAID UP</b>   |            |                    |                    |                    |                    |
| <b>Equity Shares</b>   |            |                    |                    |                    |                    |
| (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) Supreme Industries Overseas (FZE), a wholly owned subsidiary incorporated in UAE | AED 150000 | 1                  | 1                  | 18.88              | 18.88              |
| Sub Total  |            |                    |                    | 19.83              | 19.83              |
| <b>OTHERS - QUOTED &amp; FULLY PAID UP</b>   |            |                    |                    |                    |                    |
| <b>Equity Shares</b>   |            |                    |                    |                    |                    |
| (a) Supreme Petrochem Ltd. (an associate company)                                    | 10         | 28936400           | 28936400           | 3337.50            | 3337.50            |
| (b) Symphony Ltd.  | 10         | 600                | 600                | 0.27               | 0.27               |
| (c) Vijaya Bank Ltd.   | 10         | 3200               | 3200               | 0.77               | 0.77               |
| (d) Central Bank of India  | 10         | 5874               | 3050               | 6.01               | 3.10               |
| (e) Unimers India Ltd.   | 10         | 37                 | 37                 | 0.05               | 0.05               |
| Sub Total  |            |                    |                    | 3344.60            | 3341.69            |
| Total  |            |                    |                    | 3364.49            | 3361.63            |
| (a) Aggregate Value of Quoted Investments - at Cost                                  |            |                    |                    | 3344.60            | 3341.69            |
| - at Market Value  |            |                    |                    | 18260.43           | 13204.35           |
| (b) Aggregate Value of Unquoted Investments - at Cost                                |            |                    |                    | 19.89              | 19.94              |

During the year the Company purchased & sold the following investments in Mutual Funds

| Details  | Face value         | Nos.    | Cost<br>₹ In lacs |
|--|--------------------|---------|-------------------|
| SBI Magnum Insta Cash Fund - Daily Dividend Option                       | 10                 | 948294  | 200.00            |
| UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) | 1000               | 150140  | 1500.00           |
|  |                    | 1098434 | 1700.00           |
|  |                    |         | ₹ In lacs         |
|  | <b>2010 - 2011</b> |         | 2009 - 2010       |

### SCHEDULE 7 INVENTORIES

|  |                 |          |
|--|-----------------|----------|
| Stores, Spare parts, Packing Materials, etc. | <b>1001.80</b>  | 768.76   |
| Raw Materials and Components                 | <b>12724.98</b> | 10470.36 |
| Reusable Material                            | <b>636.48</b>   | 781.75   |
| Finished / Semi-Finished Goods               | <b>8748.95</b>  | 6472.98  |
| Finished Goods for Resale                    | <b>457.08</b>   | 348.07   |
| Commercial Complex under Construction        | <b>10971.21</b> | 10222.36 |
|  | <b>34540.50</b> | 29064.28 |



## Schedules to Balance Sheet

₹ In lacs  
2009 - 2010

2010 - 2011

### SCHEDULE 8

#### DEBTORS

(Unsecured, considered good unless otherwise specified)

Over Six months

Considered Good

Considered Doubtful

Less : Provision for Doubtful Debts

Add: Others (includes ₹ 88.79 lacs (Previous year ₹ 98.37 lacs) due from subsidiary, [maximum amount receivable during the year ₹ 145.22 lacs (Previous year ₹ 131.91 lacs)]

580.21

80.11

660.32

80.11

580.21

14721.02

15301.23

471.98

93.86

565.84

93.86

471.98

12672.27

13144.25

### SCHEDULE 9

#### CASH AND BANK BALANCES

Cash on hand

Cheques in hand

Remittance in Transit

Balance with Scheduled Banks in :

Current Accounts

Deposit Accounts (Earmarked)

94.42

15.87

43.04

957.14

284.86

1395.33

107.72

89.10

298.78

958.75

370.87

1825.22

### SCHEDULE 10

#### LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or kind or for value to be received

Security and other Deposits

Prepaid Expenses

13625.70

1145.05

331.60

15102.35

8393.96

1123.46

256.89

9774.31

### SCHEDULE 11

#### CREDITORS

Sundry Creditors (Refer Note no. 15 of Schedule 19)

Items covered by Investors Education & Protection Fund

(Refer Note no. 16 of Schedule 19)

Interest Accrued but not due on

(i) Secured Loans

(ii) Unsecured Loans

Other Liabilities [includes ₹ 17.74 lacs (Previous year ₹35.92 lacs)] due to subsidiary [maximum amount payable during the year ₹ 18.59 lacs (Previous year ₹35.92 lacs)]

18300.64

186.63

252.89

254.95

507.84

14041.24

33036.35

12731.42

170.22

33.62

234.73

12192.08

25362.07



## Schedules to Balance Sheet

2010 - 2011

2009 - 2010

### SCHEDULE 12

#### PROVISIONS

|  |                |                |
|--|----------------|----------------|
| Provision for Income Tax (Net of advances) | 980.77         | 2136.97        |
| Provision for Wealth Tax                   | 5.19           | 5.19           |
| Proposed Dividend                          | 3810.80        | 3302.70        |
| Provision for Corporate Dividend Tax       | 618.21         | 548.54         |
| Provision for Gratuity Liability           | —              | 133.11         |
|  | <u>5414.97</u> | <u>6126.51</u> |

## Schedules to Profit and Loss Account

2010 - 2011

₹ In lacs  
2009 - 2010

### SCHEDULE 13

#### TURNOVER (Net)

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Plastic Products      | 233304.36        | 185674.75        |
| Construction Business | 3975.21          | 2044.98          |
| Others                | 6293.83          | 12854.03         |
|                       | <u>243573.40</u> | <u>200573.76</u> |

### SCHEDULE 14

#### OTHER INCOME

|   |                |                |
|---|----------------|----------------|
| Dividend  | 522.91         | 338.13         |
| Industrial Promotion Subsidy<br>(Refer note no. 7 of Schedule 19) | 2810.92        | 488.16         |
| Commission / Service Charges Received                             | —              | 5.66           |
| Claims & Refunds  | 30.32          | 64.30          |
| Sundry Receipts   | 409.12         | 315.81         |
| Liabilities no longer required written back                       | 74.49          | 39.81          |
| Lease Rent Received   | 2.00           | 3.08           |
| Gain on Sale / Discard of Assets (Net)                            | 444.90         | 315.46         |
| Profit on sale of Investments                                     | —              | 51.14          |
|   | <u>4294.66</u> | <u>1621.55</u> |

### SCHEDULE 15

#### COST OF MATERIALS

|  |                  |                  |
|--|------------------|------------------|
| Raw Material Consumed                                | 151472.20        | 118651.50        |
| Cost of Goods Traded                                 | 8473.10          | 13179.88         |
| (-) Increase / Decrease in Stocks                    |                  |                  |
| Opening Stocks of Finished/Semi Finished Goods       | 6472.98          | 5497.44          |
| Less: Closing Stocks of Finished/Semi Finished Goods | 8748.95          | 6472.98          |
|  | <u>1452.45</u>   | <u>722.41</u>    |
| Cost of Premises Sold                                |                  |                  |
|  | <u>159121.78</u> | <u>131578.25</u> |



## Schedules to Profit and Loss Account

₹ In lacs  
2009 - 2010

2010 - 2011

### SCHEDULE 16

#### MANUFACTURING, SELLING & OTHER EXPENSES

|  |                 |                 |
|--|-----------------|-----------------|
| Stores & Spare Parts Consumed  | 2334.06         | 2007.45         |
| Labour Charges   | 5155.05         | 3977.55         |
| Power & Fuel   | 10021.51        | 7954.87         |
| Water Charges  | 68.63           | 70.12           |
| Salaries, Wages & Bonus  | 7536.35         | 6277.47         |
| Contribution to Pension & Provident Fund   | 465.98          | 393.37          |
| Staff & Labour Welfare   | 632.83          | 454.53          |
| Managerial Remuneration  | 1007.72         | 831.53          |
| Directors' Fees  | 6.75            | 7.05            |
| Repairs & Maintenance of Building  | 534.51          | 453.18          |
| Repairs & Maintenance of Plant & Machinery                                       | 1027.40         | 852.17          |
| Repairs & Maintenance (Others)   | 234.82          | 190.06          |
| Rent, Rates & Taxes  | 595.18          | 513.04          |
| Insurance  | 162.72          | 116.46          |
| Charity & Donations  | 72.81           | 85.20           |
| Legal & Professional Fees  | 453.04          | 385.01          |
| Travelling & Conveyance [Directors ₹ 91.20 lacs<br>(Previous year ₹ 59.88 lacs)] | 1225.16         | 945.89          |
| Vehicle Expenses   | 229.99          | 197.94          |
| Advertisement & Publicity  | 1787.00         | 1291.13         |
| Packing, Freight and Transport Charges   | 8762.11         | 6381.50         |
| Postage, Stationery & Telephone  | 682.27          | 623.48          |
| Royalty, Commission & Discount   | 7507.87         | 5300.62         |
| Exise Duty on Increase/Decrease of stocks  | 414.89          | —               |
| Sales Tax Paid   | 79.03           | 28.76           |
| Bad Debts / Provision for Doubtful Debts   | 21.55           | 59.09           |
| Plant Security Services  | 310.15          | 215.24          |
| Foreign Currency Exchange Fluctuation (Net)                                      | 65.21           | -93.36          |
| Miscellaneous Expenses   | 642.46          | 541.42          |
|  | <b>52037.05</b> | <b>40060.77</b> |

### SCHEDULE 17

#### INTEREST & OTHER FINANCIAL EXPENSES

##### INTEREST

|   |                |                |
|---|----------------|----------------|
| (i) On Term Loans   | 2602.69        | 2286.72        |
| (ii) On Fixed Deposits  | 309.28         | 404.81         |
| (iii) Other Interest  | 1121.15        | 300.18         |
|   | <b>4033.12</b> | <b>2991.71</b> |
| Bank Charges and Other Financial Expenses                                 | 342.62         | 493.06         |
|   | <b>4375.74</b> | <b>3484.77</b> |
| Less : Interest Received [TDS ₹ 5.05 lacs (Previous Year<br>₹ 6.75 lacs)] | 125.55         | 182.06         |
|   | <b>4250.19</b> | <b>3302.71</b> |



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

### A. BASIS OF ACCOUNTING

- i. The financial statements are prepared under the historical cost convention, in accordance with generally accepted accounting principles, the Companies Accounting Standards Rules, 2006 and relevant provisions of Companies Act; 1956. The accounting is on the basis of a going concern concept.
- ii. The preparation of financial statements requires estimates and assumptions to be made that affects the reported amount of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported year. Differences between the actual results are recognized in the year in which the results are known/ materialized.

### B. REVENUE RECOGNITION

- i. Sales & Services are accounted for net of Excise duty, Service tax, Returns & Claims etc.
- ii. The Company adopts the accrual concept in the preparation of the accounts. Claims / Refunds not ascertainable with reasonable certainty are accounted for, on final settlement.
- iii. Benefit on account of entitlement to import duty-free raw materials under any Scheme as announced by the government, is estimated and accounted for in the year of export.
- iv. Industrial promotion subsidy / government grants are recognized on accrual basis on compliance of stipulated conditions as notified under the respective scheme.

### C. FIXED ASSETS

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

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

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

### E. DEPRECIATION & AMORTISATION

#### Tangible Assets

- i. Depreciation on Building, Plant & Machinery and Moulds & Dies is provided on Straight Line Method and on other assets on Written Down Value Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except certain specific assets on which depreciation is provided at higher rates based on useful life of the assets estimated by the management.
- ii. Certain class of assets acquired after 1-7-2009/ 1-7-2010 have been depreciated at rates higher than as specified in Schedule XIV of the Companies Act, 1956 , the details thereof are as under:-  
Injection moulding machines - 8.33% on SLM basis  
Ancillary Equipments & utilities -14.28% on SLM basis  
Electronic equipments: - 60% on WDV basis  
Computers:- 60 % on WDV basis
- iii. Depreciation on additions to the assets during the year is being provided on pro-rata basis from the date of acquisition / installation.
- iv. Depreciation on assets sold or discarded during the year is being provided on pro-rata basis upto the date on which such assets are sold or discarded.



- v. Leasehold Land is amortised over the period of lease.
- vi. Assets costing upto ₹ 5,000/- each are depreciated fully in the year of purchase.

### **Intangible Assets**

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

## **F. INVESTMENTS**

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

## **G. INVENTORIES**

Inventories of plastic goods are valued as under:

- i. Raw Material & Components - at cost using identified lot basis / First in first out (FIFO) 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 realisable value.
- iv. Goods for Resale - at cost using FIFO basis or net realisable value whichever is lower.
- v. Inter divisional transfers are valued either at works/factory costs of the transferor unit/division, plus transport and other charges.

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

## **H. FOREIGN CURRENCY TRANSACTIONS**

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

## **I. EMPLOYEE BENEFITS**

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

- 2. Post Employment Benefits:

- (a) Defined Contribution Plan:

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

- (b) Defined Benefit Plan:

– Gratuity

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

– Provident Fund

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

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



### 3. Leave Liability

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

## J RESEARCH & DEVELOPMENT EXPENDITURE

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

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

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

## L. TAXES ON INCOME

Current tax is determined based on the amount of tax payable in respect of taxable income for the financial year ending 31st March 2011.

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

## M. PROVISIONS AND CONTINGENT LIABILITIES

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

## N. CONSTRUCTION BUSINESS

The company has ventured into real estate development business and thus the accounting policies relevant specifically in relation to construction business are as under:

- Revenue recognition**  
Income from real estate sales is recognized on the transfer of all significant risk and rewards of ownership to the buyers and is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration.
- Cost recognition**  
Proportionate cost including estimated cost of completion of real estate sold is recognized in Profit & Loss Account and shown separately under Cost of materials.
- Valuation of inventory**  
Finished / under construction inventory of real estate is stated at cost or net realizable value whichever is lower.

Construction work in progress includes cost of land, premium for development rights, construction cost, materials, services and allocated interest and expenses incidental to the construction business.

Other accounting policies, wherever applicable, are same as followed in normal course of business.

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

| 1. Contingent Liabilities not provided for:   | (₹ in lacs) |         |
|---|-------------|---------|
|   | 2010-11     | 2009-10 |
| a. Bills / Cheques discounted   | 742.71      | 712.39  |
| b. Guarantees given by Banks  | 1120.74     | 834.91  |
| c. Claims against the Company including Show Cause-cum-Demand Notices in relation to Central Excise and Service Tax not acknowledged as Debts | 963.41      | 871.30  |
| d. Disputed Income Tax Demands  | 2039.64     | 1902.37 |
| e. Disputed Sales Tax / Entry Tax Demands   | 600.78      | 459.74  |
| f. Other claims against the company not acknowledged as debts.  | 159.79      | 164.07  |



- g. 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 ₹ 6779.41 lacs. (Previous Year ₹ 7215.94 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) ₹ 4696.70 lacs (Previous year ₹ 5649.57 lacs).
  3. (a) The company has capitalised interest amounting to ₹ 51.70 lacs (Previous year ₹ NIL) on payments made towards various projects under implementation.  
(b) Interest of ₹ 559.44 lacs (Previous year ₹ 675.32 lacs) incurred during the year attributable to the property business is included in the cost of constructed property.
  4. (a) Depreciation has been provided at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956 except where the Company has reassessed the life of certain buildings, plant & machinery and accordingly revised the useful life of those assets. The Company has charged depreciation at higher rates than those specified under Schedule XIV of the Companies Act, 1956.  
(b) Depreciation on incremental value due to revaluation is provided at the rates specified in Schedule XIV to the Companies Act, 1956. The additional charge of depreciation due to such revaluation is ₹ 4.39 lacs (Previous year ₹ 4.39 lacs). An equivalent amount has been transferred from Revaluation Reserve to Profit & Loss Account.  
(c) ₹ 0.06 lacs (Previous year ₹ 1.68 lacs) has been transferred from Revaluation Reserve to Leasehold Land Account being the amortisation in the value of Lease Premium due to efflux of time.
  5. In respect of construction business determination of profit / losses and realisability of the construction project involves making estimates by the company which are of technical nature, concerning the percentage of completion, cost to completion and foreseeable losses to completion. Profits from construction activity and valuation of inventory of commercial complex under construction is based on such estimate. In the opinion of the management, the net realizable value of such inventory will not be lower than costs so included therein.
  6. Forward contract premium of ₹ 180.99 lacs (Previous year ₹ 91.03 lacs) is to be recognized in subsequent accounting period in respect of forward exchange contracts entered by the company.
  7. Company had setup a mega project at Gadegaon, Maharashtra and is entitled for Industrial Promotion subsidy for eligible period under Package Scheme of Incentives, 2001 of Government of Maharashtra. A sum of ₹ 2810.92 lacs (Previous year ₹ 488.16 lacs) accrued for the year has been included in other income which includes ₹ 539.69 lacs due to amendment in commencement of eligibility period by Government of Maharashtra and pertains to earlier year(s).
  8. 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). The revenues, profit, and assets employed of construction business are not significant. The geographical segmentation is not relevant as export turnover is not significant in respect of total turnover.
  9. Disclosure on related party transactions:

(₹ in lacs)

| Nature of Transactions                        | Holding & Subsidiaries | Associates           | Key Management Personnel & Relatives | Total                |
|---|------------------------|----------------------|--------------------------------------|----------------------|
| Purchase of goods                             | –<br>(–)               | 5124.48<br>(3679.51) | –<br>(–)                             | 5124.48<br>(3679.51) |
| Sale of goods                                 | 255.45<br>(326.49)     | 20.07<br>(112.76)    | –<br>(–)                             | 275.52<br>(439.25)   |
| Interest expense                              | –<br>(–)               | 91.03<br>(17.04)     | –<br>(–)                             | 91.03<br>(17.04)     |
| Rendering of services – Paid- excluding taxes | 42.16<br>(37.91)       | 15.25<br>(38.13)     | –<br>(–)                             | 57.41<br>(76.04)     |
| Dividend Received                             | –<br>(–)               | 520.85<br>(289.36)   | –<br>(–)                             | 520.85<br>(289.36)   |
| Dividend Paid                                 | –<br>(–)               | 2304.09<br>(2008.69) | 154.41<br>(104.23)                   | 2458.50<br>(2112.92) |
| Inter Corporate Deposits received             | –<br>(–)               | 3875.00<br>(850.00)  | –<br>(–)                             | 3875.00<br>(850.00)  |



| Nature of Transactions  | Holding & Subsidiaries | Associates         | Key Management Personnel & Relatives | Total               |
|-------------------------|------------------------|--------------------|--------------------------------------|---------------------|
| Remuneration            | –<br>(–)               | –<br>(–)           | 1018.65<br>(835.70)                  | 1018.65<br>(835.70) |
| Outstanding at year-end |                        |                    |                                      |                     |
| - Sundry Debtors        | 88.79<br>(98.37)       | 7.97<br>(25.00)    | –<br>(–)                             | 96.76<br>(123.37)   |
| - Sundry Creditors      | –<br>(–)               | 628.07<br>(534.30) | –<br>(–)                             | 628.07<br>(534.30)  |
| - Other Payable         | 17.73<br>(27.28)       | –<br>(2.84)        | 817.41<br>(672.63)                   | 835.14<br>(702.75)  |
| - Other Receivables     | –<br>(–)               | 33.88<br>(–)       | –<br>(–)                             | 33.88<br>(–)        |

\* 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., (Erstwhile) Multilayer Films Ltd., (Erstwhile) Varali Investment & Trading Co. Pvt. Ltd., (Erstwhile) Jagatguru Investment & Trading Co. Pvt. Ltd., (Erstwhile) Balabheem Investment & Trading Co. Pvt. Ltd., Platinum Plastics & Industries Pvt. Ltd. and Suraj Packaging Pvt. Ltd., Venkatesh Investment & Trading Co. Pvt. Ltd., Jovial Investment & Trading Co. Pvt. Ltd., Boon Investment & Trading Co. 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.

10. The Company has taken premises under cancelable operating lease. These lease agreements are normally renewed on expiry. The rental expenditure are accounted for in Profit and Loss Account of the Company in accordance with Accounting Standard on lease transactions (AS-19).

11. Earning per Equity share – Basic / diluted

|  |             | 2010-11             | 2009-10     |
|--|-------------|---------------------|-------------|
| Profit after tax (PAT) available for Equity shareholders | (₹ in lacs) | <b>17497.00</b>     | 14483.02    |
| Weighted Average Number of Equity shares                 | Nos         | <b>12,70,26,870</b> | 2,54,05,374 |
| Nominal value of Equity shares                           | ₹           | <b>2.00</b>         | 10.00       |
| Basic / Diluted earning per Equity Share                 | ₹           | <b>13.77</b>        | 57.01       |

12. (a) Provision for Income Tax liability has been made in the accounts based on the taxable income for the period 1.4.2010 to 31.3.2011 (A/Y: 2011-12). The tax liability for the period 1.4.2011 to 30.6.2011 shall be determined on the basis of the taxable income for the year ended 31st March, 2012 (A.Y. 2012-13).

- (b) The Company has recognised deferred tax provision for the year aggregating to ₹ 969.42 lacs in the Profit & Loss Account (Previous Year ₹ 556.30 lacs).

- (c) Deferred Tax Liabilities as on 31st March, 2011 comprises of:

| Particulars  | Balance as on 31st March, 2011 | Balance as on 31st March, 2010 |
|--|--------------------------------|--------------------------------|
| Deferred Tax Liability : Arising on account of timing difference in: |                                |                                |
| i. Depreciation  | <b>8115.03</b>                 | 7043.31                        |
| ii. Amount to be claimed on payment basis                            | <b>(161.23)</b>                | (58.92)                        |
| Total Deferred Tax Liability   | <b>7953.80</b>                 | 6984.39                        |

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

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

14. The Company has given undertaking to IDBI Bank & ICICI Bank for non-disposal of its investments in Supreme Petrochem Ltd. (SPL) without the prior consent of the respective banks as long as any part of the loan facilities sanctioned by the Bank to SPL remains outstanding.



15. The company has received memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and or Medium Enterprises Development Act, 2006) from some suppliers claiming their status as micro, small or medium enterprises. Consequently the amount and interest paid / payable to these parties is as under. The above information is complied by the company on the basis of information available, on unit- wise basis and relied upon by the auditors.

|  | (₹ in lacs) |
|--|-------------|
| i) Principal amount outstanding as at 30th June, 2011  | 400.31      |
| ii) Interest due on above and unpaid as at 30th June, 2011   | —           |
| iii) Payments made to the suppliers beyond the appointed day and interest their on during the year | 0.66        |
| iv) Interest due and payable for the period of delay   | —           |
| v) Interest accrued and remaining unpaid as at 30th June 2011                                      | —           |
| vi) The amount of further interest remaining due and payable in succeeding year.                   | —           |

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

|  | (₹ in lacs)                          |
|--|--------------------------------------|
| a. Unclaimed Dividend                    | 109.65 (Previous Year 85.97)         |
| b. Debenture Application Money           | — (Previous Year 0.14)               |
| c. Unclaimed Matured Deposits & Interest | 76.98 (Previous Year 83.20)          |
| d. Unpaid Matured Debentures & Interest  | — (Previous Year 0.91)               |
| <b>Total</b>                             | <b>186.63 (Previous Year 170.22)</b> |

Amount due and outstanding to be credited to Investor Education & Protection Fund as on 30.06.2011 is ₹ Nil (Previous Year ₹ Nil), except where there are pending legal cases amounting to ₹0.35 lacs.

17. Disclosure pursuant to Accounting Standard –15 “Employee Benefits”

The Gratuity Funds for the employees’ are administered by Life Insurance Corporation of India under Group Gratuity Scheme. Liability of Gratuity has been valued by an independent actuary as on 31st March 2011 and has been provided accordingly.

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

|  | As on<br>31st March, 2011 | As on<br>31st March, 2010 |
|--|---------------------------|---------------------------|
| 1 Assumptions  |                           |                           |
| Discount Rate  | 8.25%                     | 8.00%                     |
| Salary Escalation  | 6.00%                     | 6.00%                     |
| 2 Table showing changes in present value of obligations    |                           |                           |
|  | (₹ in lacs)               | (₹ in lacs)               |
| Present value of obligations as at beginning of the period | 776.44                    | 572.32                    |
| Interest cost  | 62.12                     | 44.64                     |
| Current Service Cost                                       | 78.33                     | 61.58                     |
| Past service cost (vested benefit)                         | —                         | 64.93                     |
| Benefits Paid  | (26.17)                   | (61.58)                   |
| Actuarial (gain)/Loss on obligations                       | 44.52                     | 94.55                     |
| Present value of obligations as at end of period           | 935.24                    | 776.44                    |
| 3 Table showing fair value of plan assets                  |                           |                           |
| Fair value of plan assets at beginning of year             | 643.33                    | 513.91                    |
| Expected return on plan assets                             | 51.47                     | 35.36                     |
| Contributions  | 124.71                    | 142.01                    |
| Benefits paid  | (26.17)                   | (61.58)                   |
| Actuarial Gain / (Loss) on Plan assets                     | 13.61                     | 13.63                     |
| Fair value of plan assets at the end of year               | 806.95                    | 643.33                    |
| Total Actuarial Gain / (loss) to be recognized             | (30.92)                   | (80.91)                   |
| 4 Actual return on plan assets                             |                           |                           |
| Expected return on plan assets                             | 51.47                     | 35.63                     |
| Actuarial Gain / (Loss) on Plan assets                     | 13.61                     | 13.63                     |
| Actual return on plan assets                               | 65.07                     | 48.99                     |



|  | As on<br>31st March, 2011<br>(₹ in lacs) | As on<br>31st March, 2010<br>(₹ in lacs) |
|--|--|--|
| 5 Present value of obligations as at the end of year           | 935.24                                   | 776.44                                   |
| Fair value of plan assets as at the end of the year            | 806.95                                   | 643.33                                   |
| Funded status (shortfall)                                      | 128.29                                   | 133.11                                   |
| Net Asset/(liability) recognized in balance sheet              | (128.29)                                 | (133.11)                                 |
| 6 Expenses Recognised in statement of Profit & loss            |  |  |
| Current Service cost   | 78.33                                    | 61.58                                    |
| Interest Cost  | 62.12                                    | 44.64                                    |
| Expected return on plan assets                                 | (51.47)                                  | (35.36)                                  |
| Past service cost (vested benefit) recognized                  | —  | 64.93                                    |
| Net Actuarial (gain)/Loss recognised in the year               | 30.92                                    | 80.91                                    |
| Expenses recognised in statement of Profit & loss              | 119.89                                   | 216.70                                   |
| 7 Break up of Plan Assets as a percentage of total plan assets |  |  |
| Insurer Managed Assets   | 100%                                     | 100%                                     |
| 8 Balance Sheet Reconciliation                                 |  |  |
| Opening Net Liability  | 133.11                                   | 58.41                                    |
| Expenses as above  | 119.89                                   | 216.70                                   |
| Employers Contribution Paid                                    | (124.71)                                 | (142.01)                                 |
| Closing Net Liability  | 128.29                                   | 133.11                                   |

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

| Name of the Instrument             | Currency & Aggregate Amount                             | Purpose |
|------------------------------------|---|---------|
| a. Forward Purchase                | US \$ 48.10 million (Previous Year US \$ 43.60 million) | Hedging |
| Currency Swap                      | US \$ 23.50 million (Previous Year US\$ 5.50 million)   | Hedging |
| Interest Rate Swap                 | NIL (Previous Year US \$ 1.25 million)                  | Hedging |
| b. Open Foreign Exchange Exposures |   |         |
| Receivable                         | US \$ 1.33 million (Previous Year US\$ 1.09 million)    |         |
| Payable                            | US \$ 9.37 million (Previous Year US\$ 14.87 million)   |         |

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

(₹ in lacs)

|                                  | Managing Director<br>M. P. Taparia |         | Executive Director<br>S. J. Taparia |         | Executive Director<br>V. K. Taparia |         |
|----------------------------------|------------------------------------|---------|-------------------------------------|---------|-------------------------------------|---------|
|                                  | 2010-11                            | 2009-10 | 2010-11                             | 2009-10 | 2010-11                             | 2009-10 |
| A Salaries                       | 50.40                              | 43.20   | 47.40                               | 40.20   | 44.40                               | 37.20   |
| B Commission                     | 269.80                             | 224.21  | 269.80                              | 224.21  | 269.80                              | 224.21  |
| C Contribution to PF etc.        | 6.05                               | 5.18    | 5.68                                | 4.82    | 5.33                                | 4.46    |
| D Other Allowances & Perquisites | 10.81                              | 6.88    | 16.81                               | 8.57    | 11.44                               | 8.38    |
| Total                            | 337.06                             | 279.47  | 339.69                              | 277.80  | 330.97                              | 274.25  |

20. 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 Directors.

(₹ in lacs)

|  | 2010-2011 | 2009-2010 |
|--|-----------|-----------|
| Profit as per Profit and Loss Account before Exceptional Items                             | 26174.52  | 21961.54  |
| Add: Managing and Executive Directors' Remuneration  | 1007.72   | 831.52    |
|  | 27182.24  | 22793.06  |
| Less: Capital profit on sale of assets   | 202.57    | 371.96    |
| Net Profit for Commission  | 26979.67  | 22421.10  |
| i) Commission to Mr. M. P. Taparia, Managing Director @ 1% of the Profit for the year *    | 269.80    | 224.21    |
| ii) Commission to Mr. S. J. Taparia, Executive Director @ 1% of the Profit for the year *  | 269.80    | 224.21    |
| iii) Commission to Mr. V. K. Taparia, Executive Director @ 1% of the Profit for the year * | 269.80    | 224.21    |

\* As approved by the Board of Directors in their Meeting held on 25th July, 2011.



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

|                      | 2010-2011    | 2009-2010    |
|----------------------|--------------|--------------|
| Audit Fees           | 20.90        | 21.24        |
| Tax Audit Fees       | 12.70        | 12.41        |
| For Taxation Matters | 0.50         | 0.50         |
| In other capacity    | 23.73        | 23.06        |
|                      | <b>57.83</b> | <b>57.21</b> |

22. Sundry Debtors, Sundry Creditors, Unsecured Loans and Advances are subject to confirmation by the respective parties.
23. 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.
24. Previous year's figures have been regrouped/ rearranged wherever necessary.
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.**

|  |      | (₹ in lacs) |           |             |           |
|--|------|-------------|-----------|-------------|-----------|
| (i) TURNOVER :                             | Unit | 2010 - 2011 |           | 2009 - 2010 |           |
|  |      | Quantity    | Value     | Quantity    | Value     |
| MANUFACTURED PRODUCTS :                    |      |             |           |             |           |
| Injection Moulded Products                 | MT   | 68835.665   | 93460.06  | 57764.990   | 72321.13  |
| Extruded Products                          | MT   | 151095.895  | 135511.94 | 131768.332  | 110739.67 |
| Machinery & Moulds                         | Nos. | 20          | 113.27    | 16          | 71.68     |
| TRADING PRODUCTS                           |      |             |           |             |           |
| Injection Moulded Products                 | MT   | 169.250     | 269.84    | 150.700     | 257.18    |
| Extruded Products                          | MT   | 1079.890    | 691.68    | 928.210     | 476.82    |
| Others                                     |      |             | 8597.07   | –           | 13992.11  |
| (ii) RAW MATERIALS & COMPONENTS CONSUMED : |      | 2010 - 2011 |           | 2009 - 2010 |           |
|  |      | Quantity    | Value     | Quantity    | Value     |
| Commodity Plastics                         | MT   | 202154.656  | 126634.36 | 172756.510  | 100973.58 |
| Engineering Plastics                       | MT   | 1929.998    | 2755.05   | 1953.744    | 2338.53   |
| Additives                                  | MT   | 18977.830   | 13549.28  | 16343.669   | 9522.88   |
| Others                                     |      |             | 8533.52   |             | 5816.51   |
|  |      |             | 151472.21 |             | 118651.50 |

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

| (iii) STOCKS :                    |      | 2010 - 2011 |         | 2009 - 2010 |         |
|-----------------------------------|------|-------------|---------|-------------|---------|
|                                   |      | Quantity    | Value   | Quantity    | Value   |
| OPENING STOCK OF FINISHED GOODS : |      |             |         |             |         |
| MANUFACTURED PRODUCTS :           |      |             |         |             |         |
| Injection Moulded Products        | MT   | 2638.510    | 2749.34 | 2870.404    | 2552.85 |
| Extruded Products                 | MT   | 4874.077    | 3717.16 | 3789.901    | 2935.42 |
| Machinery & Moulds                | Nos. | 3           | 6.49    | 3           | 9.17    |
| TRADING PRODUCTS :                |      |             |         |             |         |
| Injection Moulded Products        | MT   | 32.280      | 49.52   | 10.897      | 18.04   |
| Extruded Products                 | MT   | 59.950      | 34.45   | 29.080      | 21.19   |
| Others                            |      |             | 264.10  |             | 271.39  |



|                                    |      | 2010 - 2011 |         | 2009 - 2010 |          |
|------------------------------------|------|-------------|---------|-------------|----------|
| PURCHASES :                        | Unit | Quantity    | Value   | Quantity    | Value    |
| TRADING PRODUCTS :                 |      |             |         |             |          |
| Injection Moulding Items           | MT   | 139.330     | 213.64  | 172.080     | 263.64   |
| Extrusion Items                    | MT   | 1019.940    | 799.10  | 959.080     | 627.09   |
| Others                             |      |             | 7569.37 |             | 12326.60 |
|                                    |      | 2010 - 2011 |         | 2009 - 2010 |          |
| CLOSING STOCKS OF FINISHED GOODS : |      | Quantity    | Value   | Quantity    | Value    |
| MANUFACTURED PRODUCTS :            |      |             |         |             |          |
| Injection Moulded Products         | MT   | 3087.464    | 3487.26 | 2638.510    | 2749.34  |
| Extruded Products                  | MT   | 6636.915    | 5233.16 | 4874.077    | 3717.16  |
| Machinery & Moulds                 | Nos. | 11          | 28.53   | 3           | 6.49     |
| TRADING PRODUCTS:                  |      |             |         |             |          |
| Injection Moulded Products         | MT   | 2.360       | 2.69    | 32.280      | 49.52    |
| Extruded Products                  | MT   | 0.000       | 0.00    | 59.950      | 34.45    |
| Others                             |      |             | 454.39  |             | 264.10   |

## (iv) CAPACITY AND PRODUCTION :

|                            | Unit | 2010 - 2011       |                      |            | 2009 - 2010          |            |
|----------------------------|------|-------------------|----------------------|------------|----------------------|------------|
|                            |      | Capacity Licensed | Capacity Installed * | Production | Capacity Installed * | Production |
| Injection Moulded Products | MT   | N.A               | 102050               | 69284.619  | 88450                | 57533.096  |
| Extruded Products          | MT   | N.A               | 228107               | 152858.733 | 203530               | 132852.508 |
| Machinery & Moulds         | Nos. | N.A               | N.A                  | 28         | N.A                  | 16         |

## 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) The turnover does not include sale of premises for ₹3975.21 Lacs (Previous year ₹ 2044.98 lacs), cost of which was ₹ 1452.45 lacs (Previous Year ₹ 722.41 lacs)
- (4) Job work charges from outsiders ₹ 425.29 lacs not included herein (Previous Year ₹ 254.99 lacs).
- (5) The Turnover does not include Sale of Scrap for ₹ 529.05 lacs (Previous Year ₹ 415.20 lacs).
- (6) The above Turnover does not include Excise Duty on sales ₹ 22979.68 lacs (Previous year ₹ 16585.69 lacs).
- (7) Production Quantities shown herein are after adjustment of departmental consumption.
- (8) Turnover includes 20 nos. (Previous Year 16 nos.) of Machinery and Parts ₹ 113.27 lacs (Previous Year ₹ 71.68 lacs) and Packing Material & Components ₹ 319.42 lacs (Previous year ₹ 225.64 lacs) transferred to other divisions for captive use.

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

(₹ in lacs)

|            | 2010 - 2011 |                        | 2009 - 2010 |                        |
|------------|-------------|------------------------|-------------|------------------------|
|            | Value       | % of Total Consumption | Value       | % of Total Consumption |
| Imported   | 66603.91    | 43.97                  | 55542.13    | 46.81                  |
| Indigenous | 84868.30    | 56.03                  | 63109.37    | 53.19                  |
|            | 151472.21   | 100.00                 | 118651.50   | 100.00                 |



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

|            | <b>2010 - 2011</b> |                               | <b>2009 - 2010</b> |                               |
|------------|--------------------|-------------------------------|--------------------|-------------------------------|
|            | <b>Value</b>       | <b>% of Total Consumption</b> | <b>Value</b>       | <b>% of Total Consumption</b> |
| Imported   | 49.05              | 2.10                          | 46.94              | 2.34                          |
| Indigenous | 2285.01            | 97.90                         | 1960.51            | 97.66                         |
|            | <u>2334.06</u>     | <u>100.00</u>                 | <u>2007.45</u>     | <u>100.00</u>                 |

**D. CIF Value of Imports :**

|                              | <b>2010 - 2011</b> | <b>2009 - 2010</b> |
|------------------------------|--------------------|--------------------|
| i) Raw Material & Components | 51357.08           | 54339.78           |
| ii) Stores & Spares          | 49.51              | 44.19              |
| iii) Capital Goods           | 6397.79            | 2426.34            |
|                              | <u>57804.38</u>    | <u>56810.31</u>    |

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

|                   | <b>2010 - 2011</b> | <b>2009 - 2010</b> |
|-------------------|--------------------|--------------------|
| i) Interest       | 947.90             | 699.61             |
| ii) Other Matters | 263.77             | 293.31             |
|                   | <u>1211.67</u>     | <u>992.92</u>      |

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

|   | <b>2010 - 2011</b> |                | <b>2009 - 2010</b> |                |
|---|--------------------|----------------|--------------------|----------------|
|   | <b>Final*</b>      | <b>Interim</b> | <b>Final**</b>     | <b>Interim</b> |
| i) Number of Non-resident Shareholders                | 576                | 683            | 599                | 590            |
| ii) Number of Shares held on which dividend were paid | 1524051            | 9146337        | 508887             | 501710         |
| iii) Gross Dividend (₹ in lacs)                       | 198.13             | 118.90         | 61.06              | 25.08          |
| iv) Nominal Value of Equity Share (₹ per share)       | 10.00              | 2.00           | 10.00              | 10.00          |

**G. Earnings in Foreign Currency:**

|                       | <b>2010 - 2011</b> | <b>2009 - 2010</b> |
|-----------------------|--------------------|--------------------|
| Export (On FOB Basis) | 6171.25            | 5874.03            |

\* For the year ended 30th June 2010.

\*\* For the year ended 30th June 2009.



## 26 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

### I. REGISTRATION DETAILS

Registration No. 

|  |   |   |   |   |
|--|---|---|---|---|
|  | 3 | 5 | 5 | 4 |
|--|---|---|---|---|

  
 Balance Sheet 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 3 | 0 | 0 | 6 | 2 | 0 | 1 | 1 |
|---|---|---|---|---|---|---|---|

  
 Date Month Year

State Code 

|   |   |
|---|---|
| 1 | 1 |
|---|---|

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

|              |   |  |  |  |   |   |   |   |   |                   |   |  |  |  |  |  |   |   |   |
|--------------|---|--|--|--|---|---|---|---|---|-------------------|---|--|--|--|--|--|---|---|---|
| Public Issue | <table><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table> |  |  |  |   |   | N | I | L | Rights Issue      | <table><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table> |  |  |  |  |  | N | I | L |
|              |   |  |  |  | N | I | L |   |   |                   |   |  |  |  |  |  |   |   |   |
|              |   |  |  |  | N | I | L |   |   |                   |   |  |  |  |  |  |   |   |   |
| Bonus Issue  | <table><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table> |  |  |  |   |   | N | I | L | Private Placement | <table><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table> |  |  |  |  |  | N | I | L |
|              |   |  |  |  | N | I | L |   |   |                   |   |  |  |  |  |  |   |   |   |
|              |   |  |  |  | N | I | L |   |   |                   |   |  |  |  |  |  |   |   |   |

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

|                          |  |  |   |   |   |   |   |   |   |   |                    |  |  |   |   |   |   |   |   |   |   |
|--------------------------|--|--|---|---|---|---|---|---|---|---|--------------------|--|--|---|---|---|---|---|---|---|---|
| Sources of Funds         | Total Liabilities  | <table><tr><td>1</td><td>0</td><td>8</td><td>0</td><td>3</td><td>4</td><td>5</td><td>7</td></tr></table>         | 1 | 0 | 8 | 0 | 3 | 4 | 5 | 7 | Total Assets       | <table><tr><td>1</td><td>0</td><td>8</td><td>0</td><td>3</td><td>4</td><td>5</td><td>7</td></tr></table>         | 1  | 0 | 8 | 0 | 3 | 4 | 5 | 7 |   |
|                          | 1  | 0  | 8 | 0 | 3 | 4 | 5 | 7 |   |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          | 1  | 0  | 8 | 0 | 3 | 4 | 5 | 7 |   |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          | Paid Up Capital  | <table><tr><td></td><td></td><td>2</td><td>5</td><td>4</td><td>0</td><td>5</td><td>4</td></tr></table>           |   |   | 2 | 5 | 4 | 0 | 5 | 4 | Reserves & Surplus | <table><tr><td></td><td></td><td>4</td><td>6</td><td>4</td><td>1</td><td>6</td><td>4</td><td>8</td></tr></table> |  |   | 4 | 6 | 4 | 1 | 6 | 4 | 8 |
|                          |  | 2  | 5 | 4 | 0 | 5 | 4 |   |   |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          |  | 4  | 6 | 4 | 1 | 6 | 4 | 8 |   |   |                    |  |  |   |   |   |   |   |   |   |   |
| Secured Loans            | <table><tr><td></td><td></td><td>3</td><td>5</td><td>3</td><td>2</td><td>2</td><td>0</td><td>7</td></tr></table> |  |   | 3 | 5 | 3 | 2 | 2 | 0 | 7 | Unsecured Loans    | <table><tr><td></td><td></td><td>1</td><td>5</td><td>8</td><td>0</td><td>1</td><td>6</td><td>7</td></tr></table> |  |   | 1 | 5 | 8 | 0 | 1 | 6 | 7 |
|                          |  | 3  | 5 | 3 | 2 | 2 | 0 | 7 |   |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          |  | 1  | 5 | 8 | 0 | 1 | 6 | 7 |   |   |                    |  |  |   |   |   |   |   |   |   |   |
| Deferred Tax Liabilities | <table><tr><td></td><td></td><td>7</td><td>9</td><td>5</td><td>3</td><td>8</td><td>1</td></tr></table>           |  |   | 7 | 9 | 5 | 3 | 8 | 1 |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          |  | 7  | 9 | 5 | 3 | 8 | 1 |   |   |   |                    |  |  |   |   |   |   |   |   |   |   |
| Application of Funds     | Net Fixed Assets   | <table><tr><td></td><td></td><td>7</td><td>6</td><td>7</td><td>8</td><td>1</td><td>9</td><td>9</td></tr></table> |   |   | 7 | 6 | 7 | 8 | 1 | 9 | 9                  | Investments  | <table><tr><td></td><td></td><td>3</td><td>3</td><td>6</td><td>4</td><td>4</td><td>9</td></tr></table> |   |   | 3 | 3 | 6 | 4 | 4 | 9 |
|                          |  |  | 7 | 6 | 7 | 8 | 1 | 9 | 9 |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          |  |  | 3 | 3 | 6 | 4 | 4 | 9 |   |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          | Net Current Assets   | <table><tr><td></td><td></td><td>2</td><td>7</td><td>8</td><td>8</td><td>8</td><td>0</td><td>9</td></tr></table> |   |   | 2 | 7 | 8 | 8 | 8 | 0 | 9                  | Miscellaneous Expenditure  | <table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table>      |   |   |   |   |   |   |   | 0 |
|                          |  | 2  | 7 | 8 | 8 | 8 | 0 | 9 |   |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          |  |  |   |   |   |   | 0 |   |   |   |                    |  |  |   |   |   |   |   |   |   |   |
| Accumulated Losses       | <table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td></tr></table>                |  |   |   |   |   |   |   | 0 |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          |  |  |   |   |   |   | 0 |   |   |   |                    |  |  |   |   |   |   |   |   |   |   |
|                          |  |  |   |   |   |   |   |   |   |   |                    |  |  |   |   |   |   |   |   |   |   |

### IV. PERFORMANCE OF COMPANY (Amount in ₹ Thousands)

|                        |  |  |   |   |   |   |   |   |   |                   |  |                   |  |  |   |   |   |   |   |   |   |
|------------------------|--|--|---|---|---|---|---|---|---|-------------------|--|-------------------|--|--|---|---|---|---|---|---|---|
| + -<br>+ -             | Turnover   | <table><tr><td>2</td><td>4</td><td>7</td><td>8</td><td>6</td><td>8</td><td>0</td><td>6</td></tr></table>         | 2 | 4 | 7 | 8 | 6 | 8 | 0 | 6                 | + -<br>+ -   | Total Expenditure | <table><tr><td>2</td><td>2</td><td>1</td><td>6</td><td>9</td><td>3</td><td>5</td><td>4</td></tr></table> | 2  | 2 | 1 | 6 | 9 | 3 | 5 | 4 |
|                        | 2  | 4  | 7 | 8 | 6 | 8 | 0 | 6 |   |                   |  |                   |  |  |   |   |   |   |   |   |   |
|                        | 2  | 2  | 1 | 6 | 9 | 3 | 5 | 4 |   |                   |  |                   |  |  |   |   |   |   |   |   |   |
|                        | Profit Before Tax  | <table><tr><td></td><td></td><td>2</td><td>6</td><td>1</td><td>7</td><td>4</td><td>5</td><td>2</td></tr></table> |   |   | 2 | 6 | 1 | 7 | 4 | 5                 |  | 2                 | Profit After Tax   | <table><tr><td></td><td></td><td>1</td><td>7</td><td>4</td><td>9</td><td>7</td><td>0</td><td>0</td></tr></table> |   |   | 1 | 7 | 4 | 9 | 7 |
|                        |  | 2  | 6 | 1 | 7 | 4 | 5 | 2 |   |                   |  |                   |  |  |   |   |   |   |   |   |   |
|                        |  | 1  | 7 | 4 | 9 | 7 | 0 | 0 |   |                   |  |                   |  |  |   |   |   |   |   |   |   |
| Earning per Share in ₹ | <table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>1</td><td>4</td></tr></table> |  |   |   |   |   |   | 1 | 4 | Dividend Rate (%) | <table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>2</td><td>1</td><td>5</td></tr></table> |                   |  |  |   |   |   | 2 | 1 | 5 |   |
|                        |  |  |   |   |   | 1 | 4 |   |   |                   |  |                   |  |  |   |   |   |   |   |   |   |
|                        |  |  |   |   |   | 2 | 1 | 5 |   |                   |  |                   |  |  |   |   |   |   |   |   |   |
|                        |  |  |   |   |   |   |   |   |   |                   |  |                   |  |  |   |   |   |   |   |   |   |

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

|                          |  |   |   |   |   |   |   |   |   |   |   |  |  |  |   |   |   |   |   |   |   |   |
|--------------------------|--|---|---|---|---|---|---|---|---|---|---|--|--|--|---|---|---|---|---|---|---|---|
| Item Code No. (ITC Code) | <table><tr><td></td><td></td><td>3</td><td>9</td><td>1</td><td>7</td><td>2</td><td>3</td><td>0</td><td>9</td></tr></table> |   |   | 3 | 9 | 1 | 7 | 2 | 3 | 0 | 9 | <table><tr><td></td><td></td><td>3</td><td>9</td><td>1</td><td>7</td><td>4</td><td>0</td><td>0</td><td>0</td></tr></table> |  |  | 3 | 9 | 1 | 7 | 4 | 0 | 0 | 0 |
|                          |  | 3 | 9 | 1 | 7 | 2 | 3 | 0 | 9 |   |   |  |  |  |   |   |   |   |   |   |   |   |
|                          |  | 3 | 9 | 1 | 7 | 4 | 0 | 0 | 0 |   |   |  |  |  |   |   |   |   |   |   |   |   |
| Product Description      | P V C P I P E S & F I T T I N G S  |   |   |   |   |   |   |   |   |   |   |  |  |  |   |   |   |   |   |   |   |   |
| Item Code No. (ITC Code) | <table><tr><td></td><td></td><td>3</td><td>9</td><td>2</td><td>6</td><td>9</td><td>0</td><td>0</td><td>9</td></tr></table> |   |   | 3 | 9 | 2 | 6 | 9 | 0 | 0 | 9 |  |  |  |   |   |   |   |   |   |   |   |
|                          |  | 3 | 9 | 2 | 6 | 9 | 0 | 0 | 9 |   |   |  |  |  |   |   |   |   |   |   |   |   |
| Product Description      | C R O S S L A M I N A T E D F I L M  |   |   |   |   |   |   |   |   |   |   |  |  |  |   |   |   |   |   |   |   |   |
| Item Code No. (ITC Code) | <table><tr><td></td><td></td><td>9</td><td>4</td><td>0</td><td>1</td><td>8</td><td>0</td><td>0</td><td>0</td></tr></table> |   |   | 9 | 4 | 0 | 1 | 8 | 0 | 0 | 0 |  |  |  |   |   |   |   |   |   |   |   |
|                          |  | 9 | 4 | 0 | 1 | 8 | 0 | 0 | 0 |   |   |  |  |  |   |   |   |   |   |   |   |   |
| Product Description      | P L A S T I C M O U L D E D C H A I R S  |   |   |   |   |   |   |   |   |   |   |  |  |  |   |   |   |   |   |   |   |   |

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

As per our report of even date  
For **CHHOGMAL & CO.**  
FRN - 101826W  
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**

**Y. P. Trivedi**

Directors

Mumbai, 25th July, 2011

Mumbai, 25th July, 2011



## Cash Flow Statement for the year ended 30th June, 2011

₹ in Lacs

|   | For Year Ended 30.06.2011 | For Year Ended 30.06.2010 |
|---|---------------------------|---------------------------|
| <b>A Cash Flow Arising From Operating Activities</b>                    |                           |                           |
| Net Profit Before Tax   | 26174.52                  | 21961.54                  |
| Add : Depreciation  | 6284.52                   | 5292.04                   |
| Leasehold Assets Premium W/off  | 12.14                     | 7.01                      |
| Interest (Net)  | 4250.19                   | 3302.71                   |
| (Profit) / Loss on sale of Investments                                  | —                         | -51.14                    |
|   | <b>10546.85</b>           | <b>8550.62</b>            |
|   | <b>36721.37</b>           | <b>30512.16</b>           |
| Less : Dividend Received  | 522.91                    | 338.13                    |
| Profit /(Loss) on sale of Assets  | 444.90                    | 315.46                    |
| Lease Rent etc. Received  | 2.00                      | 3.08                      |
|   | <b>969.81</b>             | <b>656.67</b>             |
| Operating Profit before working capital changes                         | <b>35751.56</b>           | <b>29855.49</b>           |
| Adjustments for :   |                           |                           |
| Inventories   | 5476.22                   | 4514.12                   |
| Trade & Other Receivable  | 7485.02                   | 4148.93                   |
| Trade & Other Payable   | -7541.17                  | -3611.00                  |
|   | <b>5420.07</b>            | <b>5052.05</b>            |
| Cash Generated from Operations  | <b>30331.49</b>           | <b>24803.44</b>           |
| Interest Paid   | -4375.75                  | -3484.77                  |
| Direct Taxes Paid   | -8960.20                  | -6762.95                  |
|   | <b>16995.54</b>           | <b>14555.72</b>           |
| <b>Net Cash Flow from Operating Activities (A)</b>                      | <b>16995.54</b>           | <b>14555.72</b>           |
| <b>B Cash Flow from Investing activities</b>                            |                           |                           |
| Purchase of Fixed Assets  | 25835.74                  | 7900.51                   |
| Sale of Fixed Assets  | -1152.24                  | -575.08                   |
| Sale of Investments   | —                         | -51.13                    |
| Purchase of Investment  | 2.86                      | —                         |
| Interest Received   | -125.55                   | -182.06                   |
| Dividend Received   | -522.91                   | -338.13                   |
| Lease Rent Received   | -2.00                     | -3.08                     |
|   | <b>24035.90</b>           | <b>6751.03</b>            |
| <b>Net Cash Used in Investing Activities (B)</b>                        | <b>24035.90</b>           | <b>6751.03</b>            |
| <b>C Cash Flow from Financing Activities</b>                            |                           |                           |
| Proceeds/Repayments from Long Term & Short Term Borrowings              | 12387.33                  | -1967.98                  |
| Dividend & Corporate Dividend Tax paid                                  | -5776.86                  | -5052.91                  |
|   | <b>6610.47</b>            | <b>-7020.89</b>           |
| <b>Net Cash Used in Financing Activities (C)</b>                        | <b>6610.47</b>            | <b>-7020.89</b>           |
| <b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A-B-C)</b> | <b>-429.89</b>            | <b>783.80</b>             |
| Opening Balance as on 01.07.2010  | 1825.22                   | 1041.42                   |
| Closing Balance as on 30.06.2011  | 1395.33                   | 1825.22                   |

As per our report of even date  
For **CHHOGMAL & CO.**  
FRN - 101826W  
Chartered Accountants

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M. No. 107490

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**S. R. Taparia**

**Y. P. Trivedi**

Directors

Mumbai, 25th July, 2011

Mumbai, 25th July, 2011

# 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, 2011.
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 Share 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 after deducting 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, 2011 : ₹ 3.48 lacs Loss
    - ii) For the Previous Financial years : ₹ 0.95 lacs Profit
  - b) Dealt with in Holding Company's accounts.
    - i) For the Financial Year ended 30th June, 2011 : 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.**  
FRN - 101826W  
Chartered Accountants

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**B. V. Bhargava**

**S. R. Taparia**

**Y. P. Trivedi**

Directors

Mumbai, 25th July, 2011

Mumbai, 25th July, 2011



## Financial Summary

### RELATING TO SUBSIDIARY COMPANY AS ON 30.06.2011

(₹ in lacs)

| Sr. No. | Name of the Subsidiary Company        | Reporting Currency | Exchange Rate as on 30.06.11 | Capital | Reserves | Total Assets | Total Liabilities | Investments | Turnover | Profit/(Loss) before Tax | Provision for Tax | Profit/(Loss) | Proposed Dividend |
|---------|---------------------------------------|--------------------|------------------------------|---------|----------|--------------|-------------------|-------------|----------|--------------------------|-------------------|---------------|-------------------|
| 1       | The Supreme Industries Overseas (FZE) | AED                | 12.39                        | 18.88   | (2.53)   | 125.39       | 125.39            | NIL         | 345.24   | (3.48)                   | NIL               | (3.48)        | NIL               |

The Ministry of Corporate Affairs (MCA) vide its Circular No. 51/12/2007-CL-III dated February 8, 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956 to companies from attaching the accounts of their subsidiaries, in their annual reports subject to fulfillment of certain conditions prescribed. Accordingly the Balance Sheet, Profit & Loss Account and other documents of the subsidiary company is not being attached with the Balance Sheet of the Company.



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

We have audited the attached consolidated Balance Sheet of The Supreme Industries Limited and its subsidiary; hereinafter referred to as the "Group" as at June 30, 2011, 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.

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

Audited by other Auditors:

|                    | Total assets  | Total revenues |
|--------------------|---------------|----------------|
| Foreign subsidiary | ₹ 125.39 lacs | ₹ 345.24 lacs  |

The investment in the associate has been stated at "equity method" as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

2. We further report that in respect of an associate, 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 associates is based on these audited 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:

Audited by other Auditors:

|           | Net carrying cost of investment | Current year share of profit / (loss) |
|-----------|---------------------------------|---------------------------------------|
| Associate | ₹ 3337.50 lacs                  | ₹ 2611.45 lacs                        |

3. We report that, unless stated otherwise, the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of the Accounting Standard (AS) 21, "Consolidated Financial Statements" and AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" notified under sub section 3C of section 211 of the Companies Act, 1956, and on the basis of the separate audited financial statements of the SUPREME Group included in the consolidated financial statements.
4. We report that on the basis of the information and explanations given to us and on the consideration of report of other auditors on separate financial statement and on the other financial information of the components of the group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at June 30, 2011;
  - b) in the case of the consolidated profit and loss account of the consolidated results of operations of the Group for the year ended on that date
  - c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

For **CHHOGMAL & Co.**  
FRN 101826W  
Chartered Accountants

**Chintan Shah**  
Partner  
M. No. 107490

Mumbai, 25th July, 2011.



## Consolidated Balance Sheet as on 30th June, 2011

|   | Schedule | 2010 - 2011 |           | ₹ in lacs<br>2009 - 2010 |          |
|---|----------|-------------|-----------|--------------------------|----------|
| <b>SOURCES OF FUNDS</b>                                 |          |             |           |                          |          |
| <b>SHAREHOLDERS' FUNDS</b>                              |          |             |           |                          |          |
| Share Capital   | 1        | 2540.54     |           | 2540.54                  |          |
| Reserves & Surplus                                      | 2        | 52230.34    | 54770.88  | 38866.72                 | 41407.26 |
| <b>LOAN FUNDS</b>                                       |          |             |           |                          |          |
| Secured Loans   | 3        | 35322.07    |           | 26912.88                 |          |
| Unsecured Loans   | 4        | 15801.67    | 51123.74  | 11823.53                 | 38736.41 |
| <b>DEFERRED TAX LIABILITY (Net)</b>                     |          |             | 7953.81   |                          | 6984.39  |
|   |          |             | 113848.43 |                          | 87128.06 |
| <b>APPLICATION OF FUNDS</b>                             |          |             |           |                          |          |
| <b>FIXED ASSETS</b>                                     |          |             |           |                          |          |
| Gross Block   | 5        | 120209.86   |           | 96597.68                 |          |
| Less : Depreciation                                     |          | 46042.77    |           | 40333.55                 |          |
| Net Block   |          | 74167.09    |           | 56264.13                 |          |
| Add : Capital Work-in-Progress                          |          | 2617.06     |           | 1308.36                  |          |
| Add: Assets held for disposal                           |          | 0.00        | 76784.15  | 290.06                   | 57862.55 |
| <b>INVESTMENTS</b>                                      |          | 6           | 9162.00   |                          | 6929.35  |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>             |          |             |           |                          |          |
| Inventories   | 7        | 34540.50    |           | 29064.28                 |          |
| Sundry Debtors  | 8        | 15286.57    |           | 13103.76                 |          |
| Cash & Bank Balances                                    | 9        | 1419.53     |           | 1867.43                  |          |
| Loans & Advances  | 10       | 15109.56    |           | 9782.42                  |          |
|   |          | 66356.16    |           | 53817.89                 |          |
| <b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>      |          |             |           |                          |          |
| Creditors   | 11       | 33038.91    |           | 25355.22                 |          |
| Provisions  | 12       | 5414.97     |           | 6126.51                  |          |
|   |          | 38453.88    | 27902.28  | 31481.73                 | 22336.16 |
|   |          |             | 113848.43 |                          | 87128.06 |
| Significant Accounting Policies & Notes to the accounts | 18       |             |           |                          |          |

As per our report of even date  
For **CHHOGMAL & CO.**  
FRN - 101826W  
Chartered Accountants

**Chintan Shah**  
Partner  
M. No. 107490

**B. L. Taparia**  
Chairman

**S. J. Taparia**  
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**B. V. Bhargava**

**S. R. Taparia**

**Y. P. Trivedi**

Directors

Mumbai, 25th July, 2011

Mumbai, 25th July, 2011

# Consolidated Profit and Loss Account for the year ended 30th June, 2011

|   | Schedule | 2010 - 2011 |           | 2009 - 2010 |           |
|---|----------|-------------|-----------|-------------|-----------|
| ₹ in lacs   |          |             |           |             |           |
| INCOME  |          |             |           |             |           |
| Sales   | 13       | 243620.66   |           | 200702.25   |           |
| Other Income  | 14       | 3774.05     | 247394.71 | 1332.19     | 202034.44 |
| EXPENDITURE   |          |             |           |             |           |
| Cost of Materials   | 15       | 159139.58   |           | 131648.09   |           |
| Manufacturing, Selling & Other Expenses   | 16       | 52066.98    | 211206.56 | 40099.73    | 171747.82 |
| PROFIT BEFORE INTEREST, DEPRECIATION & TAX  |          |             | 36188.15  |             | 30286.62  |
| Interest & Financial Charges  | 17       | 4251.04     |           | 3305.05     |           |
| Depreciation, Amortisation & Impairment   | 6291.33  |             |           |             |           |
| [Excluding transfer from Revaluation Reserve ₹ 4.39 lacs (Previous year ₹ 4.39 lacs)] | 4.39     | 6286.92     | 10537.96  | 5294.41     | 8599.46   |
| PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS   |          |             | 25650.19  |             | 21687.16  |
| Depreciation for Earlier Years Provided for / (-) Written Back                        |          |             | -95.90    |             | 0.00      |
| Excess Provision of Income tax of earlier years w/back                                |          |             | 0.00      |             | -10.48    |
| Provision for Taxation:   |          |             |           |             |           |
| Corporate Tax   |          | 7804.00     |           | 6932.70     |           |
| Deferred Tax  |          | 969.42      | 8773.42   | 556.30      | 7489.00   |
| PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION  |          |             | 16972.67  |             | 14208.64  |
| Add : share of Profit(+)/Loss (-) in associate for the period                         |          |             | 2611.46   |             | 1389.82   |
| GROUP PROFIT AFTER TAX AVAILABLE FOR APPROPRIATION                                    |          |             | 19584.11  |             | 15598.46  |
| Appropriations Therefrom :  |          |             |           |             |           |
| Transferred to Capital Reserve  |          | —           |           | 1.48        |           |
| Interim Dividend Paid on Equity Shares  |          | 1651.35     |           | 1270.27     |           |
| Proposed Dividend on Equity Shares  |          | 3810.80     |           | 3302.70     |           |
| Corporate Dividend Tax Paid   |          | 274.27      |           | 215.88      |           |
| Provision for Corporate Dividend Tax  |          | 618.21      |           | 548.54      |           |
| Transferred to General Reserve  |          | 13229.48    | 19584.11  | 10259.59    | 15598.46  |
| EARNINGS PER SHARE  |          |             |           |             |           |
| (Refer Note No. 4 of Schedule 18)   |          |             |           |             |           |
| Basic & Diluted Earning per share   |          |             | ₹ 15.42   |             | ₹ 61.40   |
| Face Value per share  |          |             | ₹ 2.00    |             | ₹ 10.00   |
| Significant Accounting Policies & Notes to the accounts                               |          | 18          |           |             |           |

As per our report of even date  
For **CHHOGMAL & CO.**  
FRN - 101826W  
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**

**Y. P. Trivedi**

Directors

Mumbai, 25th July, 2011

Mumbai, 25th July, 2011



## Schedules to Consolidated Balance Sheet

₹ in lacs  
2009 - 2010

2010 - 2011

### SCHEDULE 1

#### SHARE CAPITAL

##### AUTHORISED

|   |                |                |
|---|----------------|----------------|
| 15,00,00,000 Equity Shares of ₹ 2 each (Previous Year 3,00,00,000 Equity Shares of ₹ 10 each) | 3000.00        | 3000.00        |
| 1,12,00,000 (Previous Year 1,12,00,000) Preference Shares of ₹ 10 each                        | 1120.00        | 1120.00        |
| 3,38,00,000 (Previous Year 3,38,00,000) Unclassified Shares of ₹ 10 each                      | 3380.00        | 3380.00        |
|   | <u>7500.00</u> | <u>7500.00</u> |

##### ISSUED AND SUBSCRIBED

|  |                |                |
|--|----------------|----------------|
| 12,70,26,870 Nos. Equity Shares of ₹ 2 each (Previous Year 2,54,05,374 Nos. Equity Shares of ₹ 10 each ) Fully Paid Up {including 9,44,36,045 Nos. Equity Shares of ₹ 2 each (Previous Year 1,88,87,209 Nos. Equity Shares of ₹ 10 each) issued as fully paid Bonus Shares out of Reserves } | 2540.54        | 2540.54        |
|  | <u>2540.54</u> | <u>2540.54</u> |

### SCHEDULE 2

#### RESERVES AND SURPLUS

##### REVALUATION RESERVE

|  |          |               |
|--|----------|---------------|
| As per last Balance Sheet                      | 142.01   | 276.09        |
| Less: (1) Transferred to Profit & Loss Account | 4.39     | 4.39          |
| (2) Transferred to Leasehold Land              | 0.06     | 1.68          |
| (3) Assets sold off / discarded                | <u>—</u> | <u>128.01</u> |
|  | 137.56   | 142.01        |

##### CAPITAL RESERVE

|  |          |             |
|--|----------|-------------|
| As per last Balance Sheet                    | 246.37   | 244.89      |
| Add : Transferred from Profit & Loss Account | <u>—</u> | <u>1.48</u> |
|  | 246.37   | 246.37      |

##### SECURITIES PREMIUM ACCOUNT

4748.52 4748.52

##### GENERAL RESERVE

|  |                 |                 |
|--|-----------------|-----------------|
| As per last Balance Sheet                    | 33509.16        | 22380.10        |
| Add : Adjustments due to Associate Grouping  | 139.19          | 869.47          |
| Add : Transferred from Profit & Loss Account | <u>13229.48</u> | <u>10259.59</u> |
|  | 46877.83        | 33509.16        |

##### CAPITAL REDEMPTION RESERVE

221.63 221.63

##### FOREIGN EXCHANGE TRANSLATION RESERVE

-1.57 -0.97  
52230.34 38866.72



## Schedules to Consolidated Balance Sheet

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ANNUAL REPORT  
2010-2011

₹ in lacs

2010 - 2011

2009 - 2010

### SCHEDULE 3

#### SECURED LOANS

##### A. WORKING CAPITAL LOANS

|                                      |         |         |
|--------------------------------------|---------|---------|
| From Banks - Rupee Loans             | 6472.13 | 466.21  |
| - Buyer's credit in Foreign Currency | 4249.63 | 7876.41 |

##### B. TERM LOANS

|  |                 |                 |
|--|-----------------|-----------------|
| (a) Yes Bank - Rupee Loan                              | 5000.00         | 5000.00         |
| (b) GE Money Financial Services Pvt. Ltd. - Rupee Loan | 5000.00         | —               |
| (c) Standard Chartered - Foreign Currency Loan         | 4571.00         | —               |
| (d) State Bank of India - Foreign Currency Loan        | 4516.00         | —               |
| (e) GE Capital Services India - Rupee Loan             | 2370.31         | 3259.26         |
| (f) Axis Bank - Rupee Loan                             | 1750.00         | 2750.00         |
| (g) Royal Bank of Scotland - Foreign Currency Loan     | 1393.00         | 2189.00         |
| (h) Kotak Mahindra Bank - Rupee Loan                   | —               | 2916.38         |
| (i) Vijaya Bank - Rupee Loan                           | —               | 1125.00         |
| (j) Federal Bank - Rupee Loan                          | —               | 750.00          |
| (k) HSBC Bank - Foreign Currency Loan                  | —               | 580.62          |
|  | <u>35322.07</u> | <u>26912.88</u> |

#### NOTES :

- Working Capital Loans from Banks (A) above are secured / to be secured against:
  - hypothecation of stocks and Book Debts
  - second / subservient charge on all movable plant, machineries and moulds (except plant, machineries and moulds at PVC Film Unit at Malanpur) and
  - immovable properties of the Company situated at various locations (except properties at Andheri, Jalgaon and PVC Film Unit at Malanpur), both present and future.
- Term Loans from financial institutions and banks [B(a) to B(k)] are secured / to be secured on first *pari passu* charge basis as under:
  - Immovable properties of the company, situated at various locations, both present & future, subject to the exclusion of properties, as mentioned in Clause 1(c) above.
  - movable plant, machineries & moulds of the Company, both present and future, subject to exclusions as mentioned in Clause 1(b) above and second / subservient charge on current assets viz. stocks and book debts of the Company.

₹ in lacs

2010 - 2011

2009 - 2010

### SCHEDULE 4

#### UNSECURED LOANS

|                                    |                 |                 |
|------------------------------------|-----------------|-----------------|
| Fixed Deposits                     | 2582.32         | 3869.62         |
| Buyers' credit in Foreign Currency | 13219.35        | 7953.91         |
|                                    | <u>15801.67</u> | <u>11823.53</u> |





## Schedules to Consolidated Balance Sheet

### SCHEDULE 5 FIXED ASSETS

₹ in lacs

| ASSETS   | GROSS BLOCK         |                                 |   | DEPRECIATION       |                     |                 | NET BLOCK           |                     |
|--|---------------------|---------------------------------|---|--------------------|---------------------|-----------------|---------------------|---------------------|
|  | As At<br>01.07.2010 | Additions<br>During the<br>Year | Deductions/<br>Adjustment<br>During The<br>Year | As At<br>30.6.2011 | As At<br>01.07.2010 | For The<br>Year | As At<br>30.06.2011 | As At<br>30.06.2010 |
| Freehold Land  | 1133.77             | 205.96                          |   | 1339.73            |                     |                 | 1339.73             | 1133.77             |
| Leasehold Land   | 540.48              | 584.07                          | 12.19   | 1112.36            |                     |                 | 1112.36             | 540.48              |
| Buildings  | 20130.43            | 4649.20                         | 63.30   | 24716.33           | 4443.22             | 663.79          | 5100.45             | 15687.21            |
| Plant, Machinery &<br>Electrical Installations                       | 54104.03            | 15369.65                        | 222.07  | 69251.61           | 21438.67            | 3530.24         | 24835.25            | 32665.36            |
| Moulds & Dies  | 15781.52            | 2308.19                         | 414.79  | 17674.92           | 11593.65            | 1372.91         | 12701.34            | 4187.87             |
| Furniture, Fixture &<br>Office Equipments                            | 3041.62             | 694.48                          | 69.43   | 3666.67            | 2018.47             | 423.41          | 2382.51             | 1023.15             |
| Vehicles   | 719.28              | 285.45                          | 132.78  | 871.95             | 431.60              | 121.74          | 446.10              | 287.68              |
| Sundry Equipments  | 1146.55             | 430.38                          | 0.64  | 1576.29            | 407.94              | 179.24          | 577.12              | 738.61              |
| Total  | 96597.68            | 24527.38                        | 915.20  | 120209.86          | 40333.55            | 6291.33         | 74167.09            | 56264.13            |
| Previous Year  | 90234.74            | 7824.19                         | 1461.25   | 96597.68           | 35929.00            | 5298.80         | 56264.13            | 54306.35            |
| Capital Work - in -Progress (including advances on Capital Account). |                     |                                 |   |                    |                     |                 | 2617.06             | 1308.36             |
|  |                     |                                 |   |                    |                     |                 | 76784.15            | 57568.74            |

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

## Schedules to Consolidated Balance Sheet

₹ in lacs

### SCHEDULE 6

#### INVESTMENTS

| Investment in | Face Value | Quantity<br>As At<br>30.6.2011 | As At<br>30.6.2010 | Amount<br>As At<br>30.6.2011 | As At<br>30.6.2010 |
|---------------|------------|--------------------------------|--------------------|------------------------------|--------------------|
|---------------|------------|--------------------------------|--------------------|------------------------------|--------------------|

#### GOVERNMENT & TRUST SECURITIES

|                                 |   |  |  |             |      |
|---------------------------------|---|--|--|-------------|------|
| (a) National Saving Certificate | ₹ |  |  | <b>0.06</b> | 0.11 |
|---------------------------------|---|--|--|-------------|------|

|           |  |  |  |             |      |
|-----------|--|--|--|-------------|------|
| Sub Total |  |  |  | <b>0.06</b> | 0.11 |
|-----------|--|--|--|-------------|------|

#### OTHERS - UNQUOTED AND FULLY PAID UP

##### Equity Shares

|                                    |     |             |      |             |      |
|------------------------------------|-----|-------------|------|-------------|------|
| (a) Saraswat Co-op. Bank Ltd.      | 10  | <b>1000</b> | 1000 | <b>0.10</b> | 0.10 |
| (b) Samarpan Fabricators Ltd.      | 100 | <b>1350</b> | 1350 | <b>0.75</b> | 0.75 |
| (c) Super Bazar Co-op. Stores Ltd. | 10  | <b>1000</b> | 1000 | <b>0.10</b> | 0.10 |

|           |  |  |  |             |      |
|-----------|--|--|--|-------------|------|
| Sub Total |  |  |  | <b>0.95</b> | 0.95 |
|-----------|--|--|--|-------------|------|

#### OTHERS - QUOTED & FULLY PAID UP

##### Equity Shares

|  |    |                 |          |                |         |
|--|----|-----------------|----------|----------------|---------|
| (a) Supreme Petrochem Ltd. (an associate company)                        | 10 | <b>28936400</b> | 28936400 | <b>2834.83</b> | 2834.83 |
| Add: Goodwill on acquisition   |    |                 |          | <b>502.66</b>  | 502.66  |
| Add: Accumulated share in profit / (-) loss at the beginning of the year |    |                 |          | <b>3725.81</b> | 2486.15 |
| Add: Share in profit / (-) loss - current year                           |    |                 |          | <b>2620.29</b> | 1400.89 |
| Less: Unrealised Profit for Stock in hand                                |    |                 |          | <b>8.84</b>    | 11.07   |
| Less: Dividend received during the year                                  |    |                 |          | <b>520.86</b>  | 289.36  |

|  |  |  |  |                |         |
|--|--|--|--|----------------|---------|
|  |  |  |  | <b>9153.89</b> | 6924.10 |
|--|--|--|--|----------------|---------|

|                   |    |            |     |             |      |
|-------------------|----|------------|-----|-------------|------|
| (b) Symphony Ltd. | 10 | <b>600</b> | 600 | <b>0.27</b> | 0.27 |
|-------------------|----|------------|-----|-------------|------|

|                      |    |             |      |             |      |
|----------------------|----|-------------|------|-------------|------|
| (c) Vijaya Bank Ltd. | 10 | <b>3200</b> | 3200 | <b>0.77</b> | 0.77 |
|----------------------|----|-------------|------|-------------|------|

|                           |    |             |      |             |      |
|---------------------------|----|-------------|------|-------------|------|
| (d) Central Bank of India | 10 | <b>5874</b> | 3050 | <b>6.01</b> | 3.10 |
|---------------------------|----|-------------|------|-------------|------|

|                        |    |           |    |             |      |
|------------------------|----|-----------|----|-------------|------|
| (d) Unimers India Ltd. | 10 | <b>37</b> | 37 | <b>0.05</b> | 0.05 |
|------------------------|----|-----------|----|-------------|------|

|           |  |  |  |                |         |
|-----------|--|--|--|----------------|---------|
| Sub Total |  |  |  | <b>9160.99</b> | 6928.29 |
|-----------|--|--|--|----------------|---------|

|              |  |  |  |                |         |
|--------------|--|--|--|----------------|---------|
| <b>Total</b> |  |  |  | <b>9162.00</b> | 6929.35 |
|--------------|--|--|--|----------------|---------|

|   |  |  |  |                 |          |
|---|--|--|--|-----------------|----------|
| (a) Aggregate Value of Quoted Investments - at Cost |  |  |  | <b>19374.28</b> | 14453.25 |
| - at Market Value                                   |  |  |  | <b>18260.43</b> | 13204.35 |

|  |  |  |  |             |      |
|--|--|--|--|-------------|------|
| (b) Aggregate Value of Unquoted Investments- at Cost |  |  |  | <b>1.01</b> | 1.06 |
|--|--|--|--|-------------|------|

During the year the Company purchased & sold the following investments in Mutual Funds

| Details  | Face value | Nos.           | Cost<br>₹ In lacs |
|--|------------|----------------|-------------------|
| SBI Magnum Insta Cash Fund - Daily Dividend Option                     | 10         | <b>948294</b>  | 200.00            |
| UTI Treasury Advantage Fund-Institutional Plan (Daily Dividend Option) | 1000       | <b>150140</b>  | 1500.00           |
|  |            | <b>1098434</b> | 1700.00           |

### SCHEDULE 7

#### INVENTORIES

|  | 2010 - 2011     | 2009 - 2010 |
|--|-----------------|-------------|
| Stores, Spare parts, Packing Materials, etc. | <b>1001.80</b>  | 768.76      |
| Raw Materials and Components                 | <b>12724.98</b> | 10470.36    |
| Reusable Material                            | <b>636.48</b>   | 781.75      |
| Finished / Semi-Finished Goods               | <b>8748.95</b>  | 6472.98     |
| Finished Goods for Resale                    | <b>457.08</b>   | 348.07      |
| Commercial Complex under Construction        | <b>10971.21</b> | 10222.36    |
|  | <b>34540.50</b> | 29064.28    |



## Schedules to Consolidated Balance Sheet

₹ in lacs  
2009 - 2010

2010 - 2011

### SCHEDULE 8

#### DEBTORS

(Unsecured, considered good unless otherwise specified)

Over Six months

Considered Good

Considered Doubtful

Less : Provision for Doubtful Debts

Add: Others (includes ₹ 88.79 lacs (Previous year ₹ 98.37 lacs) due from subsidiary, [maximum amount receivable during the year ₹ 145.22 lacs (Previous year ₹ 131.91 lacs)])

580.21

80.11

660.32

80.11

580.21

14706.36

15286.57

471.98

93.86

565.84

93.86

471.98

12631.78

13103.76

### SCHEDULE 9

#### CASH AND BANK BALANCES

Cash on hand

Cheques in hand

Remittance in Transit

Balance with Scheduled Banks in :

Current Accounts

Deposit Accounts (Earmarked)

95.62

15.87

43.04

980.14

284.86

1419.53

108.59

89.10

298.78

1000.09

370.87

1867.43

### SCHEDULE 10

#### LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or kind or for value to be received

Security and other Deposits

Prepaid Expenses

13626.22

1146.60

336.74

15109.56

8395.59

1124.83

262.00

9782.42

### SCHEDULE 11

#### CREDITORS

Sundry Creditors

Items covered by Investors Education & Protection Fund

Interest Accrued but not due on

(i) Secured Loans

(ii) Unsecured Loans

Other Liabilities [includes ₹ 17.74 lacs (Previous year ₹ 35.92 lacs)] due to subsidiary [maximum amount payable during the year ₹ 18.59 lacs (Previous year ₹ 35.92 lacs)]

18301.43

186.63

252.89

254.95

507.84

14043.01

33038.91

33.62

234.73

12722.67

170.22

268.35

12193.98

25355.22



## Schedules to Consolidated Balance Sheet

2010 - 2011

2009 - 2010

### SCHEDULE 12

#### PROVISIONS

|  |                |                |
|--|----------------|----------------|
| Provision for Income Tax (Net of advances) | 980.77         | 2136.97        |
| Provision for Wealth Tax                   | 5.19           | 5.19           |
| Proposed Dividend                          | 3810.80        | 3302.70        |
| Provision for Corporate Dividend Tax       | 618.21         | 548.54         |
| Provision for Gratuity Liability           | —              | 133.11         |
|  | <u>5414.97</u> | <u>6126.51</u> |

## Schedules to Consolidated Profit and Loss Account

₹ in lacs

2010 - 2011

2009 - 2010

### SCHEDULE 13

#### TURNOVER (Net)

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Plastic Products      | 233351.62        | 185803.24        |
| Construction Business | 3975.21          | 2044.98          |
| Others                | 6293.83          | 12854.03         |
|                       | <u>243620.66</u> | <u>200702.25</u> |

### SCHEDULE 14

#### OTHER INCOME

|   |                |                |
|---|----------------|----------------|
| Dividend                                    | 2.06           | 48.77          |
| Industrial Promotion Subsidy                | 2810.92        | 488.16         |
| Commission / Service Charges Received       | —              | 5.66           |
| Claims & Refunds                            | 30.32          | 64.30          |
| Sundry Receipts                             | 409.36         | 315.81         |
| Liabilities no longer required written back | 74.49          | 39.81          |
| Lease Rent Received                         | 2.00           | 3.08           |
| Gain on Sale / Discard of Assets (Net)      | 444.90         | 315.46         |
| Profit on sale of Investments               | —              | 51.14          |
|   | <u>3774.05</u> | <u>1332.19</u> |

### SCHEDULE 15

#### COST OF MATERIALS

|  |                  |                  |
|--|------------------|------------------|
| Raw Material Consumed                                | 151472.20        | 118651.50        |
| Cost of Goods Traded                                 | 8490.90          | 13249.72         |
| (-) Increase / Decrease in Stocks                    |                  |                  |
| Opening Stocks of Finished/Semi Finished Goods       | 6472.98          | 5497.44          |
| Less: Closing Stocks of Finished/Semi Finished Goods | <u>8748.95</u>   | <u>6472.98</u>   |
|  |                  | -975.54          |
| Cost of Premises Sold                                | 1452.45          | 722.41           |
|  | <u>159139.58</u> | <u>131648.09</u> |



## Schedules to Consolidated Profit and Loss Account

₹ in lacs  
2009 - 2010

2010 - 2011

### SCHEDULE 16

#### MANUFACTURING, SELLING & OTHER EXPENSES

|  |                 |                 |
|--|-----------------|-----------------|
| Stores & Spare Parts Consumed  | 2334.06         | 2007.45         |
| Labour Charges   | 5155.05         | 3977.55         |
| Power & Fuel   | 10021.51        | 7954.87         |
| Water Charges  | 68.63           | 70.12           |
| Salaries, Wages & Bonus  | 7571.40         | 6313.88         |
| Contribution to Pension & Provident Fund   | 465.98          | 393.37          |
| Staff & Labour Welfare   | 632.83          | 454.53          |
| Managerial Remuneration  | 1007.72         | 831.53          |
| Directors' Fees  | 6.75            | 7.05            |
| Repairs & Maintenance of Building  | 534.51          | 453.18          |
| Repairs & Maintenance of Plant & Machinery                                       | 1027.40         | 852.17          |
| Repairs & Maintenance (Others)   | 234.82          | 190.06          |
| Rent, Rates & Taxes  | 600.35          | 519.91          |
| Insurance  | 162.72          | 116.46          |
| Charity & Donations  | 72.81           | 85.20           |
| Legal & Professional Fees  | 455.26          | 387.16          |
| Travelling & Conveyance [Directors ₹ 91.20 lacs<br>(Previous year ₹ 59.88 lacs)] | 1229.01         | 950.50          |
| Vehicle Expenses   | 229.99          | 197.94          |
| Advertisement & Publicity  | 1798.95         | 1304.17         |
| Packing, Freight and Transport Charges   | 8762.11         | 6381.50         |
| Postage, Stationery & Telephone  | 691.49          | 631.44          |
| Royalty, Commission & Discount   | 7465.34         | 5262.20         |
| Exise Duty on Increase/Decrease of stocks  | 414.89          | —               |
| Sales Tax Paid   | 79.03           | 28.76           |
| Bad Debts / Provision for Doubtful Debts   | 21.55           | 59.09           |
| Plant Security Services  | 310.15          | 215.24          |
| Foreign Currency Exchange Fluctuation (Net)                                      | 65.21           | -93.36          |
| Miscellaneous Expenses   | 647.46          | 547.76          |
|  | <b>52066.98</b> | <b>40099.73</b> |

### SCHEDULE 17

#### INTEREST & OTHER FINANCIAL EXPENSES

##### INTEREST

|   |                |                |
|---|----------------|----------------|
| (i) On Term Loans   | 2602.69        | 2286.72        |
| (ii) On Fixed Deposits  | 309.28         | 404.81         |
| (iii) Other Interest  | 1121.15        | 300.18         |
|   | <b>4033.12</b> | <b>2991.71</b> |
| Bank Charges and Other Financial Expenses                                 | 343.47         | 495.40         |
|   | <b>4376.59</b> | <b>3487.11</b> |
| Less: Interest Received [TDS ₹ 5.05 lacs<br>(Previous Year ₹ 6.75 lacs )] | 125.55         | 182.06         |
|   | <b>4251.04</b> | <b>3305.05</b> |



## SCHEDULE 18: SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

1. Basis for Preparation: The consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 – “Consolidated Financial Statements” and AS 23 “Accounting for Investments in Associates in Consolidated Financial Statements. The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra – group balances, intra – group transactions and unrealized profit or losses.

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

| Name of the subsidiary | Country of Incorporation | Proportion of Ownership<br>As on 30th June, 2011 |
|------------------------|--------------------------|--|
|------------------------|--------------------------|--|

|                                     |               |      |
|-------------------------------------|---------------|------|
| The Supreme Industries Overseas FZE | Sharjah (UAE) | 100% |
|-------------------------------------|---------------|------|

| Name of the Associate | Country of Incorporation | Proportion of Ownership<br>As on 30th June, 2011 |
|-----------------------|--------------------------|--|
|-----------------------|--------------------------|--|

|                           |       |        |
|---------------------------|-------|--------|
| Supreme Petrochem Limited | India | 29.88% |
|---------------------------|-------|--------|

3. The audited financial statement of the subsidiary and associate are available as on 30th June, 2011 and same have been considered for the preparation of the consolidated financial statements.

4. Earning per Equity share – Basic / diluted

|  |                | 2010-11             | 2009-10     |
|--|----------------|---------------------|-------------|
| Profit after tax (PAT) available for Equity shareholders | (Rs. in lakhs) | <b>19584.11</b>     | 15598.46    |
| Weighted Average Number of Equity shares                 | Nos            | <b>12,70,26,870</b> | 2,54,05,374 |
| Nominal value of Equity shares                           | Rs             | <b>2.00</b>         | 10.00       |
| Basic/ Diluted earning per Equity Share                  | Rs             | <b>15.42</b>        | 61.40       |

5. There is only one subsidiary company with insignificant transactions. The accounting policies and notes to accounts being similar to that of the holding company as stated in standalone financial are not appended hereto.



## Consolidated Cash Flow Statement for the year ended 30th June, 2011

|   | ₹ in Lacs                 |                           |
|---|---------------------------|---------------------------|
|   | For Year Ended 30.06.2011 | For Year Ended 30.06.2010 |
| <b>A Cash Flow Arising From Operating Activities</b>                    |                           |                           |
| Net Profit Before Tax   | 25649.11                  | 21686.44                  |
| Add : Depreciation  | 6286.92                   | 5294.40                   |
| Leasehold Assets Premium W/off  | 12.14                     | 7.01                      |
| Interest (Net)  | 4251.04                   | 3305.05                   |
| (Profit) / Loss on sale of Investments                                  | 0.00                      | -51.14                    |
|   | <b>10550.10</b>           | <b>8555.32</b>            |
|   | <b>36199.21</b>           | <b>30241.76</b>           |
| Less : Dividend Received  | 2.06                      | 48.77                     |
| Profit /(Loss) on sale of Assets  | 444.90                    | 315.46                    |
| Lease Rent etc. Received  | 2.00                      | 3.08                      |
|   | <b>448.96</b>             | <b>367.31</b>             |
| Operating Profit before working capital changes                         | <b>35750.25</b>           | <b>29874.45</b>           |
| Adjustments for :   |                           |                           |
| Inventories   | 5476.22                   | 4514.12                   |
| Trade & Other Receivable  | 7509.95                   | 4146.35                   |
| Trade & Other Payable   | -7550.58                  | -3602.26                  |
|   | <b>5435.59</b>            | <b>5058.21</b>            |
|   | <b>30314.66</b>           | <b>24816.24</b>           |
| Cash Generated from Operations  |                           |                           |
| Interest Paid   | -4376.59                  | -3487.11                  |
| Direct Taxes Paid   | -8960.20                  | -6762.95                  |
| <b>Net Cash Flow from Operating Activities (A)</b>                      | <b>16977.87</b>           | <b>14566.18</b>           |
| <b>B Cash Flow from Investing activities</b>                            |                           |                           |
| Purchase of Fixed Assets  | 25836.08                  | 7901.24                   |
| Sale of Fixed Assets  | -1152.24                  | -575.08                   |
| Purchase of Investments   | 2.86                      | -                         |
| Sale of Investments   | -                         | -51.14                    |
| Interest Received   | -125.55                   | -182.06                   |
| Dividend Received   | -2.06                     | -48.77                    |
| Dividend Received from Associate Company                                | -520.85                   | -289.36                   |
| Lease Rent Received   | -2.00                     | -3.08                     |
| <b>Net Cash Used in Investing Activities</b>                            | <b>24036.24</b>           | <b>6751.75</b>            |
| <b>C Cash Flow from Financing Activities</b>                            |                           |                           |
| Proceeds from Issue of Equity Shares                                    |                           |                           |
| Proceeds/Repayments from Long Term & Short Term Borrowings              | 12387.33                  | -1967.98                  |
| Dividend & Corporate Dividend Tax paid                                  | -5776.86                  | -5052.91                  |
| <b>Net Cash Used in Financing Activities</b>                            | <b>6610.47</b>            | <b>-7020.89</b>           |
| <b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A-B-C)</b> | <b>-447.90</b>            | <b>793.54</b>             |
| Opening Balance as on 01.07.2010  | 1867.43                   | 1073.89                   |
| Closing Balance as on 30.06.2011  | 1419.53                   | 1867.43                   |

As per our report of even date  
For **CHHOGMAL & CO.**  
FRN - 101826W  
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**

**Y. P. Trivedi**

Directors

Mumbai, 25th July, 2011

Mumbai, 25th July, 2011

## THE SUPREME INDUSTRIES LIMITED

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

Date : 25.07.2011

Dear Shareholder,

### Re. : Green Initiative in Corporate Governance: Go Paperless

The Ministry of Corporate Affairs ("Ministry"), Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with the recent Circular No.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, companies can now send various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc.) to their shareholders through electronic mode, to the registered email addresses of the shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment.

This is also a golden opportunity for every shareholder of The Supreme Industries Limited to contribute to Green Initiative of the Ministry of Corporate Affairs. All you need to do is to register your e-mail address in the format given below.

1. If you are holding shares in demat form, register your e-mail with the Depository Participant (DP) with whom you are maintaining your demat account.
- 2 (a) If you are holding shares in physical form, you are requested to provide e-mail address by completing the '**E-communication Registration Form**' attached hereto and return the same to :

**M/s. Big Share Services (P) Ltd.,**

Unit – The Supreme Industries Limited,

E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai – 400 072.

- 2 (b) It is also desirable that the equity shares held by you in physical form are converted into demat form. In case, you do not have demat account, we request you to approach any DP and complete the process of opening a demat account and thereafter submit the physical shares to the said DP for crediting the said equity shares in your demat account in due course.

We shall treat the e-mail ID as your registered e-mail ID and use it for sending documents/ notices electronically.

Also you can change your registered e-mail ID from time to time, as explained above.

Please note that as a Member, you are always entitled to receive on request, a copy of the said documents, free of cost, in accordance with the provisions of the Companies Act, 1956.

Best regards,

For **The Supreme Industries Limited**

Sd/-

**O. P. Roongta**

*Sr. Vice-President (Finance)*

*& Company Secretary*

### E-Communication Registration Form

Dear Sir,

#### Sub. : Registration of my e-mail address – Green Initiative in Corporate Governance

I agree to receive the documents as referred in letter dated 25.07.2011, in electronic mode. Please register my e-mail address in your records, being my consent towards the same.

Folio No. : \_\_\_\_\_

E-mail ID : \_\_\_\_\_

Name of First/Sole Holder : \_\_\_\_\_

Signature of the First & Jt. Holder(s) : \_\_\_\_\_  
(as per specimen Registered)

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**THE SUPREME INDUSTRIES LIMITED**  
Regd. Office: 612, Raheja Chambers, Nariman Point, Mumbai - 400 021

**ATTENDANCE SLIP**  
**69TH 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 69th Annual General Meeting of the Company held at Walchand Hirachand Hall, Indian Merchant's Chamber, Near Churchgate Station, 76, Veer Nariman Road, Mumbai - 400 020 on Wednesday, the 14th September, 2011 at 4.00 p.m.

Regd. Folio No./DPID - Client ID No.: \_\_\_\_\_ No. of Share(s) held \_\_\_\_\_

Full Name of the Shareholder : \_\_\_\_\_  
(in Block Letters)

Signature \_\_\_\_\_

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 and on my/our behalf at the 69th Annual General Meeting of the Company to be held on Wednesday, the 14th September, 2011 at 4.00 p.m. and at any adjournment thereof.

Signed \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Affix  
Re. 1/-  
Revenue  
Stamp

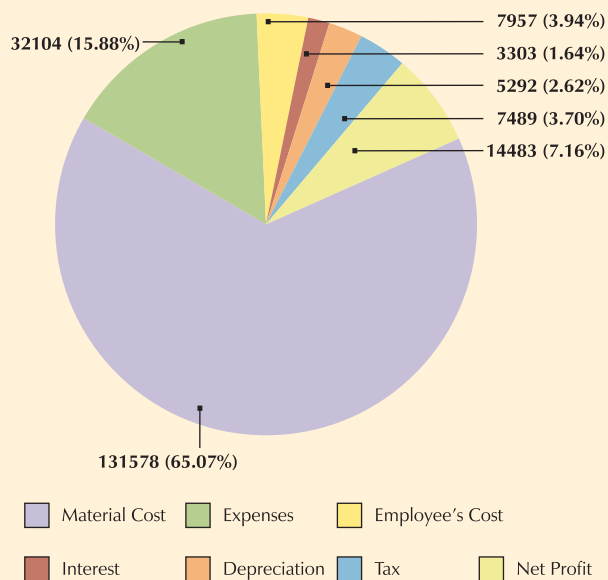
Signature

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.



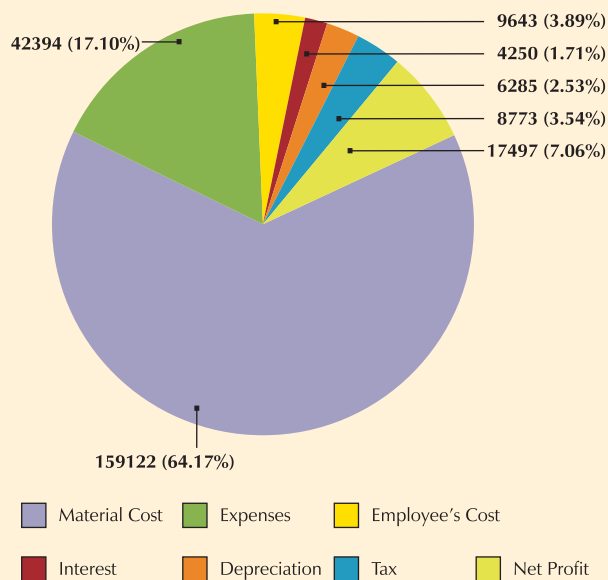
## Distribution of Revenue 2009-10

₹ in Lacs

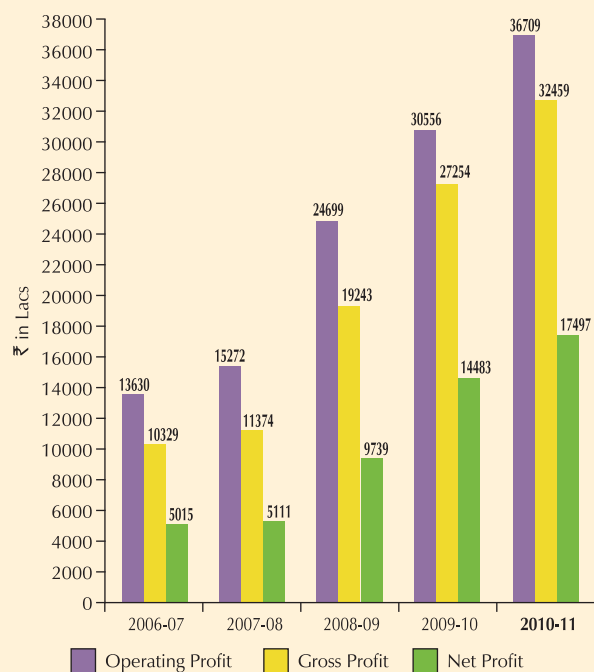


## Distribution of Revenue 2010-11

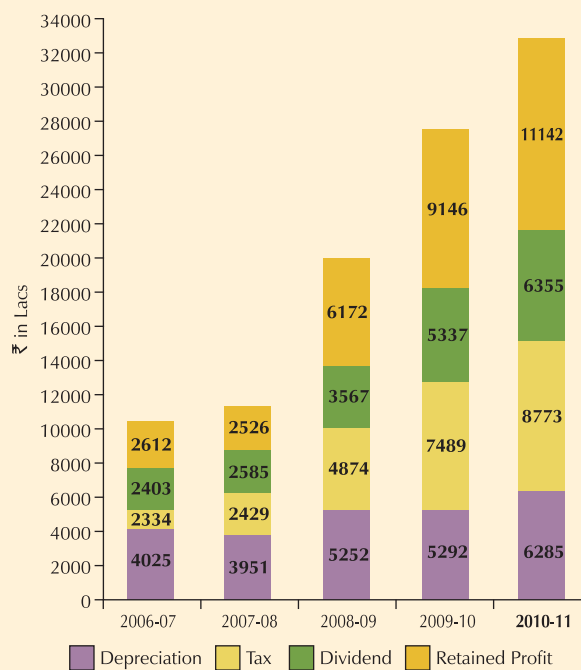
₹ in Lacs



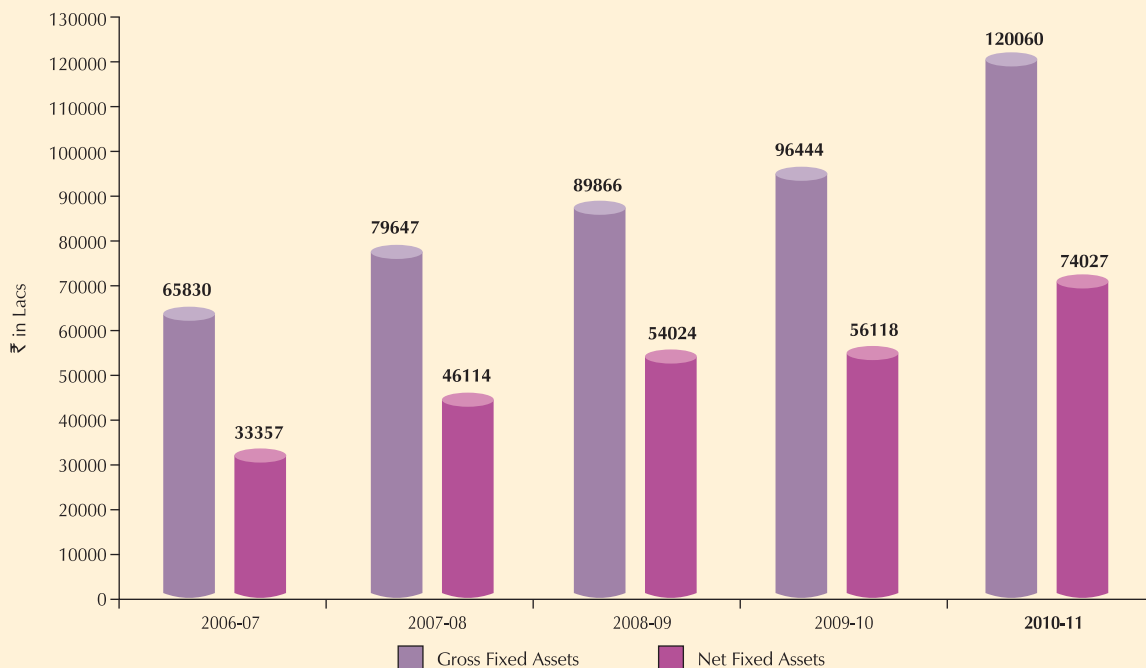
## Operating, Gross And Net Profits



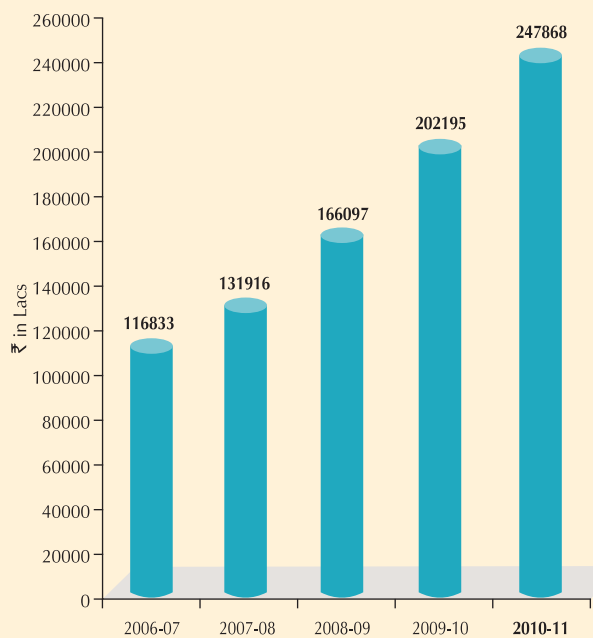
## Distribution of Profit



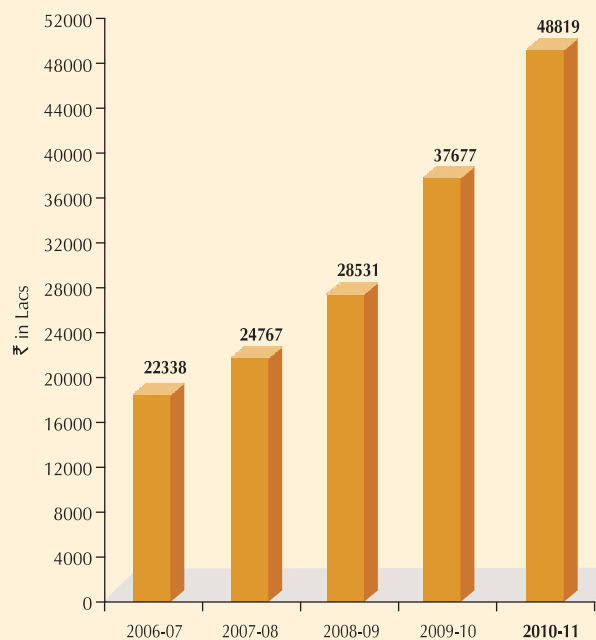
## Gross And Net Fixed Assets



## Income



## Shareholders' Funds



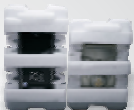
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Tel.: (022) 22851656, 22820072 Fax : (91-22) 22851657

